

Budget Brief

The 2022 State Budget in Syria

UNICEF Syria - July 2022

UNICEF Syria

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Introduction

This budget brief provides an analysis of the Government of the Syrian Arab Republic's approved budget estimates for the 2022 fiscal year. Budget data are drawn from the approved budget estimates published in the Government's Gazette (Budget Law No. 34 of 20 December 2021).

The objectives of the budget brief are:

- (i) to synthesize complex budget information so that it is easily understood by different stakeholders;
- (ii) to analyse the size and composition of budget allocations to sectors that matter most for children in the current fiscal year (e.g. education, health, water and sanitation, social affairs) and compare them with previous years; and
- (iii) to present key messages and recommendations for the attention of the Government and the international community to leverage domestic and international resources for children.

Given the significance of international aid to complement the Government's spending in sectors that matter most for children, this analysis also provides an overview of aid spending in these sectors.

The analysis is divided into four parts:

1. an overview of key macroeconomic indicators;
2. an overview of planned government expenditures;
3. an overview of planned government revenues; and
4. an overview of government and aid allocations in key sectors for children.

While the analysis focuses on the 2022 state budget, it also provides data on how allocations have evolved since the conflict started in 2011.

Key Highlights and Recommendations

Syria has lost more than 25 years of economic development, and decades of child development have been wiped out. The combined effects of eleven years of conflict and economic sanctions have devastated the Syrian economy and had dramatic consequences on child well-being. Adjusted for inflation, gross domestic product (GDP) has fallen to a level last seen in the mid-1990s. This means the country has lost more than 25 years of income gains. More than half of the population has been displaced within and outside the country. Infrastructure, including schools and healthcare facilities, has been destroyed. The lack of health services, education, food and employment has pushed millions into poverty. Some key child development indicators, such as immunization against diphtheria, tetanus and pertussis, have sunk to levels not seen in more than 30 years.

The 2022 state budget reflects the dire fiscal situation of the country, with public expenditures and government revenues continuing to fall. The 2022 budget amounts to SYP 13.325 trillion, or about US\$ 5.3 billion. In nominal terms, it is the largest budget in the country's history, with an annual growth rate of 57 per cent between 2021 and 2022. In real terms, however, the overall budget decreased by 17 per cent. Similarly, in real terms projected revenues are expected to fall by 17 per cent.

The budget provides limited and incomplete information. Not all government expenditures are disclosed in the budget. In addition, the broad classification categories of published budget information continue to limit the ability to monitor, measure and fully understand expenditures, particularly in key sectors for children.

The share of recurrent expenditures continues to grow and crowd out investment expenditures. In fact, the 2022 budget has the highest share of recurrent expenditures ever recorded, growing from 82 to 85 per cent compared to the 2021 fiscal year. In the education sector, the share of recurrent expenditures is more than 90 per cent. These trends underscore the staggering Government's domestic resource mobilization challenges to mobilise resources beyond what is required for immediate running costs.

There is heavy reliance on deficit financing and a growing budget deficit. The share of exceptional revenues, which consist of reserves and treasury bonds, increased from 29 per cent in 2021 to 31 per cent in 2022. This indicates that the Government continues to rely on deficit financing, which fuels inflation. This is reflected in the growing budget deficit, which increased from SYP 3,484 trillion in 2021 to SYP 4,118 trillion in 2022.

The budget includes a sharp reduction in support for oil subsidies and a substantial increase in food subsidies. Allocations to subsidies for oil derivatives have sharply decreased by about 32 per cent in real terms compared to 2021. They represent 20 per cent of the 2022 budget compared to 32 per cent in 2021. At the same time, allocations to subsidies for flour and yeast have increased more than threefold, corresponding to a real-term increase of 81 per cent compared to 2021. This increase is likely connected to the sustained surge in the prices of food products.

The overall share of the budget allocated to oil and food subsidies is decreasing, illustrating the sorely needed reform of the subsidy system. A large part of the 2022 budget continues to be consumed by oil and food subsidies, which is fiscally unsustainable. Nevertheless, the overall share of subsidies has decreased slightly from 40 per cent in 2021 to 38.3 per cent in 2022. This is indicative of the Government's efforts to reduce the fiscal weight of subsidies and implement better targeted and less regressive forms of social assistance. However, in the absence of updated and comprehensive data on the socio-economic situation of the population, and in particular data on monetary and non-monetary poverty, there is a high risk of exclusion among beneficiaries. To address this issue, the country urgently needs to conduct a household survey to collect essential socio-economic data required to inform its social protection targeting strategy.

The budget confirms the Government's prioritization of the health sector. This is effectively the only key sector for children where the budget is increasing in real terms, with approved allocations growing from SYP 321 billion to SYP 631 billion between 2021 and 2022. On a per capita basis, this corresponds to US\$

11.03. However, this remains far below the WHO-recommended minimum of US\$ 86 per person per year.

Elsewhere, social sector spending continues to fall dramatically. In real terms, between 2021 and 2022, allocations declined by 15 per cent in the education sector, 29 per cent in the social affairs sector, and 33 per cent in the water and sanitation (WASH) sector.

International aid is a critical complement to, and in some cases surpasses, government spending in key sectors for children. Aid data reported in the UN Financial Tracking Service are for the “whole of Syria”, which hampers accurate comparisons with government spending. At the same time, aid recorded for the whole of Syria in the WASH sector was double the government allocations in

both 2020 and 2021. Since more than half of aid goes to government-controlled areas, this means that aid now surpasses government investment in this sector. In the health sector, aid is now equal to government investment, while in the education sector aid is growing in relative importance.

Although over US\$ 20 billion of aid was mobilized for the Syria response over the period 2012–2021, international aid is still not comprehensively monitored and reported. Aid is not recorded in the budget. Nor is there accurate monitoring and reporting on: (i) the amount of aid spent by governorate and by sector; and (ii) the classification of aid spending or types of spending (e.g. operational costs, staff costs, programme costs). As a result, it is impossible to assess accurately the extent to which aid complements government spending in any area.

Recommendations

1

Protect from budget cuts the allocations to sectors that matter most for children. The Government should continue its encouraging efforts to prioritize the health sector. At the same time, the Government should reverse the dramatic fall in investments in other key sectors, particularly education, water and sanitation, and social affairs, and ensure that they are safeguarded from budget cuts in the future.

2

Increase and change the nature of international assistance for children in Syria. The conflict and economic sanctions have wiped out decades of child development and inflicted immense suffering on Syrian children. The country’s dire fiscal situation and pessimistic fiscal outlook mean it will be unable to mobilize the massive domestic resources required to rebuild essential social-service systems and infrastructure in the short and medium term. In this regard, the international community should increase its support for children in Syria. In addition, child poverty is so entrenched among Syrian children that the nature, type and modalities of assistance need to evolve and adapt to the reality on the ground after 11 years of conflict. In this context, the international community should improve the nature of its assistance and invest in the early recovery of the national sectors and systems that matter most for children.

3

Publish more and better budget information. For planning, monitoring and accountability purposes, the Government should record and disseminate information on all planned and actual expenditures, including those that are currently off-budget. To measure government spending in key sectors for children more accurately, the Government should also present budget information with more disaggregation and additional classification by function.

4

Measure monetary and non-monetary poverty to guide the budgeting and targeting of social-assistance interventions. No household survey to measure the socio-economic situation of the population has been conducted in Syria in over a decade. In the absence of recent monetary and multi-dimensional poverty information to help guide the Government’s targeting strategy, there is a high risk that the ongoing reform of the subsidy system will lead to exclusion errors. In this regard, the Government should urgently conduct a nationally representative household survey as the first step to guide its social protection targeting strategy.

5

Strengthen aid monitoring and reporting. All international actors giving aid to Syria should provide more accurate and timely financial information. The UN Financial Tracking Service should be redesigned so that aid spending can be reported by governorate and according to standard economic and functional classifications.

I – Macroeconomic context

This section provides an overview of three critical macroeconomic indicators, namely: (i) gross domestic product (GDP); (ii) inflation; and (iii) employment. The data are based on the latest national statistics for 2020, as published by the Central Bureau of Statistics in May 2022¹.

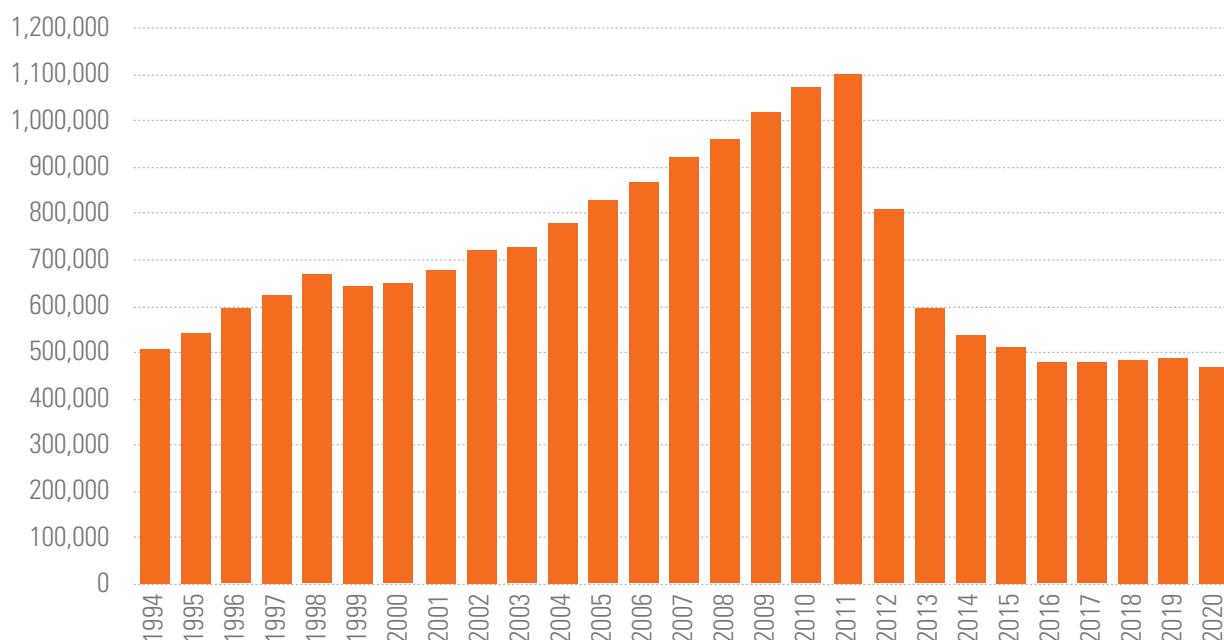
Syria has lost more than 25 years of economic development: real gross domestic product (GDP) has fallen to a level last seen in the mid-1990s. The effects of eleven years of conflict and economic sanctions have devastated the Syrian economy, setting the country's economic development back more than 25 years (Figure 1). At constant prices, GDP in 2020 was below that in

negative growth recorded by the IMF² for the Middle East and North Africa region.

The combined effects of conflict and sanctions have changed the GDP composition significantly. Between 2010 and 2020, there was a sharp decline in the share of the mining, quarrying and manufacturing sector from 24 to 11 per cent and a concurrent sharp increase in the share of government sector from 14 to 30 per cent (Figure 2 and [Annex 2](#)).

Prior to the conflict, Syria was a net oil importer. In 2010, oil production contributed 9.5 per cent to Syria's GDP according to official accounts. Oil exports were the most important source of foreign-currency earnings. Following the loss of its oil fields in 2013, the Syrian Government lost a significant source of revenue.

Figure 1: Syria's real GDP from 1994 to 2020 (SYP millions, fixed-based year 1994)



Source: CBS (various Statistical Abstracts)

1994. Between 2011 and 2020, real GDP (at constant prices) fell by over 60 per cent. The average annual growth rate of real GDP over the decade preceding the conflict was 5.7 per cent, while from 2012 to 2020 it reported negative growth averaging -8.4 per cent.

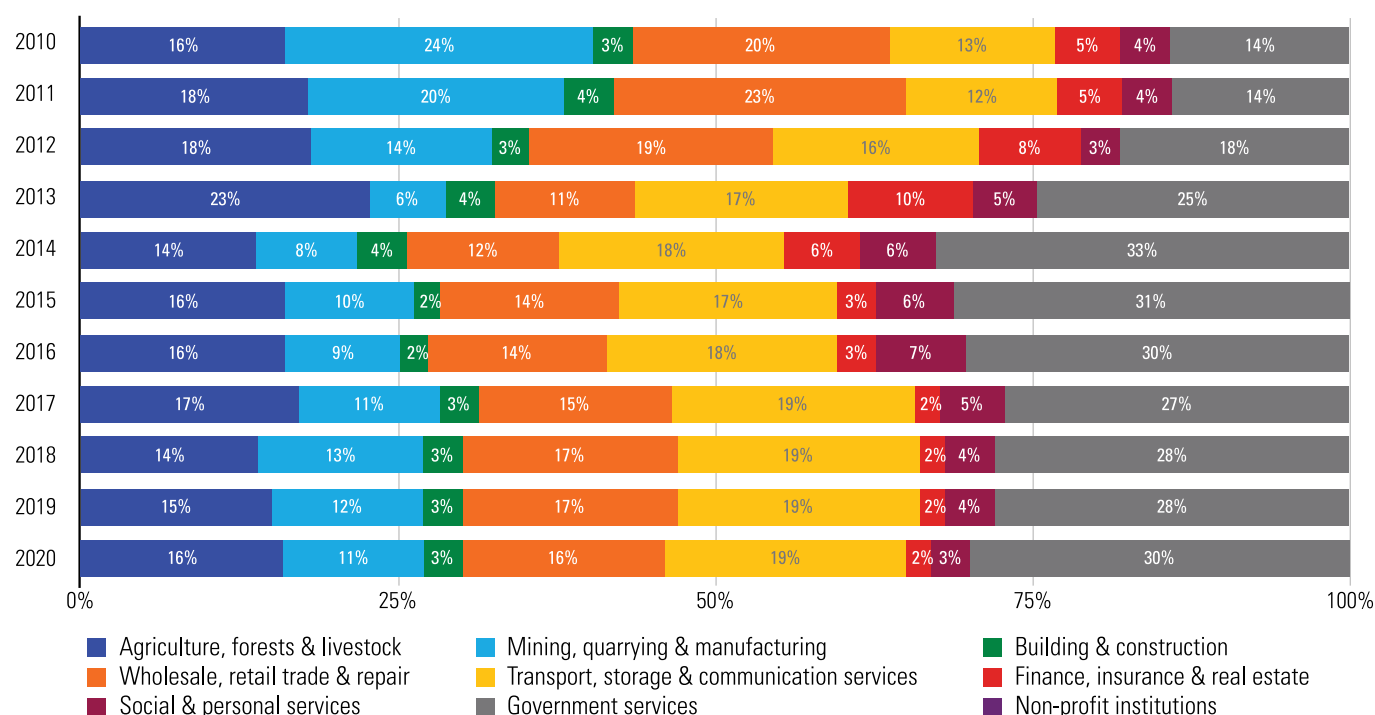
In 2020, GDP was estimated at SYP 17.2 trillion, increasing by 45 per cent on 2019 when measured at current prices. This translates into SYP 767,200 or about US\$ 785 per capita. At constant prices, however, GDP reported a negative growth rate of -3.9 per cent ([Annex 1](#)). Syria's negative growth was worse than the average -3.1 per cent

Economic sanctions affect most sectors of the economy and are a significant contributor to the overall economic collapse. They restrict trade in key sectors and transactions with key financial institutions. They also impede the recovery of critical productive sectors, such as agriculture and manufacturing, by increasing production costs and negatively affecting the importation and exportation of most inputs and commodities.

¹ Syria is a data poor country where statistical data should be interpreted with caution. See <https://alwatan.sy/archives/306425>.

² World Economic Outlook (April 2022). IMF <https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022>

Figure 2: GDP composition from 2010 to 2020 (%)



Source: CBS (various Statistical Abstracts)

Nominal-term and real-term values

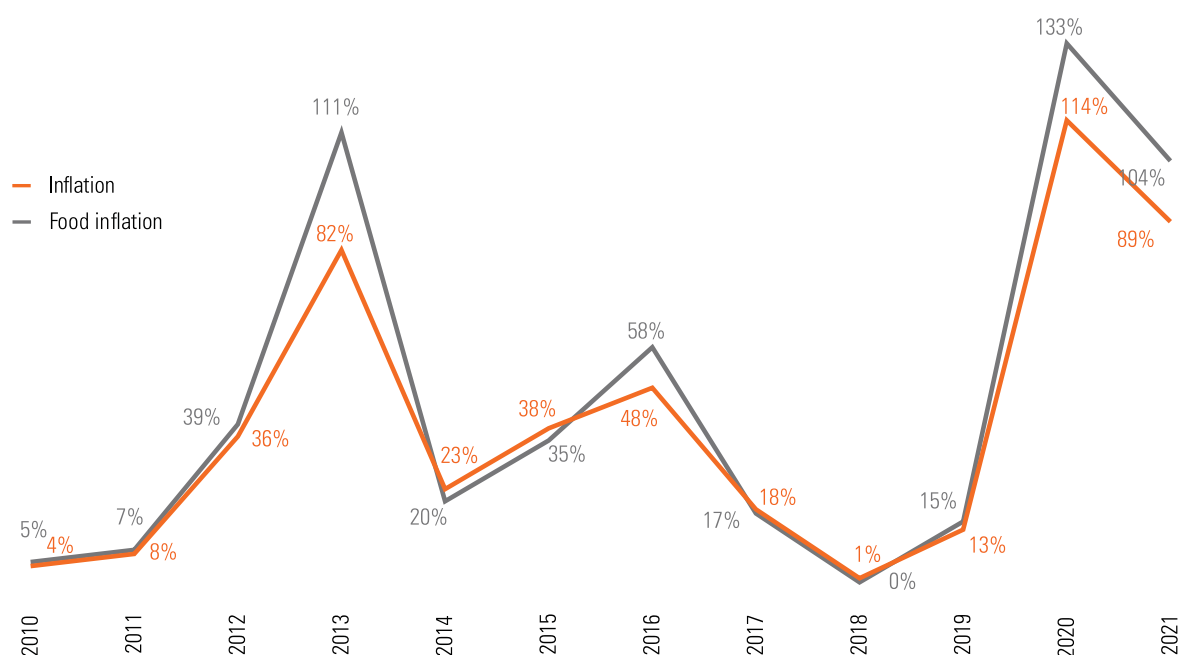
Expressing budgets in real terms is critical in context of high inflation because inflation distorts economic magnitudes, making them look bigger than they really are.

The distinction between allocations expressed in nominal and real terms refers to whether or not the allocations has been corrected for inflation. Nominal values are the current monetary values while real values are adjusted for inflation and show prices/ wages at constant prices.

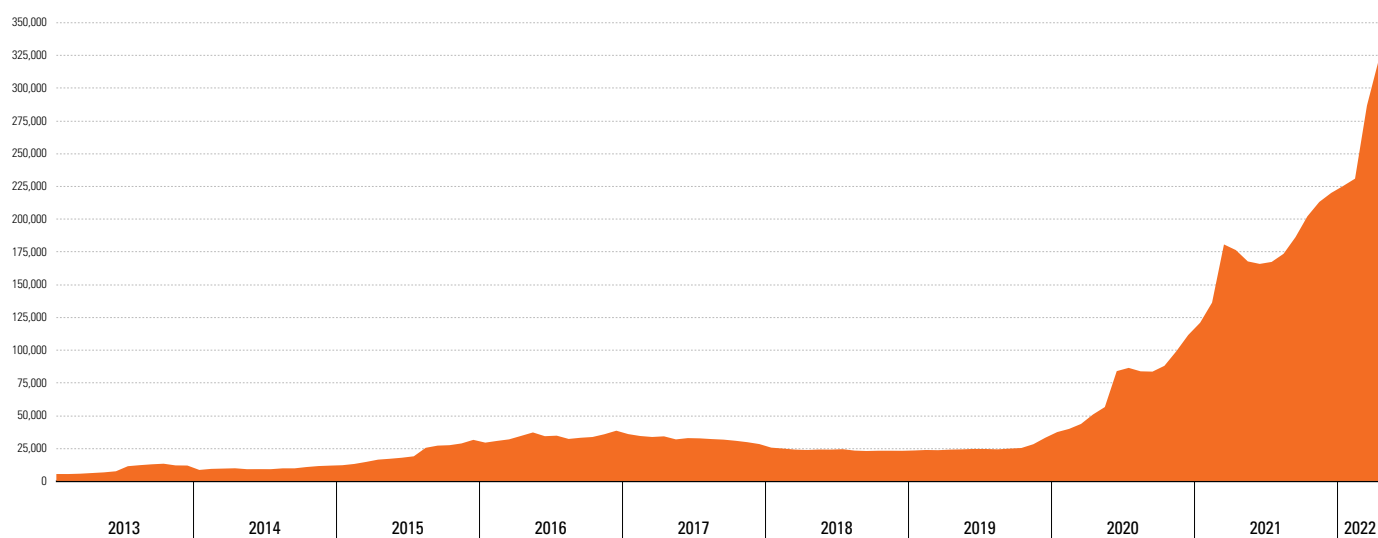
The economic collapse and sanctions have triggered several waves of hyperinflation. The average inflation rate from 2011 to 2021 was about 40 per cent per annum. During this period, Syria recorded four distinct waves of hyperinflation: in 2013, 2016, 2020, and 2021 (Figure 3). The latest two waves coincided with the Lebanese financial crisis, the imposition of the Caesar Act and the global COVID-19 pandemic. High levels of inflation are expected to continue, especially in view of the Russia-Ukraine conflict, which is having a negative impact on the prices of critical commodities and goods.

The cost of the UN standard reference food basket increased fivefold over the past two years. In December 2021, the price of the World Food Programme (WFP) standard reference food basket was SYP 220,112 (US\$ 88 at the official exchange rate), compared to SYP 111,676 in December 2020. This price is more than the minimum government salary and thus indicates that there has been a grave deterioration in purchasing power³. It is the highest recorded figure since 2013, with prices continuing to rise. By April 2022, the reference food basket had climbed to SYP 321,994, or about US\$ 129, a 46 per cent increase in the space of just four months (Figure 4).

³ In December 2021, the minimum salary increased from SYP 71,518 (US\$ 29). to SYP 92,967 (equivalent to US\$ 37 at the official exchange rate at the time).

Figure 3: Overall inflation and food inflation from 2010 to 2021 (%)

Source: 2010 to 2020 CBS (various Statistical Abstracts); 2021 – authors' estimates (see Box on page 9 for details).

Figure 4: UN standard reference food basket from January 2013 to April 2022 (current prices, SYP)

Source: https://dataviz.vam.wfp.org/economic_explorer/prices

Note: The figures have been recorded since January 2013. As of August 2018, the price was adjusted to reflect a decrease in the size of the bread bundle sold across all governorates.

Since 2020, the national currency has lost 90 per cent of its value versus the US dollar. Throughout the conflict, and up until mid-2019, the country managed to keep the informal exchange rate of the national currency versus the US dollar relatively close to the official exchange rate. However, the depreciation of the national currency accelerated in the aftermath of the Caesar Act and the Lebanese financial crisis. In 2020, the value of the national currency versus the US dollar decreased by

220 per cent, with the informal exchange rate jumping from about SYP 1,000 per US\$ in January 2020 to about SYP 3,000 per US\$ in the last week of 2020. In 2021, the national currency further depreciated by 77 per cent. By April 2022, the informal exchange rate had reached SYP 3,848 per US\$⁴. The value of the US dollar in the informal market is now 37 per cent higher than the official exchange rate (Figure 5).

Note on inflation and the calculation of real-term expenditure

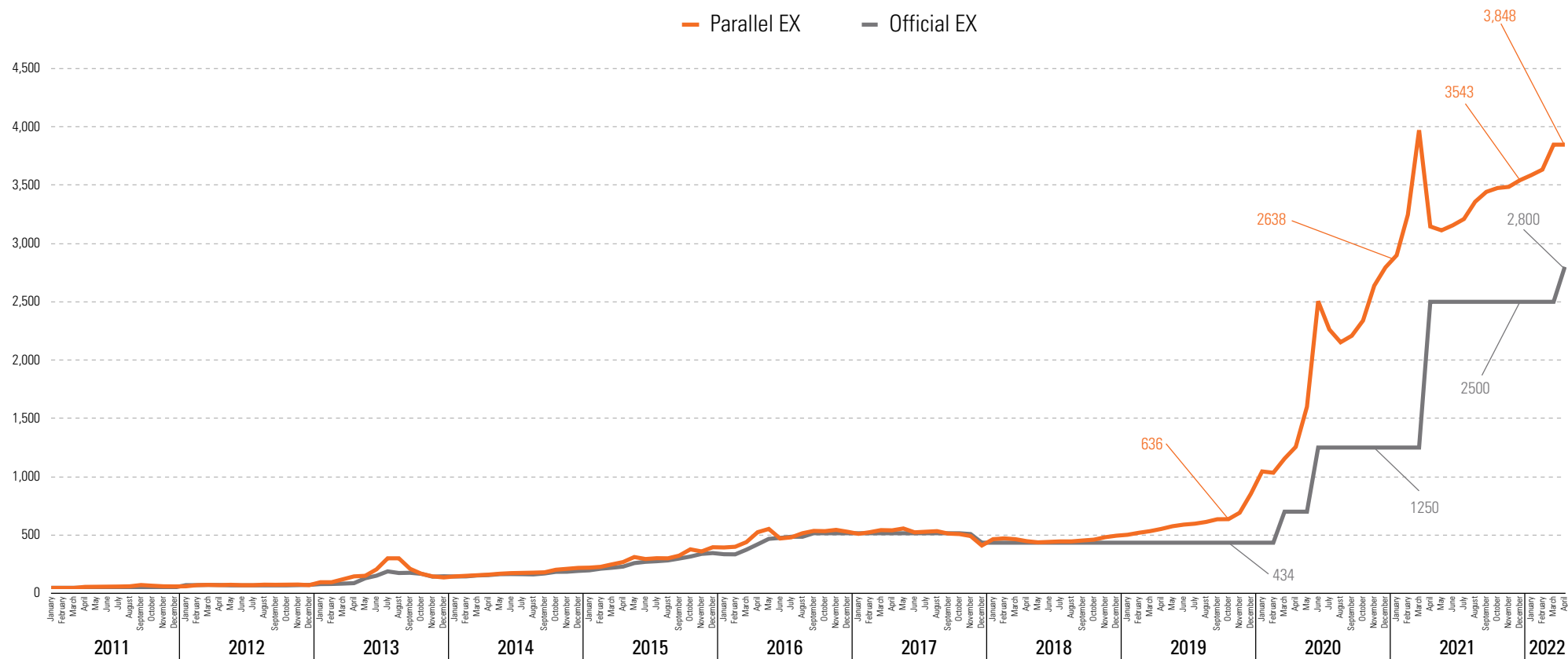
In the absence of updated Consumer Price Index (CPI) data from the Central Bureau of Statistics (CBS) for 2021, **this analysis uses 89 per cent as an estimate of the 2021 inflation rate to calculate figures in real terms.**

That estimate is based on the following analysis:

- (i) a calculation of the food CPI based on UN reference food basket inflation and historic CPI data. Food inflation in 2020 was 184% according to WFP and 133% according to the CBS food CPI. Applying this difference to 2021, when the growth in the UN reference food basket was 144%, the food inflation rate can be estimated at 104%;
- (ii) an estimate of the overall CPI. Drawing on the difference between the food CPI and overall CPI reported by the CBS for 2020, and on the basis of the food CPI estimated for 2021, the food inflation rate can be estimated at 89%.

WFP	CBS	Food CBS	Overall CBS
184%	133%	133%	114%
144%	X	104%	X
$X = (144 \times 133) / 184 = 104\%$		$X = (104 \times 114) / 133 = 89\%$	

⁴ In the space of a single year, the Central Bank of Syria devalued the national currency vis-à-vis the US dollar on three occasions: first in April 2020 (from SYP 434 to SYP 700), then in June 2020 (from SYP 700 to SYP 1,250), and finally in March 2021 (from SYP 1,250 to SYP 2,500). Recently, in April 2022, the central bank further devalued the SYP to SYP 2,800 per US\$.

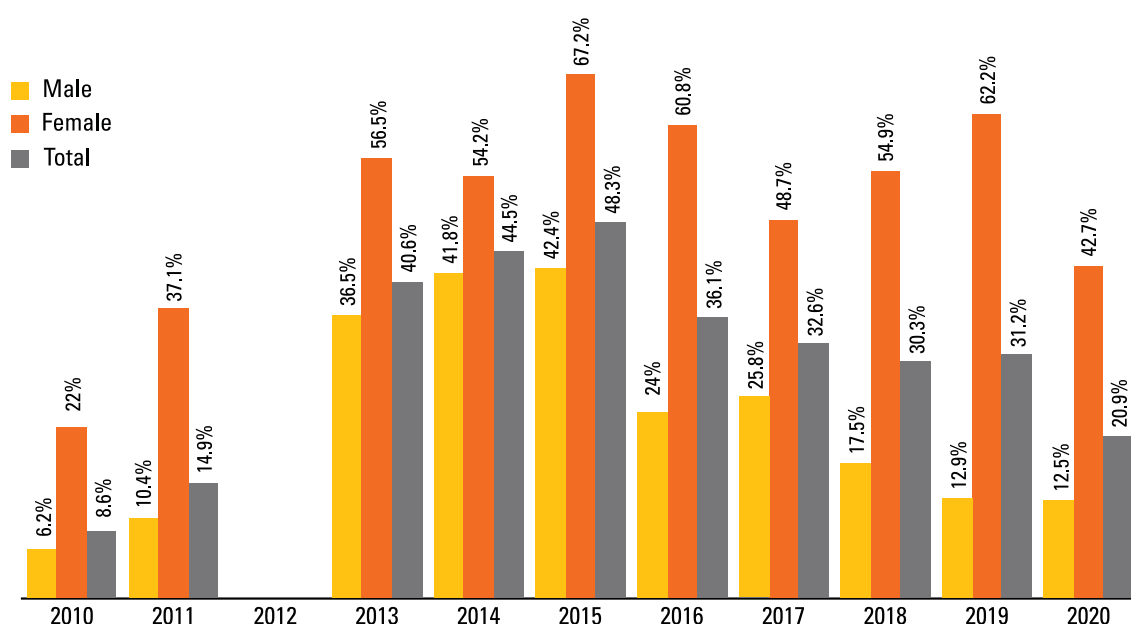
Figure 5: Official and parallel exchange rates from January 2011 to April 2022 (SYP/USD)

Source: Central Bank of Syria for the official exchange rate and WFP Food Price Bulletin for the parallel exchange rate

The unemployment rate is declining but remains very high. The economic collapse resulted in massive unemployment. Following a sharp increase between 2010 and 2015, the unemployment rates started to decline in 2016 but never reached again pre-conflict level (Figure 6). Between 2010 and 2020, the unemployment rate among both males and females doubled (from 8.6 per cent in 2010 to 20.9 per cent) and the gap between male and female widened. In 2020, the female unemployment rate (42.7 per cent) was almost four times higher than the male unemployment rate (12.5 per cent).

In 2020, the Central Bureau of Statistics reported a sharp drop in women's unemployment, from 62.2 per cent to 42.7 per cent, leading to a fall in the overall unemployment rate from 31.2 per cent to 20.9 per cent. The drop in 2020 is surprising considering the COVID pandemic, which had a negative impact on the overall economy. However, this decline might reflect the scarcity of men caused by the conflict and/or emigration.

Figure 6: Unemployment rates by sex from 2010 to 2020 (%)



Source: CBS (various Statistical Abstracts) – 2012 data not available

Syrian state budget preparation cycle and classifications

The budget preparation cycle is framed by Decree # 54 of 1st October 2006 (see [Annex 3](#) for details about the different steps in the preparation cycle). The budget is organised according to administrative, functional and economic classifications.

Administrative classification: budget allocations are classified by ministry, department, agency or other public entity. This classification reflects the institutional structure of the government.

Functional classification: budget allocations are classified by their strategic objectives and broad purposes. There are 10 functions in the Syrian state budget. These functions are divided into sub-functions ([Table 1](#) and [Annex 4](#)).

Economic classification: budget allocations are classified by recurrent and capital expenditures. Recurrent spending includes salaries for employees and continuous operational costs. It also includes allocations for oil and food subsidies. Capital spending on the other hand includes spending to develop new infrastructure or purchase supplies/commodities.

II – Planned budget expenditures

1 – Overall trends

Public expenditures continue to fall. When compared to pre-conflict level, the 2022 budget is less than half of its 2011 level (Figure 7). In 2022, the total budget stands at SYP 13.325 trillion compared to SYP 8.5 trillion in 2021. In nominal terms, this is the highest budget in the country's history, showing annual growth of 57 per cent between 2021 and 2022. In real terms, however, the overall budget decreased by 17 per cent between 2021 and 2022.

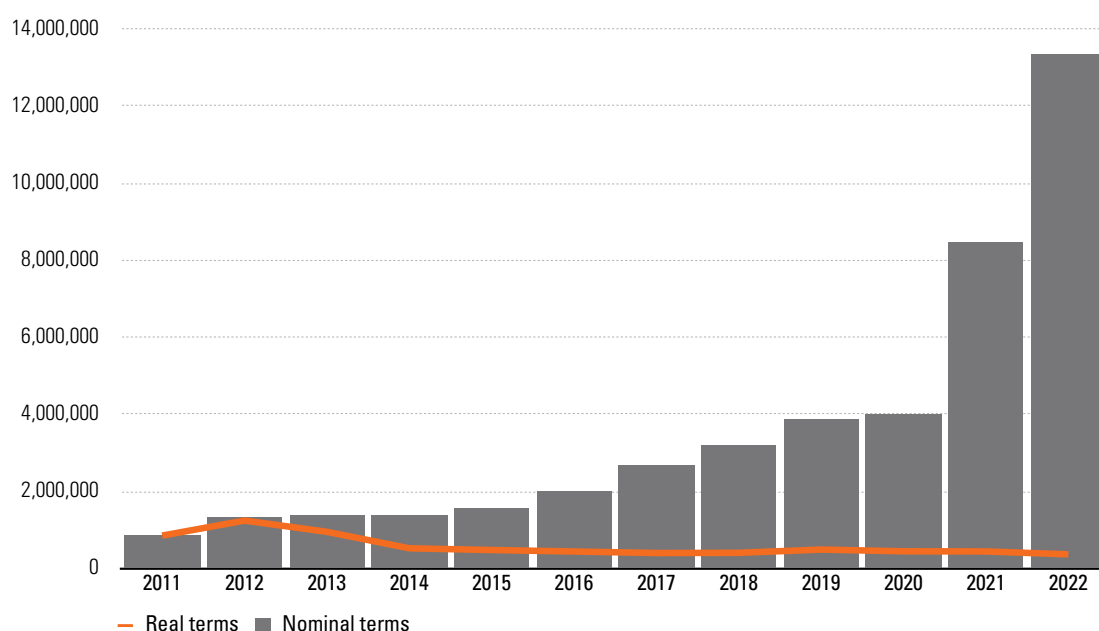
The 2022 budget is equivalent to about US\$ 5.3 billion or US\$ 233 per capita⁵. In comparison, planned budgets in 2022 in Jordan and Egypt are US\$ 14.95 billion⁶ (US\$ 1,352 per capita) and US\$ 158 billion⁷ (US\$ 1,534 per capita) respectively⁸.

2 – Allocations by economic classification

The 2022 budget has the highest share of recurrent expenditures ever recorded. The share of planned capital investment continues to decrease, representing only 15 per cent of the overall 2022 budget. Compared to 2021, the share of planned recurrent expenditures increased from 82 per cent to 85 per cent (Figure 8).

In nominal terms, capital expenditures (SYP 2 trillion) increased by 33 per cent on 2021, while recurrent expenditures (SYP 11.325 trillion) increased by 62 per cent. However, in real terms, capital spending is 29 per cent lower than in 2021, while recurrent spending is down by 14 per cent (Annex 5). The ever-reducing share of investment expenditures underscores the growing challenges faced by the Government in mobilizing domestic resources necessary beyond the immediate running of the State.

Figure 7: Planned public expenditures in nominal and real terms from 2011 to 2022 (SYP thousand)



Source: CBS (various Statistical Abstracts)

5 According to the official exchange rate at the time the budget was passed, i.e. SYP 2,500 per US\$. In April 2022, the official exchange rate increased to SYP 2,800 per US\$. Per capita is calculated on the basis of CBS population data of 22.923 million.

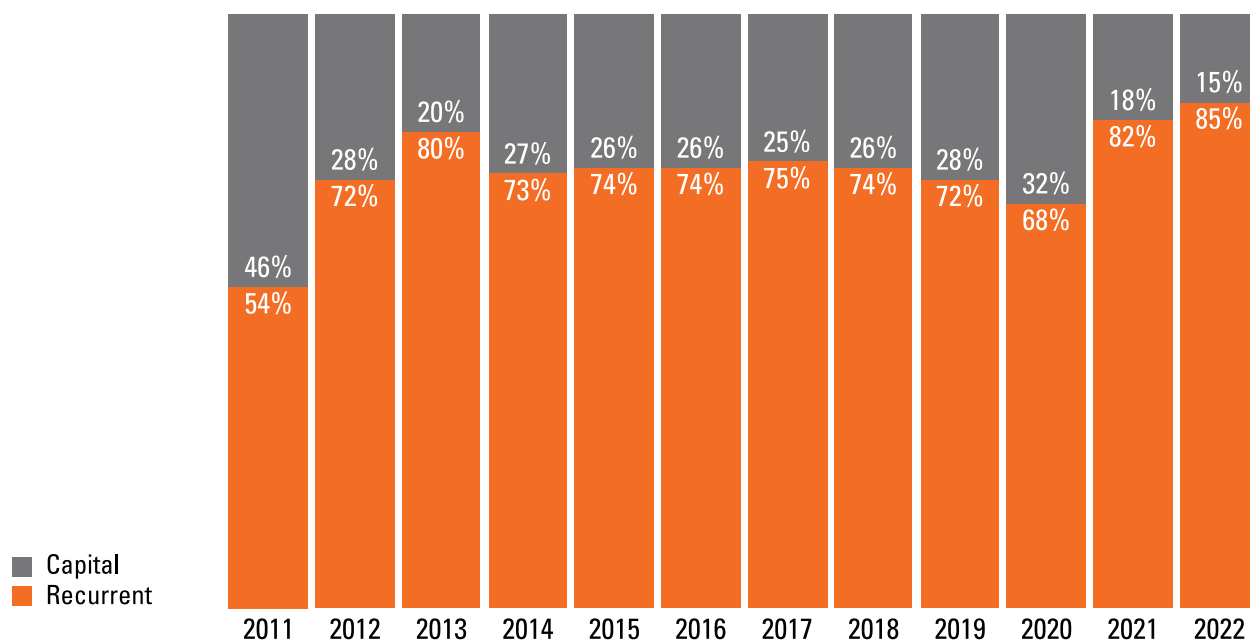
6 <https://aa.com.tr/ar/2433051> - 24 مليار دولار - بعجز متوقع - 2022 - موازنة - مشروع - يعلن - الأردن - اقتصاد

7 <https://aa.com.tr/ar/2021-2022/2273735> - يقدر - موازنة - قياسية - للعام - 2022 - موازنة - مصر - الدولة - العربية - الجبلان - المصري

8 The populations in Jordan and Egypt in 2021 were 11.057 million and 103 million, respectively.

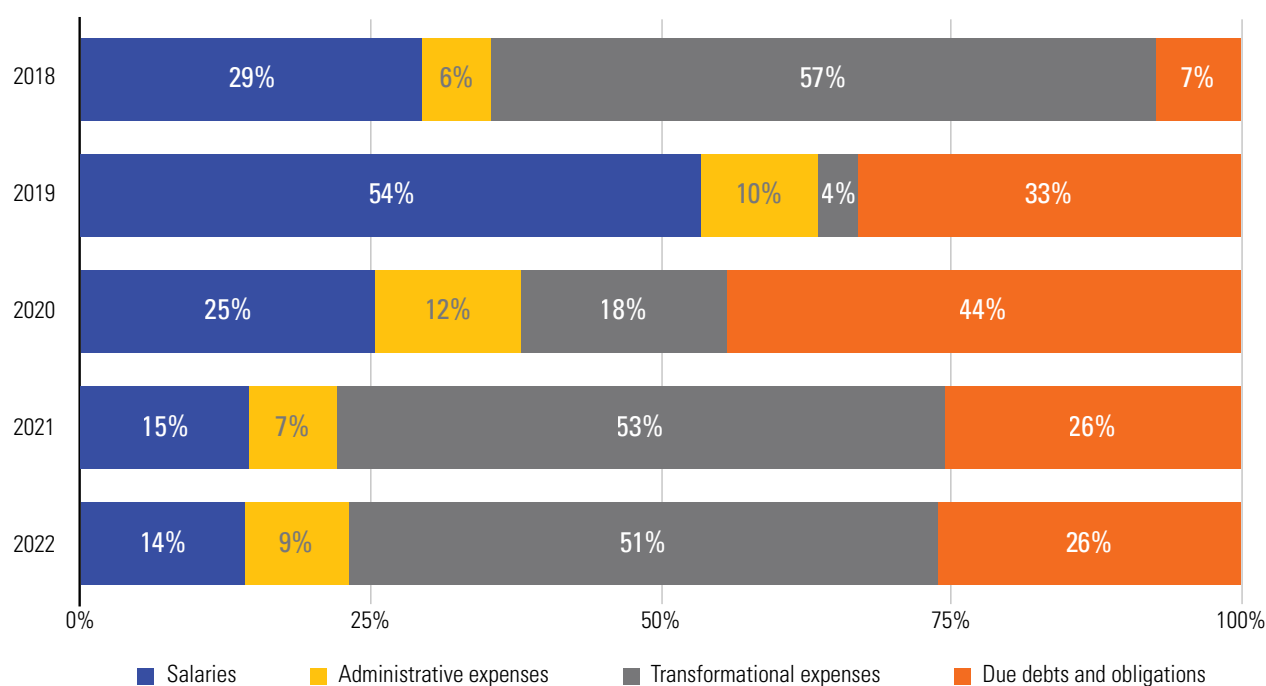
The share of salaries has dropped sharply. Recurrent expenditure comprises four categories: (i) salaries; (ii) administrative expenses; (iii) transition expenses; and (iv) due debts and liabilities. In the 2022 budget, transition expenses, which consist mainly of allocations for social support (food and oil subsidies), account for 51 per cent, or SYP 5,759 billion, of the overall recurrent allocation. The share of salaries accounts for only 14 per cent of the overall recurrent 2022 budget, compared to over 50 per cent in 2019 (Figure 9).

Figure 8: Share of recurrent and capital expenditures from 2011 to 2022 (%)



Source: CBS (various Statistical Abstracts)

Figure 9: Composition of recurrent expenditures from 2019 to 2022 (%)



Source: MoF (Gazette Nos. 50/2017, 50/2018, 47/2019, 1/2021, and 50/2021).

The reduction in the share of salaries and the negative growth in their amounts are indicative of a deterioration in civil servants' living conditions.

The State is the largest employer in Syria, with about 1.6 million employees (CBS). Given that the average family has five members, this means that about one third of Syrians rely, directly or otherwise, on government salaries. In nominal terms, the 2022 budget allocated to salaries for state employees increased by 57 per cent between 2021 and 2022, from SYP 1,018 billion to SYP 1,596 billion⁹. In real terms however, salaries decreased by 17 per cent between 2021 and 2022 (see [Annex 5](#)). Although the Government decreed several salary rises during 2021¹⁰, the purchasing power of public salaries fell by a factor of about four between 2011 and 2021¹¹. Consequently, it is common for civil servants to have a second and even a third job.

Investment expenditures are executed at a low rate.

Besides the sharp drop in the share of investment expenditures, ministries face absorption capacity challenges that have resulted in a low level of investment spending. Over the past decade, it is estimated that the execution rates of investment expenditure have not exceeded 40 per cent¹², compared to 75 per cent pre-crisis.

3 – Allocations by functional classification

The budget is divided into ten functions (Table 1 and [Annex 2](#)). Two functions – 'Collective, social and personal services' and 'Cross-department expenses' – account for over 90 per cent of the overall budget allocations. Budget allocations that matter most for children can be found under these two main functions.

TABLE 1 – Overview of functional allocations in 2021 and 2022 (SYP thousand)

Functions	2021 allocations	Share of 2021 allocations	2022 allocations	Share of 2022 allocations	Real growth between 2021 and 2022
Cross-department expenses	4,432,720,140	52.1%	6,654,775,350	49.9%	-21%
Collective, social and personal services	3,463,374,940	40.7%	5,729,507,590	43.0%	-12%
Electricity, gas and water	187,635,930	2.2%	253,715,230	1.9%	-28%
Agriculture, forestry and fisheries	156,606,765	1.8%	210,105,695	1.6%	-29%
Money, insurance and real estate	38,261,200	0.5%	159,738,500	1.2%	121%
Transport, communications and storage	83,855,275	1.0%	104,588,560	0.8%	-34%
Extractive industry	37,677,890	0.4%	86,149,000	0.6%	21%
Manufacturing industry	55,974,575	0.7%	63,926,190	0.5%	-40%
Trade	28,847,175	0.3%	40,259,385	0.3%	-26%
Building and construction	15,046,110	0.2%	22,234,500	0.2%	-22%
Total	8,500,000,000	100%	13,325,000,000	100%	-17%

Source: MoF (Gazette Nos.1/2021 and 50/2021)

⁹ This figure excludes the salaries at SOEs that have their own independent budgets. The salaries under SOE budgets constitute around six per cent of total public salaries. The figure cited also excludes local administration and religious affairs staff, whose salaries are covered by the independent budgets of the governorates.

¹⁰ In July 2021, Decree 19 increased the salaries of state employees and army personnel and pensions by 50 per cent. In December 2021, Decree 29 increased the salaries of state employees and army personnel by 30 per cent, with Decree 30 increasing pensions by 25%.

¹¹ Authors' calculation based on 2011 and 2021 CPI figures. Average salaries are now equal to SYP 3,000 in 2011 prices, i.e. one quarter of the average pre-conflict prices.

Compared to 2021, there has been a fall in real terms in all functions other than 'Money, insurance and real estate' and 'Extractive industry', which increased by 121 per cent and 21 per cent, respectively. The share of these two functions is less than 2 per cent.

¹² Khalid Turkawi, 'State budget in Syria 2022', Jusoos for Studies, November 2021, <https://jusoos.co/public/details/982-في-سورية-2022-اموازنة-عام-ar>

A. Cross-department expenses function

This is the largest function, accounting for about SYP 6.65 trillion (about US\$ 2.7 billion), or half of planned expenditures. The Cross-department expenses function has five sub-functions: (i) social support (state contribution to price stabilization); (ii) reserves for investment projects; (iii) working capital for public sector companies; (iv) salaries and pensions; and (v) credits for reconstruction and rehabilitation. In nominal terms, the overall allocation to this function increased by 50 per cent on 2021. In real terms however, planned expenditures decreased by 21 per cent. Compared to 2021, the share of this function has fallen by about two percentage points, from 52.1 per cent to 49.9 per cent (Annex 6).

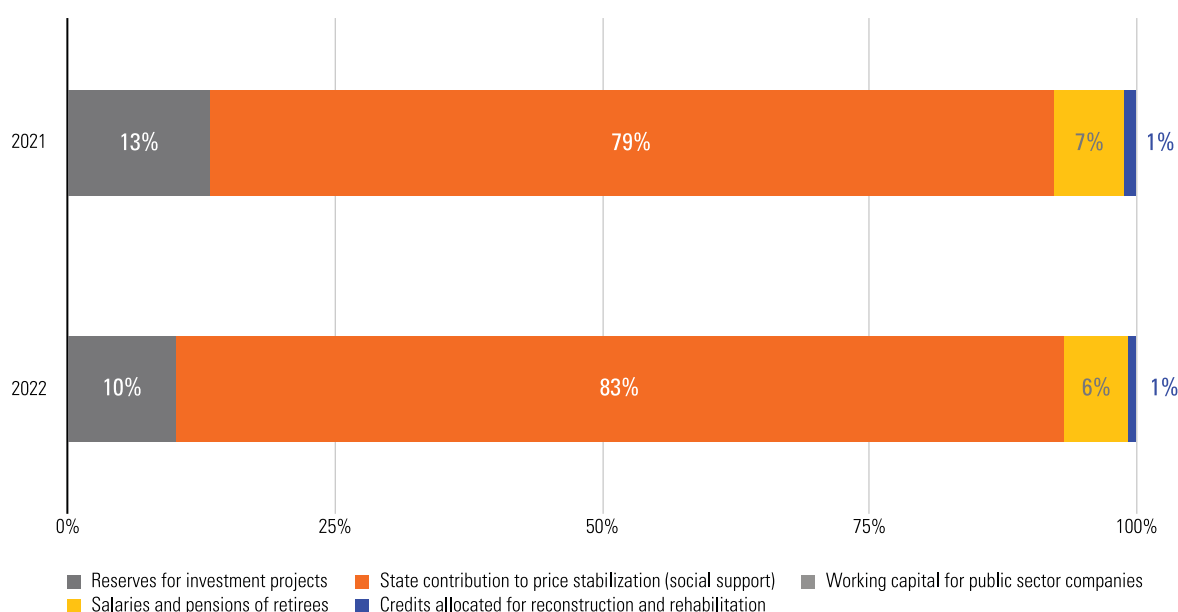
Most of the budget continue to be consumed by oil and food subsidies but the overall share allocated to subsidies decreased between 2021 and 2022. Allocations to the social support (price stabilization) sub-function continue to account for most of the 'Cross-department

The remaining allocations under the social support function are as follows: (i) Fund of Agricultural Production Support (SYP 50 billion); (ii) National Social Aid Fund (SYP 50 billion); (iii) subsidies to alleviate the impact of drought and natural disaster on agricultural production (SYP 7 billion); and (iv) Fund of Modern Irrigation (SYP 22 billion) (Figure 11).

The sharp decline in the budget allocated to oil subsidies is a reflection of the urgent need to reform the national subsidy system. In nominal terms, allocations to subsidies for oil derivatives have remained at the same level as in the budget announced for 2021 (SYP 2,700 billion). In real terms, however, allocations have decreased sharply by about 32 per cent.

This is indicative of the ongoing and much-needed reform of the subsidy system towards better-targeted and less regressive forms of social assistance. In February 2022, the Government first announced that about 600,000 families – some 15 per cent of smart-card holders in Syria – would be excluded from the subsidy programme. The

Figure 10: Share of expenditures under the cross-department expenses function in 2021 and 2022 (%)



Source: MoF (Gazette No. 50/2021)

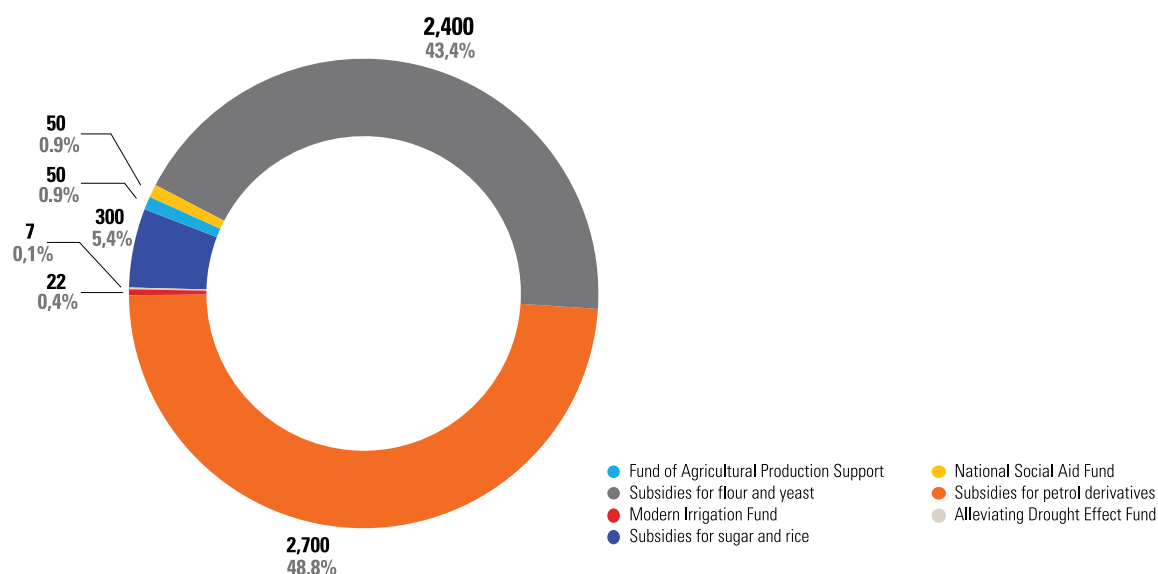
expenses' budget. In 2022, this sub-function amounts to SYP 5,529 billion, i.e. 83.1 per cent of the overall function, compared to 79 per cent in 2021 (Figure 10). Under the social support sub-function, SYP 5,100 billion, or over 92 per cent, is allocated to oil-derivative subsidies (SYP 2,700 billion) and flour and yeast subsidies (SYP 2,400 billion). The budget allocated to oil and food subsidies represents 38.3 per cent of the overall 2022 state budget, compared to 40 per cent of the 2021 state budget.

annual savings from this measure are estimated at SYP 1,514 billion¹³, two thirds of which stems from savings on oil-derivative products. In June 2022, there was a further announcement that engineers, lawyers, dentists, doctors, and pharmacists whose work had been in operation for at least ten years would be excluded.^{14,15}

¹³ <https://alwatan.sy/archives/291039>

¹⁴ <https://www.sana.sy/?p=1665904>

¹⁵ <http://albaathmedia.sy/2022/06/13/المعالي-جديدة-للاستثناء-من-الدعم-الحكوي/>

Figure 11: Distribution of the social support budget in 2022 (SYP billion)

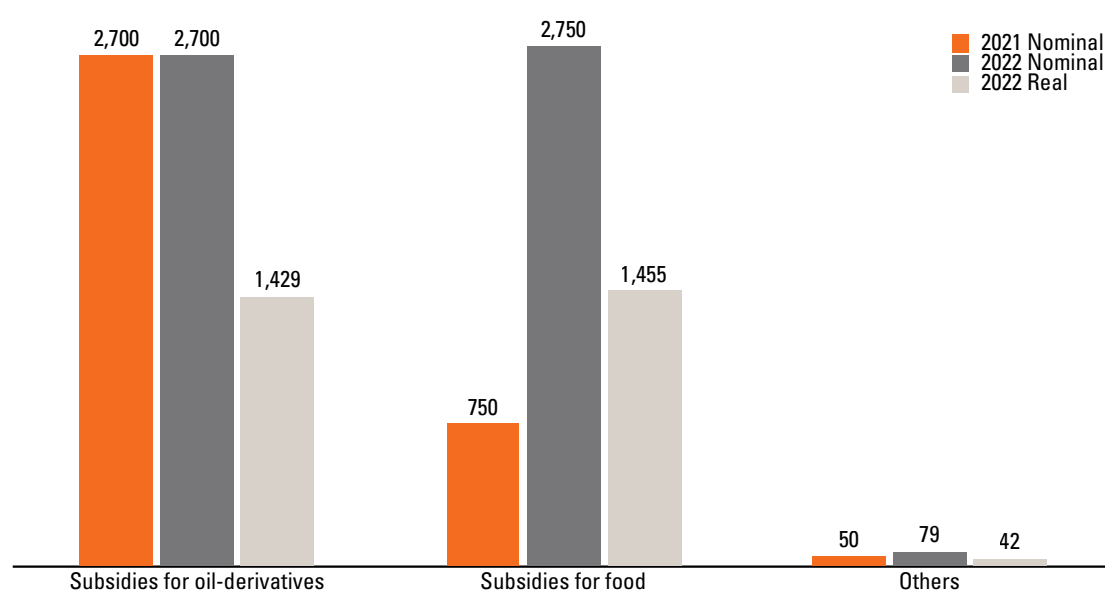
Source: LORS (2021)

There has been a steep increase in food subsidies.

Allocations to subsidies for food (flour and yeast, sugar, rice and fund for agriculture production) increased significantly between 2021 and 2022, both in nominal and real terms. They make up 21 per cent of the 2022 budget, compared to 9 per cent in 2021. These allocations have increased more than threefold, from SYP 750 billion in 2021 to SYP 2,750 billion in 2022, amounting to a real-term increase of 94 per cent (Figure 12). This rise is likely linked to the ongoing surge in the prices of food products.

B. Collective, social and personal services function

This is the second largest function, accounting for about SYP 5.73 trillion (about US\$ 2.3 billion), or 43 per cent of planned expenditures. It is made up of nine sub-functions and covers key sectors that matter most for children, including health, education, social affairs, and some parts of water and sanitation (WASH). The nine sub-functions are: (i) services departments; (ii) administration

Figure 12: Allocations to oil and food subsidies in 2021 and 2022 (SYP billion)

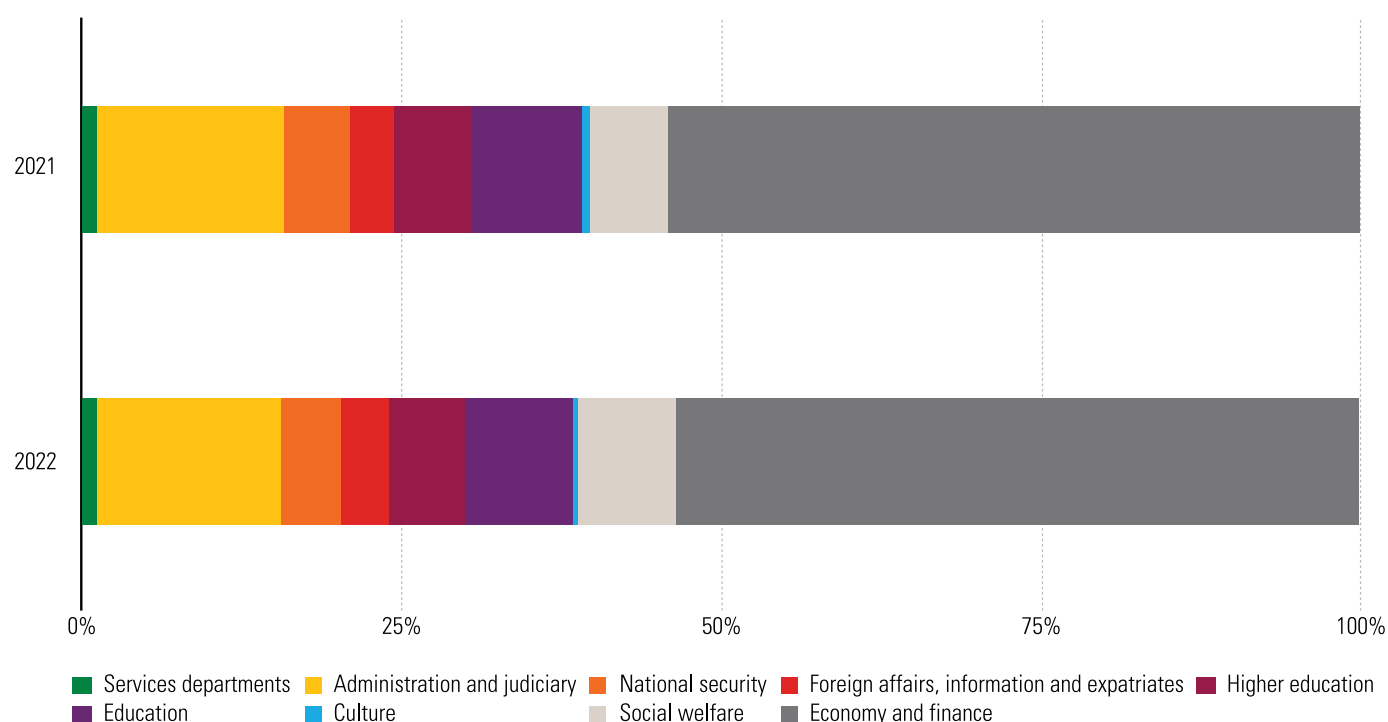
Source: 2021 – media report; 2022 – LORS (2021)

and judiciary; (iii) national security; (iv) foreign affairs, information and expatriates; (v) higher education; (vi) education; (vii) culture; (viii) social welfare (Ministry of Health and Ministry of Social Affairs); and (ix) economy and finance (Annex 7).

In nominal terms, this function increased by 65 per cent compared to 2021. In real terms however, planned expenditures decreased by 12 per cent. It should be

noted that the decline recorded in real expenditures between 2022 and 2021 is lower than that the decline recorded between 2020 and 2021 (30 per cent). The economy and finance sub-function, which consists of expenses allocated to the Ministry of Finance and the Ministry of Economy and External Trade, accounts for 54 per cent of expenditure planned under this function. There were no notable differences in the share allocated to the various sub-functions between 2021 and 2022 (Figure 13).

Figure 13: Share of expenditures under the collective, social and personal services function in 2021 and 2022 (%)



Source: MoF (Gazette Nos. 1/2021 and 50/2021)

III – Planned revenue

Government revenues continue to fall. The 2022 budget foresees total planned revenues of SYP 13,325 billion, compared to SYP 8,500 billion in 2021, or an increase of 57 per cent in nominal terms. However, in real terms, revenues continue to fall, decreasing by 17 per cent compared to 2021.

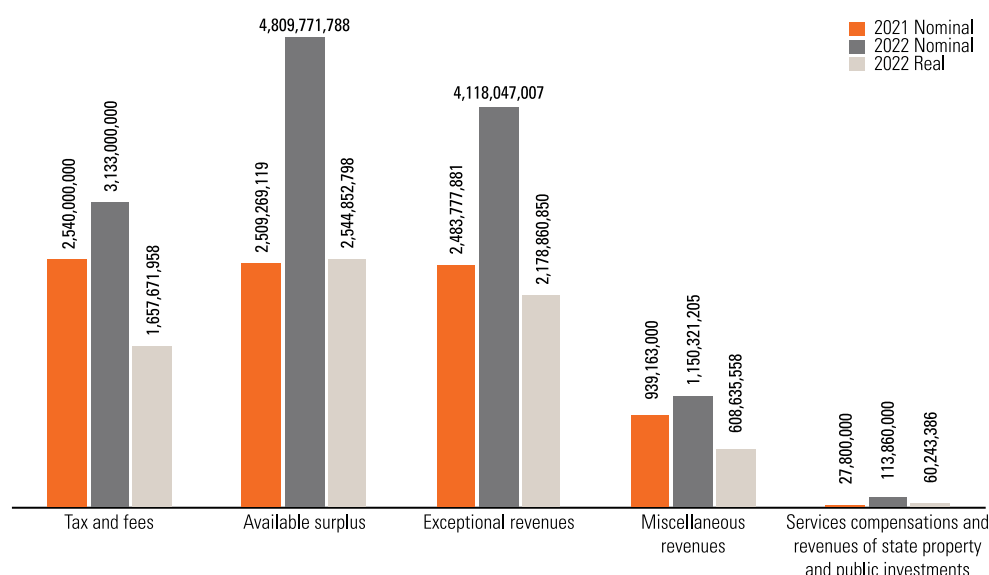
There are four main sources of revenue: (i) the available surplus, which essentially consists of the budget surplus (e.g. the net profits of public entities) (36 per cent); (ii) exceptional revenues, which consist of reserves and treasury bonds (31 per cent); (iii) taxes and fees (24 per cent); and (iv) miscellaneous revenues, which include transit duties and exemption fees for military services (9 per cent) (Figure 14 and Annex 8).

Domestic-revenue mobilization relies heavily on deficit financing.

The share of exceptional revenues, comprising reserves and treasury bonds, increased from 29 per cent in 2021 to 31 per cent in 2022. Revenues from reserves are expected to decrease in real terms by 6 per cent compared to 2021. However, they still represent a large share of planned revenues, indicating that the Government relies heavily on deficit financing.

In 2022, this included the issuance of treasury bills with a value of SYP 600 billion, covering 5 per cent of planned revenues¹⁸. Deficit financing is a major factor driving hyperinflation. This is reflected in the growing budget deficit, which increased to SYP 4,118 trillion in 2022, up from SYP 3,484 trillion in 2021. Before the conflict, Syria enjoyed a low level of public debt, which was less than

Figure 14: Planned revenues by category in 2021 and 2022 (nominal and real terms, SYP thousand)



Source: MoF (Gazette Nos. 1/2021 and 50/2021)

The tax-to-GDP ratio is very low. The share of tax and fees has decreased from 30 per cent in 2021 to 24 per cent in 2022. The tax-to-GDP ratio in Syria is very low. It dropped from an estimated 12 per cent pre-crisis to an estimated 4.7 per cent of GDP in 2020¹⁶, indicating the massive fiscal constraints faced by the Government in mobilizing domestic resources through the administration of taxes. It should be noted, however, that revenues from tax and fees are expected to increase by 23 per cent in nominal terms, reflecting the Government's intent to improve the tax and customs administrations¹⁷.

30 per cent of the GDP in 2010¹⁹. By 2019, the public debt had ballooned sevenfold to 208 per cent of GDP²⁰.

16 <https://manhom.com/1946523-قيمة-التوريد-الضريبي-في-سورية-2022/>

17 <http://www.pministry.gov.sy/contents/21944/-الموازنة-العامية-2022-مجلس-الشعب-يقر-مشروع-قانون-الموازنة-العامية-2022-السنة-المالية-2022->

18 On 3 February 2022, the Central Bank of Syria (CBS) announced that only 74 per cent of the bonds it issued during its first auction this year were sold. The CBS had aimed to raise SYP 200 billion from the auction held on 31 January, but managed to sell only SYP 148.5 billion worth of bonds. The face value of each bond is SYP 2 million, with a maturity of five years and an annual interest rate of 6.76 per cent. The Minister of Finance Kinan Yaghi told local media that all bond sales will go towards offsetting the 2022 budget deficit of SYP 4.1 trillion. He said that the ministry will organize four T-bond auctions worth a total of SYP 600 billion to cover part of the deficit. The remaining auctions will reportedly take place in April, July and October. <https://syria-report.com/news/first-treasury-bond-auction-of-2022-undersubscribed/>

19 IMF - <https://www.imf.org/external/pubs/ft/wp/2016/wp16123.pdf>

20 Justice to Transcend Conflict, SCPR, 2020.

Note about the state budget and aid data

The compilation and comparison of government and aid budgets in sectors that matter most for children is particularly challenging and is bound to be an incomplete exercise.

State budget

Allocations to specific sectors and sub-sectors that matter most for children are not clearly presented in the budget and are scattered under different functions and ministries, making it challenging to compile. Information presented in the budget is not detailed enough to accurately identify all allocations going to sectors that matter most for children. For example, parts of the allocations to the 14 governorates (less than 1 per cent of the overall 2022 budget) benefit the health and education sectors. However, the budget does not provide information about how these allocations are broken down at sub-national level. Consequently, these allocations are excluded.

For this analysis, allocations to sectors that matter most for children have been compiled as follows:

- ▶ **Health sector:** this includes all allocations to the Ministry of Health and to university hospitals (see the list of hospitals in [Annex B](#))²¹, both of which are recorded under the 'Collective, social and personal services' function. Allocations to the Ministry of Health are classified under the social care sub-function, while allocations to University Hospitals are classified under the higher education sub-function.
- ▶ **Education sector:** this includes allocations to the Ministry of Education and all entities that fall under that government body. It covers early childhood and primary, secondary and vocational education. Tertiary education/higher education is not included. Allocations to the Ministry of Education are classified under the education sub-function, which is part of the 'Collective, social and personal services' function.
- ▶ **Water and sanitation sector:** this includes allocations to several entities presented in the budget under four different functions: (i) General Establishments of Potable Water and Sanitation (GEPWS), classified under the 'Electricity, gas and water' function; (ii) the Ministry of Public Works, the General Company for Hydraulic Studies, and the General Company for Water Projects, classified under the 'Building and constructions' function; (iii)

the Ministry of Water Resources²², classified under the 'Agriculture, forestry and fisheries' function; and (iv) the Higher Institute of Water Management, which is affiliated to the Ministry of Higher Education and is classified under the 'Collective, social and personal services' function.

- ▶ **Social affairs sector:** these include allocations to (i) the Ministry of Social Affairs and Labour (MoSAL); (ii) the National Social Aid Fund (NSAF); (iii) the General Association for Palestinian Arab Refugees (GAPAR); and (iv) the Syrian Commission on Family Affairs and Population (SCFAP).

Aid

Although over US\$ 20 billion of aid was mobilized for the Syria response over the period 2012-2021, aid data are still not recorded and presented in a comprehensive way. Aid mobilized in response to humanitarian needs in Syria is monitored via the UN Financial Tracking Service (FTS), which records the amounts of aid raised to support the 'whole of Syria response'²³. FTS data are provided on a highly aggregated level and are incomplete²⁴. For example, the system does not monitor and report on: (i) the amount of aid spending by governorate and by sector; or (ii) the classification of aid spending (e.g. operational costs, staff costs, or programme costs). As a result, it is not known exactly how much aid goes to government-controlled areas versus non-government-controlled areas. This means that government spending cannot be accurately compared.

Estimates from humanitarian observers in Syria range the share of aid in non-government-controlled areas from 20 to 40 per cent. In the absence of data, this analysis uses population estimates as a proxy (i.e. two thirds of aid allocated to government-controlled areas and one third of aid allocated to non-government-controlled areas)²⁵. **This proxy is far from perfect and is only meant to provide the reader with a rough indication of the weight of aid vis-à-vis the state budget.**

22 The allocations for MoWR contain three sub-components: General Commission for Water Resources, Vocational schools that are affiliated to MoWR, and the MoWR administration. 2022 allocations are SYP 36,670,200,000; 43,025,000; and 14,859,200,000 respectively. It is worth mentioning that the General Commission for Water Resources deals primarily with integrated water resources management and irrigation, hence is more linked with the food security/livelihood sectors, rather than WASH sector.

23 The Whole of Syria includes the humanitarian response for Syrian population through organizations based inside the country and through actors who work through a cross-border modality to reach population in non-government controlled areas.

24 Not all humanitarian actors / partners report to the FTS and financial data from the Red Cross and Red Crescent is not included.

25 According to the UN population Task Force, about 35 per cent of the population were living in areas outside Government control in August 2021.

21 Allocations to hospitals affiliated to the Ministry of Defense and the Ministry of Interior are excluded due to a lack of data.

IV – Government and aid allocations in key sectors for children

This section provides an overview of government budget allocations in the four sectors that matter most for children, namely health, education, water and sanitation, and social affairs. It also provides an overview of aid budgets recorded by the Financial Tracking Service (FTS) in these sectors.

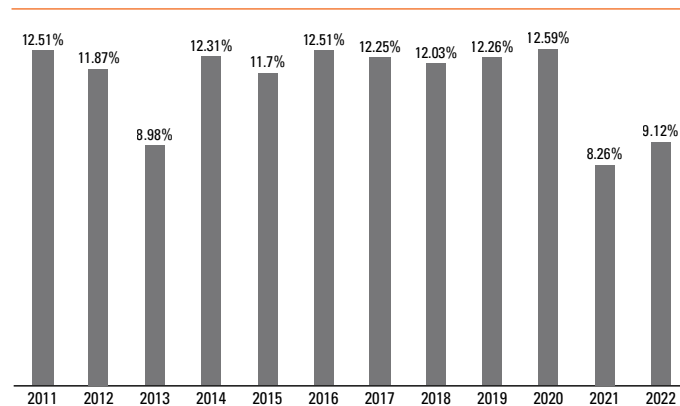
1 – Overall trends

The share of allocations to sectors that matter most for children has fallen significantly. Between 2011 and 2020, and except for 2013, the cumulative share of the budget allocated to the education, health, water and sanitation, and social affairs sectors had remained stable at around 12 per cent. In 2021, however, it sharply declined to 8.26 per cent of the overall budget. This was the lowest share ever recorded. In 2022, the total share increased slightly to 9.12 per cent of the state budget, which remains far below past levels (Figure 15).

Growing allocations to the health sector but declining allocations to the education, water and sanitation and social affair sectors. The overall share of the budget allocated to the health sector has been steadily increasing over the years, from 1.94 per cent of the budget in 2011 to 4.74 per cent in 2022.

On the other hand, the shares allocated to all other sectors that matter most for children have been in sharp decline over the years (Annex 10). They have decreased by half in the education sector (from 7.1 per cent in 2011 to 3.6 per cent in 2022), by two thirds in the water and sanitation sector (from 3.3 per cent and 0.8 per cent),

Figure 15: Total share of budget allocations to the health, education, WASH and social affairs sectors from 2011 to 2022 (%)



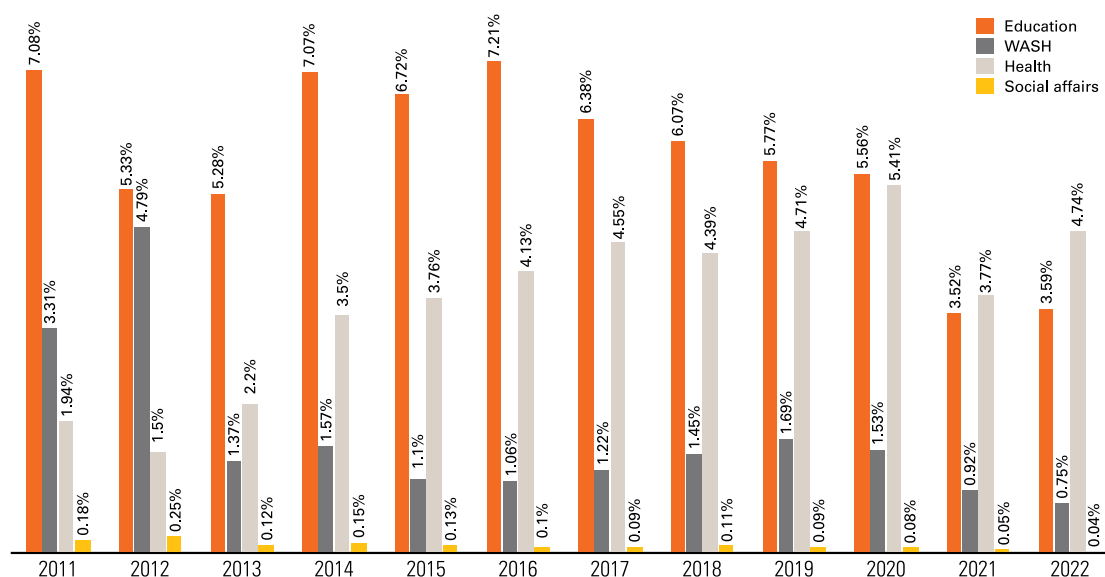
Source: MoF (various gazettes)

and by three quarters in the social affairs sector (from 0.18 per cent to 0.04 per cent) (Figure 16). In all sectors, the share of capital spending has been decreasing over the years.

2 – Health sector

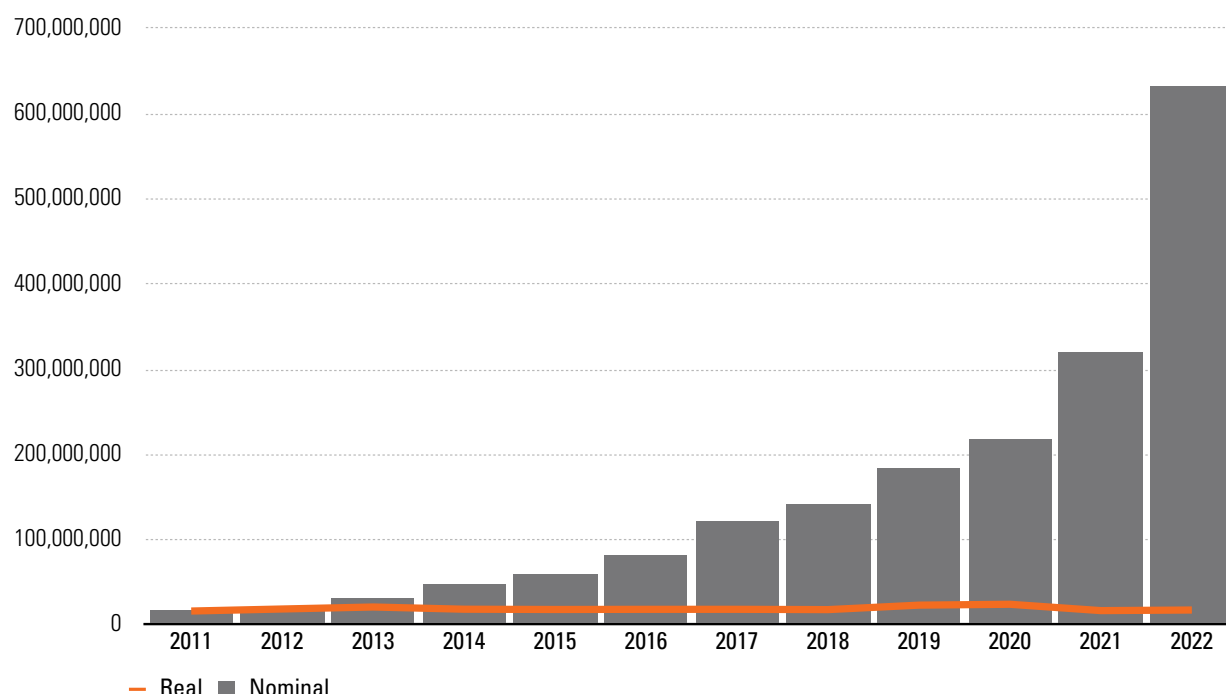
The health sector is the only key sector for children where allocations have increased over the conflict period. Throughout the conflict the health sector has maintained slightly higher budgets in real terms than in 2011. In 2022, allocations have increased by 7.4 per cent in real terms compared to the baseline year of 2011. They have not yet rebounded to the 2020 level, when allocations to the sector were the highest ever recorded over the period from 2011 to 2022 (Figure 17).

Figure 16: Share of budget allocations to the health, education, water and sanitation, and social affairs sectors from 2011 to 2022 (%)



Source: MoF (various gazettes)

Figure 17: Allocations to the health sector from 2011 to 2022 (nominal and real terms, SYP thousand)



Source: MoF (various gazettes)

The 2022 budget confirms the Government's prioritization of the health sector. In 2022, allocations to the health sector have increased by 97.1 per cent in nominal terms and 4.2 per cent in real terms compared to 2021 (from SYP 321 billion to SYP 632 billion). It is the only key sector for children where the budget has increased in real terms between 2021 and 2022. The allocations to this sector in 2022 translate into US\$ 11.03 per person, about eight times lower than the WHO-recommended minimum of US\$ 86 per person per year.

Within the sector, allocations to the Ministry of Health doubled between 2021 and 2022, from SYP 207 billion in 2021 to SYP 440 billion in 2022, which is equivalent to nominal growth of 112 per cent and real-term growth of 12 per cent. Allocations to university hospitals increased from SYP 114 billion in 2021 to SYP 189 billion in 2022, equivalent to nominal growth of 69 per cent and real-term negative growth of -10 per cent.

The share of recurrent allocations continues to grow and crowd out investment expenditures. The share of recurrent expenditures came to 89 per cent in 2022, increasing from 84 per cent in 2021. From 2011 to 2022, the shares of capital expenditures allocated to the health sector have continuously decreased, declining from 37 per cent to 11 per cent.

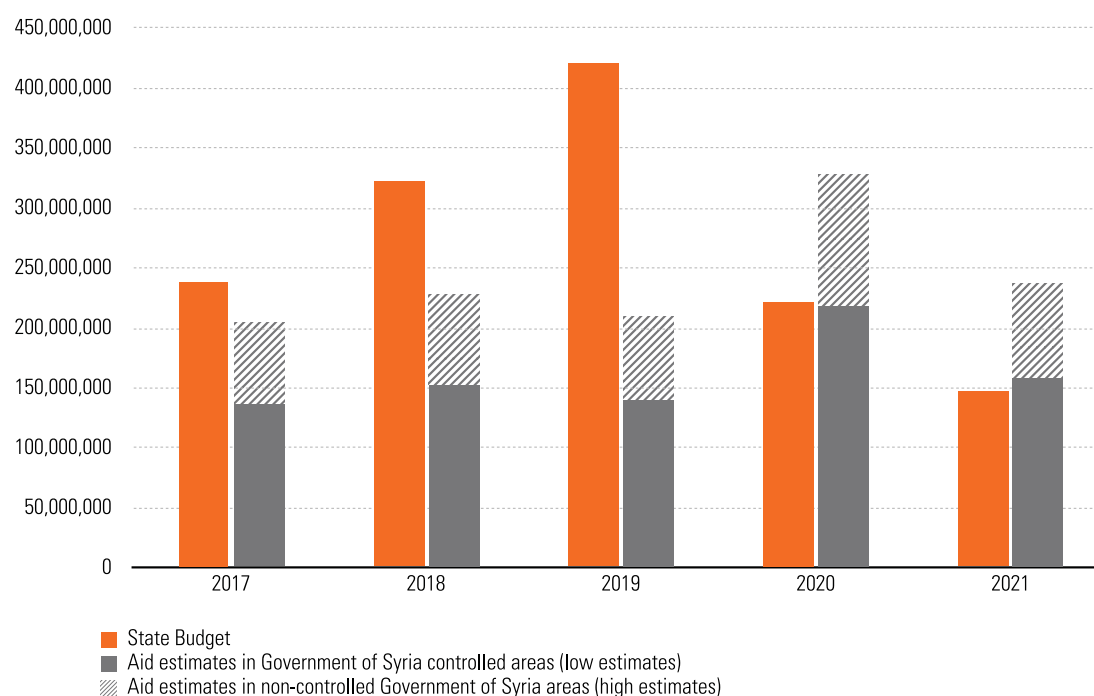
Aid in the health sector now surpasses government spending. Over the period 2017–2021, state budget allocations to the health sector were estimated at US\$ 1.35 billion. In comparison, international aid to the sector amounted to US\$ 1.21 billion. Since 2020, the estimated aid allocation to the health sector has been greater than the state budget allocation (Figure 18). In government-controlled areas, aid estimates in the health sector are now equal to state budget allocations. This is largely due to the sharp devaluation of the national currency vis-a-vis the US Dollar, which started in 2020.

The resources allocated fall far short of the needs of the health sector, where key child well-being indicators have worsened. Years of conflict have devastated the sector. Only 58 per cent of hospitals and 53 per cent of primary health care centres were fully functional in Syria in 2020²⁶. Those that are in operation experience regular shortages of supplies, leaving many families and children unable to tend to their medical needs²⁷. Some key child development indicators, such as immunization against diphtheria, tetanus and pertussis, have sunk to levels not seen in more than 30 years, with DTP3 vaccination coverage dropping from 80 per cent

²⁶ Humanitarian Needs Overview, March 2021.

²⁷ The Carter Center, *Navigating Humanitarian Exceptions to Sanctions Against Syria – Challenges and Recommendations*, The Carter Center, Atlanta, 2020.

Figure 18: Government allocations and aid spending in the health sector from 2017 to 2021 (US\$)



Source: Compiled by the authors by reference to FTS data accessed on 20 June 2022 and to MoF information (various gazettes). Figures in US\$ have been calculated using the weighted average of the SYP/US\$ official exchange rates each year.

Note: In the absence of data on the share of aid in non-government-controlled areas, this analysis uses population estimates as a proxy (i.e. two thirds of aid allocated to government-controlled areas and one third of aid allocated to non-government-controlled areas). This proxy is far from perfect and is only meant to provide the reader with a rough indication of the weight of aid vis-à-vis the state budget.

in 2010 to 48 per cent in 2020²⁸. The overall decline in key child health indicators has contributed to an increase in the under-five mortality rate from 17 to nearly 24 deaths per 1,000 live births between 2008 and 2019²⁹. The number of people in needs in the health sector continues to grow, with a total of 12.23 million people in need in this sector³⁰.

3 – Education sector

Allocations to the education sector have fallen dramatically throughout the conflict. From 2011 to 2022, the share allocated to the sector dropped from 7.1 per cent of the overall budget to 3.6 per cent. In real terms, allocations to the sector have decreased by 78 per cent compared to 2011 (Figure 19).

The 2022 state budget confirms the limited priority given to the education sector. Allocations to this sector have increased from SYP 299 million in 2021 to SYP 478 million in 2022. This is an increase of 60 per cent in

nominal terms. In real terms, however, allocations have decreased by 15 per cent compared to 2021. The real-term decrease recorded in 2022 is slightly lower than the overall state budget decrease (-15 per cent versus -17 per cent).

The share of recurrent expenditures continues to grow and crowd out investment expenditures. The share of recurrent expenditures came to 91 per cent in 2022, increasing from 86 per cent in 2021. From 2011 to 2022, the share of capital expenditures allocated to the education sector has steadily decreased, from 22 per cent to 9 per cent.

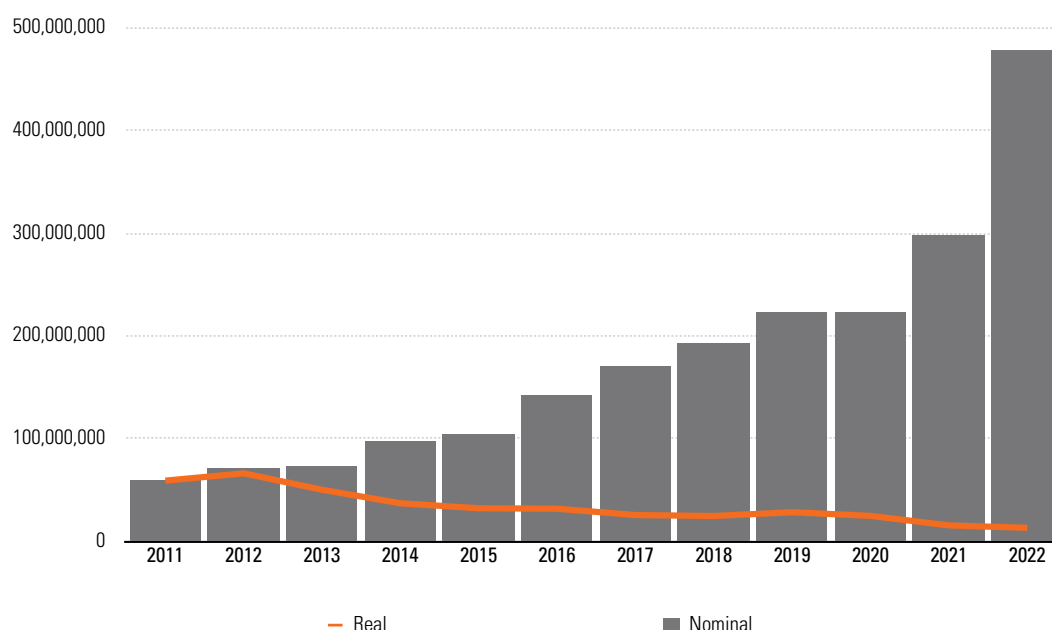
Government allocations remain higher than aid allocations, but the relative importance of aid is growing. Over the period 2017–2021, the state budget allocation to the education sector was estimated at over US\$ 1.5 billion. In comparison, international aid to the sector amounted to US\$ 646 million. During this period, both aid and government allocations followed a downward trajectory. However, when expressed in US Dollars, government allocations have dropped much more significantly than aid, particularly since 2020 and the sharp devaluation of the national currency vis-à-vis the US Dollar. As a result, the relative importance of aid is growing. In 2021, aid to the sector was equivalent to 66 per cent of the state budget, compared to 43 per cent in 2017 (Figure 20).

28 UNICEF/WHO immunization estimates for Syria for 2020. According to the MoH, DPT 3 coverage was 68% in 2021.

29 Government of the Syrian Arab Republic, UNICEF, World Health Organization (WHO) and Ministry of Health, Study on the Causes of Under-Five Mortality 2019.

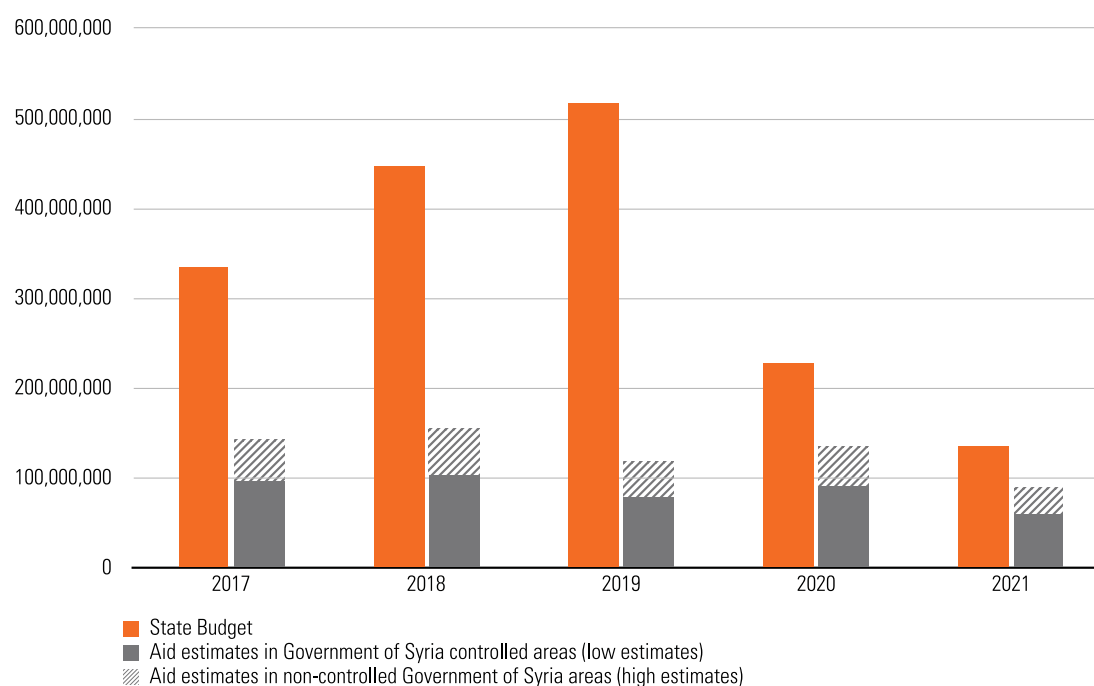
30 2022 HNO: https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/hno_2022_rev-1.15.pdf

Figure 19: Allocations to the education sector from 2011 to 2022 (nominal and real terms, SYP thousand)



Source: MoF (various gazettes)

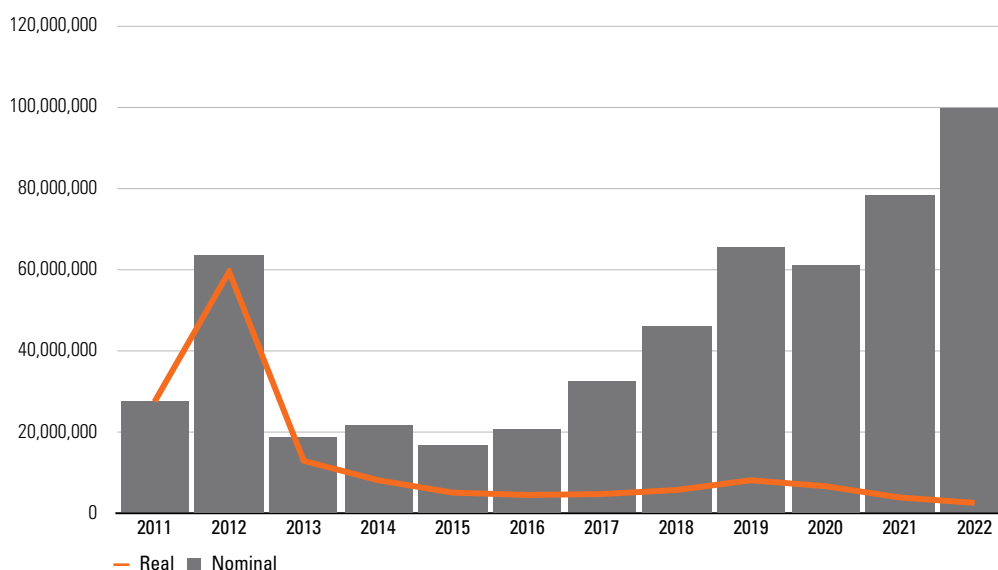
Figure 20: Government allocations and aid spending in the education sector from 2017 to 2021 (US\$)



Source: Compiled by the authors by reference to FTS data accessed on 20 June 2022 and to MoF information (various gazettes). Figures in US\$ have been calculated using the weighted average of the SYP/US\$ official exchange rates each year.

Note: In the absence of data on the share of aid in non-government-controlled areas, this analysis uses population estimates as a proxy (i.e. two thirds of aid allocated to government-controlled areas and one third of aid allocated to non-government-controlled areas). *This proxy is far from perfect and is only meant to provide the reader with a rough indication of the weight of aid vis-à-vis the state budget.*

Figure 21: Allocations to the water and sanitation sector from 2011 to 2022 (nominal and real terms, SYP thousand)



Source: MoF (various gazettes)

The lack of resources to invest in education continues to aggravate the sector. The conflict has devastated the education sector. The number of people in humanitarian needs continues to grow, with a total of 6.6 million people in need in the education sector in 2022³¹. In 2020, an estimated 2.45 million children were out of school, nearly 40 per cent of them girls, and 1.6 million more were at risk of dropping out³².

The conflict has seen schools closed, damaged or destroyed. Large numbers of people have been displaced and the economic situation has worsened, increasing the number of children out of school or at risk of dropping out³³. As with other critical infrastructure, the lack of reconstruction of schools, which has been complicated by sanctions, means that children attend classes in unsafe and unsuitable spaces³⁴. It is estimated that there is only one functioning classroom per 53 school-aged children³⁵.

4 – Water and sanitation sector

The water and sanitation sector is the sector for children that has recorded the most dramatic fall in budget allocations. From 2011 to 2022, the share allocated to the sector has dropped about fivefold, from 3.31 per cent of the overall budget to 0.75 per cent.

In real terms, allocations to the sector are 90 per cent lower than they were in 2011 (Figure 21).

The 2022 state budget confirms the limited priority given to the water and sanitation sector. Allocations to the sector have increased from SYP 78.1 million in 2021 to SYP 99.6 million in 2022. This is an increase of 27.5 per cent in nominal terms. In real terms, however, allocations have decreased by 33 per cent compared to 2021. The real-term decrease recorded in 2022 is much greater than the overall state budget decrease (-33 per cent versus -17 per cent).

Investment expenditures remain far greater than recurrent expenditure, but are declining. The share of recurrent expenditures amounted to 20 per cent in 2022, an increase from 16 per cent in 2021. From 2011 to 2022, the share of capital expenditures allocated to the sector has steadily decreased from 90 per cent to 80 per cent.

Aid is now three times larger than government allocations. Over the period 2017–2021, the state budget allocation to the water and sanitation sector was estimated at US\$ 420 million. In comparison, estimated international aid to the sector amounted to US\$ 581 million. During this period, aid was consistently higher than the government allocation, except for 2019 when government allocations were greater than the amount of aid granted. In 2020 and 2021, the estimated amount of aid allocated to government-controlled areas surpassed government allocations for the first time (Figure 22).

31 2022 HNO: https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/hno_2022_rev-1.15.pdf

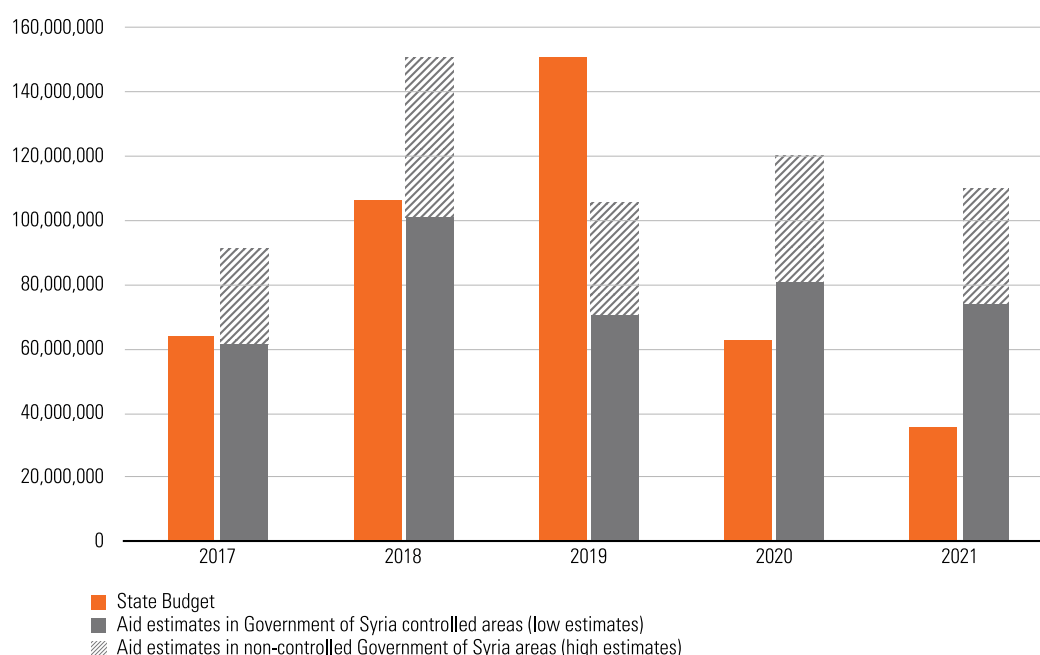
32 Humanitarian Needs Overview, March 2021.

33 Humanitarian Needs Overview, March 2021.

34 Humanitarian Needs Overview, March 2021.

35 Humanitarian Needs Overview, March 2021.

Figure 22: Government allocations and aid spending in the water and sanitation sector from 2017 to 2021 (US\$)



Source: Compiled by the authors by reference to FTS data accessed on 20 June 2022 and to MoF information (various gazettes). Figures in US\$ have been calculated using the weighted average of the SYP/US\$ official exchange rates each year.

Note: In the absence of data on the share of aid in non-government-controlled areas, this analysis uses population estimates as a proxy (i.e. two thirds of aid allocated to government-controlled areas and one third of aid allocated to non-government-controlled areas). *This proxy is far from perfect and is only meant to provide the reader with a rough indication of the weight of aid vis-à-vis the state budget.*

The lack of investment in the sector dramatically affects children's well-being. Since 2011, the sector has suffered considerable destruction and damage. Access to safe water, which was estimated at 93 per cent pre-conflict³⁶, has deteriorated significantly. Today, it is estimated that 47 per cent of the population is relying on alternative and often unsafe water sources to meet or complement their water needs³⁷. At least 70 per cent of sewage is discharged untreated and at least half of the sewerage systems are not functional³⁸. The number of people in humanitarian needs continues to grow, with a total of 13.2 million people in need in the WASH sector in 2022³⁹.

The drop in coverage is the result of several factors: physical damage and destruction; deteriorating infrastructure such as water networks and sewage systems; and limitations on the regular operation and maintenance of water treatment plants. These challenges are particularly severe in areas underserved by public services, in host communities with high ratios of IDPs and returnees, in key infrastructure providing services for

children, such as schools and healthcare facilities, and in urban and rural communities⁴⁰.

Critical water systems in different parts of Syria remain out of service or semi-functional due to a lack of adequate maintenance, the continuous exodus of technical staff, the inability to import spare parts, and electricity outages. As water systems depend on electricity, and oil and gas imports face significant restrictions due to economic sanctions, it is becoming increasingly difficult to maintain quality services⁴¹. These challenges are aggravated by declining budget allocations to the sector, which do not match the needed level of investment.

5 – Social affairs sector

Allocations to the social affairs sector have fallen dramatically throughout the conflict. From 2011 to 2022, the share allocated to the sector decreased by a factor of about four, from 0.18 per cent of the overall budget to 0.04 per cent. In real terms, allocations to the sector are 89 per cent lower than they were in 2011 (Figure 23).

36 Third National MDGs Progress Report, 2010.

37 Humanitarian Needs Overview, 2022.

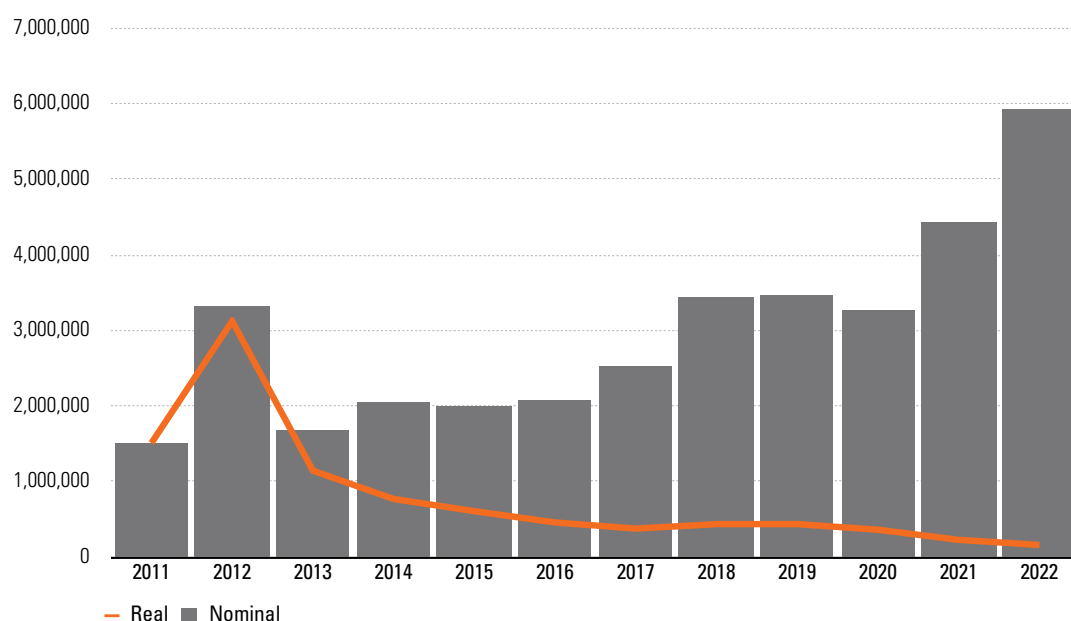
38 Humanitarian Needs Overview, 2022.

39 2022 HNO: https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/hno_2022_rev-1.15.pdf

40 Humanitarian Needs Overview, 2022.

41 International Committee of the Red Cross, 'Syria water crisis: Up to 40% less drinking water after 10 years of war', ICRC, 1 October 2021, www.icrc.org/en/document/syria-water-crisis-after-10-years-war, accessed 1 November 2021.

Figure 23: Allocations to the social affairs sector from 2011 to 2022 (nominal and real terms, SYP thousand)

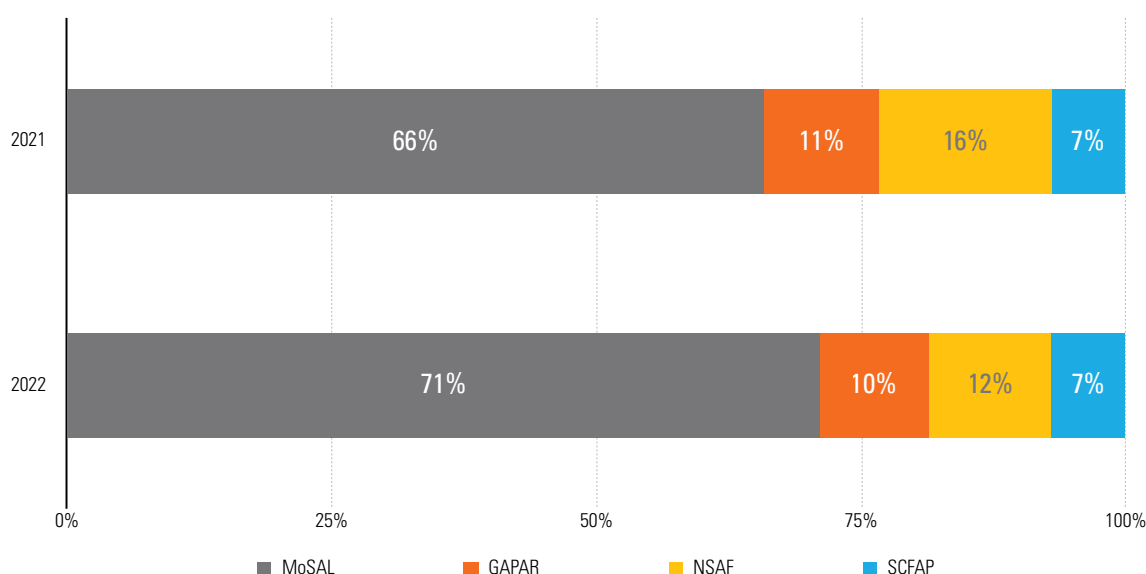


Source: MoF (various gazettes)

The 2022 state budget confirms the lack of priority given to the social affairs sector. In 2022, allocations to this sector have increased by 60 per cent in nominal terms (from SYP 4.42 billion to SYP 5.92 billion), but decreased by 29 per cent in real terms compared to

2021. This is much higher than the overall state budget real-term decrease of 17 per cent. The sharp drop in 2022 follows on from the real negative growth of 37 per cent recorded between 2020 and 2021.

Figure 24: Distribution of allocations to the social affairs sector between 2021 and 2022 (%)



Source: MoF (Gazette Nos. 1/2021 and 50/ 2021)

Within this sector, most resources continue to be allocated to the MoSAL, which is receiving 71 per cent of the overall envelope allocated to the sector in 2022. This is a slightly higher share than in 2021 (66 per cent) (Figure 24).

The share of recurrent expenditures continues to grow and crowd out investment expenditures. The share of recurrent expenditures amounted to 86 per cent in 2022, increasing from 80 per cent in 2021. From 2011 to 2022, the share of capital expenditures allocated to the social affairs sector has steadily decreased from 41 per cent to 14 per cent.

Aid spending in this sector far exceeds government allocations. All entities in the social affairs sector have critical social protection and child protection mandates. For example, the NSAF has a critical social protection mandate to support highly vulnerable families with cash assistance. In 2022, allocations for the NSAF are

SYP 50 billion, or about US\$ 20 million. This is barely enough to keep the NSAF functioning and is negligible in comparison to the aid spent through humanitarian cash transfers interventions. In 2021, humanitarian organizations delivered over US\$ 77 million directly in cash assistance to vulnerable populations, mostly in government-controlled areas⁴².

Similarly, allocations to the General Association for Palestinian Arab Refugees (GAPAR) amount to SYP 617 million, or about US\$ 247,000. In comparison, in 2021, the UN delivered about US\$ 50 million directly in cash assistance to Palestinian refugees. Finally, the 2022 allocation to the MoSAL, which has a critical child protection mandate, is SYP 4,203 million, or about US\$ 1.7 million. In comparison, US\$ 12.6 million of aid was allocated to the child protection sector in 2021⁴³.

⁴² https://public.tableau.com/app/profile/caritas.switzerland/viz/SYRCWG-CVAPartnersMapping/1_ReportingProgress

⁴³ FTS accessed on 20 June 2022

ANNEX 1 – Gross Domestic Product between 1994 and 2020 (current and constant prices)

Year	GDP (million SYP) current prices	Growth %	GDP (million SYP) fixed-based year 1994	Growth %
1994	506,101		506,101	
1995	570,975	12.8%	541,662	7.0%
1996	690,857	21.0%	594,884	9.8%
1997	745,569	7.9%	624,770	5.0%
1998	790,444	6.0%	667,163	6.8%
1999	819,092	3.6%	643,454	-3.6%
2000	904,622	10.4%	647,801	0.7%
2001	974,008	7.7%	680,472	5.0%
2002	1,016,519	4.4%	720,707	5.9%
2003	1,067,265	5.0%	728,718	1.1%
2004	1,266,891	18.7%	779,854	7.0%
2005	1,506,440	18.9%	828,324	6.2%
2006	1,726,404	14.6%	870,122	5.0%
2007	2,020,838	17.1%	919,499	5.7%
2008	2,448,060	21.1%	960,661	4.5%
2009	2,520,705	3.0%	1,017,488	5.9%
2010	2,834,517	12.4%	1,070,281	5.2%
2011	3,252,720	14.8%	1,100,784	2.9%
2012	3,024,842	-7.0%	810,849	-26.3%
2013	2,937,561	-2.9%	597,594	-26.3%
2014	3,612,015	23.0%	535,981	-10.3%
2015	4,732,656	31.0%	513,579	-4.2%
2016	6,117,033	29.3%	480,680	-6.4%
2017	8,317,173	36.0%	477,203	-0.7%
2018	9,588,167	15.3%	483,852	1.4%
2019	11,904,318	24.2%	489,757	1.2%
2020	17,273,000	45.1%	470,786	-3.9%

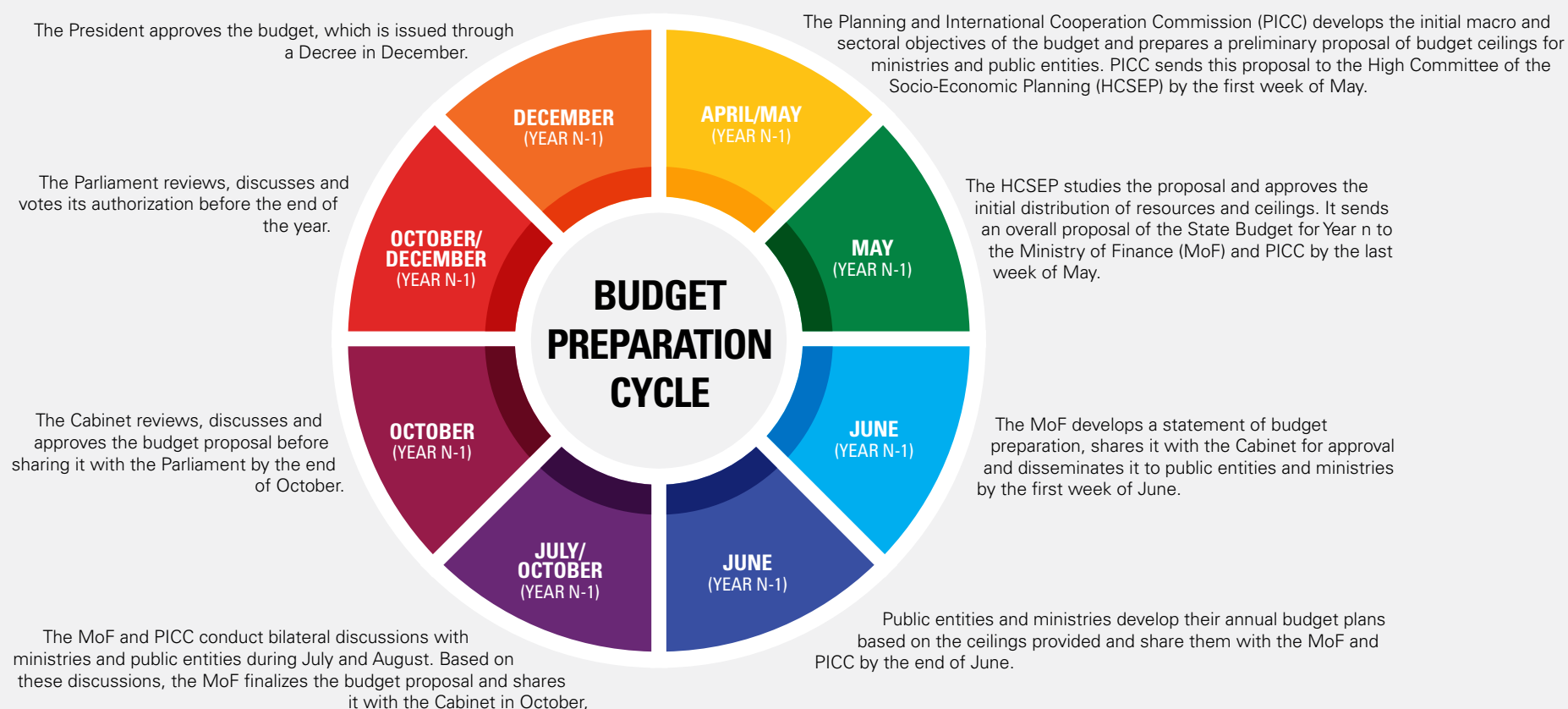
Source: CBS (different Statical Abstracts)

ANNEX 2 – Composition of GDP in real terms: comparison between 2010 and 2020

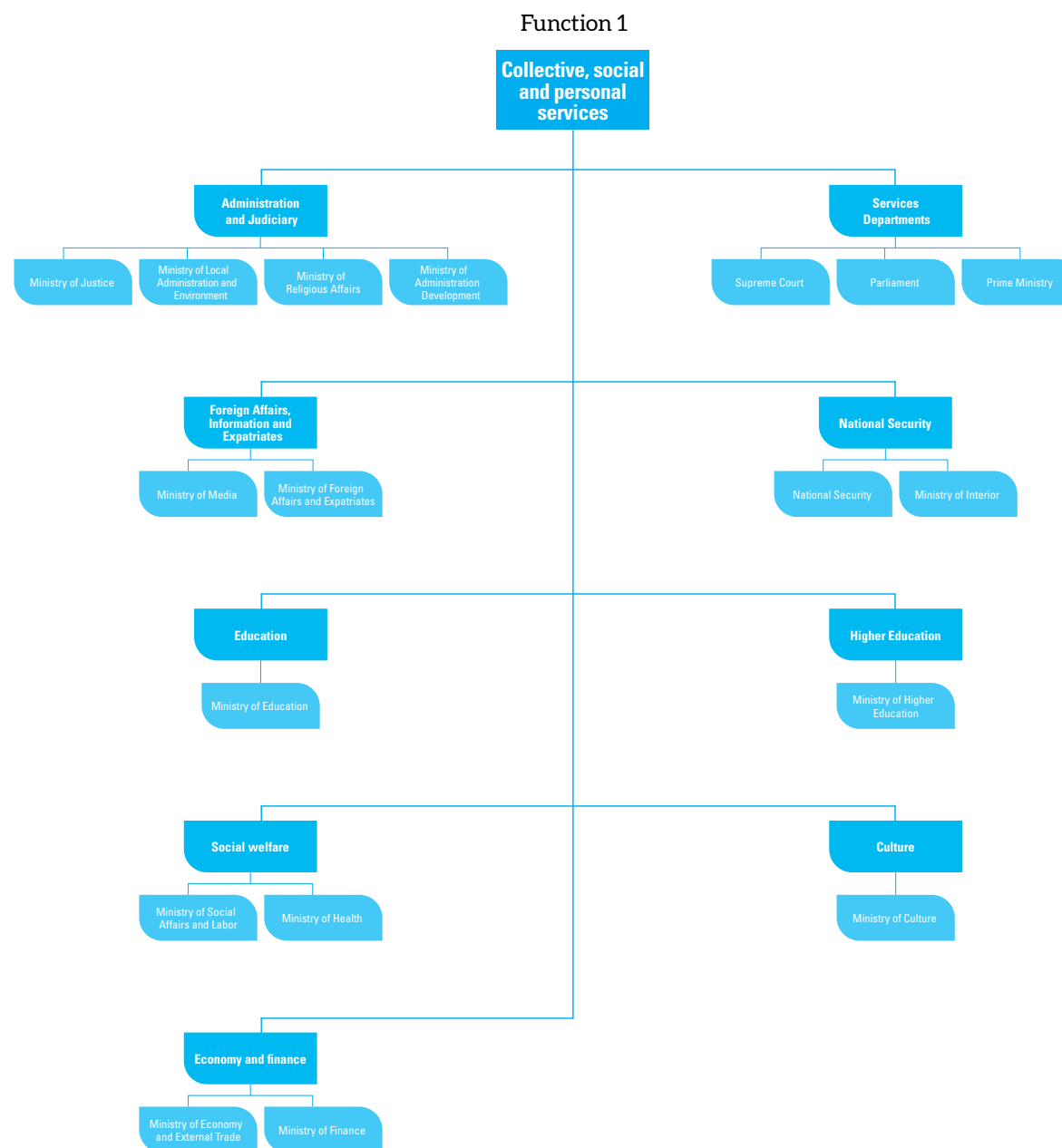
Year	Values (million SYP)		Contribution (%)		Percentage point change
	2010	2020	2010	2020	
Agriculture, forests & livestock	240,351	106,159	16%	16%	0
Mining, quarrying & manufacturing	355,042	69,663	24%	11%	-13
Building & construction	52,269	16,585	3%	3%	0
Wholesale, retail trade & repair	299,406	105,772	20%	16%	-4
Transport, storage & communication services	191,384	125,775	13%	19%	6
Finance, insurance & real estate	80,515	10,789	5%	2%	-3
Social & personal services	58,989	20,599	4%	3%	-1
Government services	215,658	199,331	14%	30%	16
Non-profit institutions	981	2,757	0%	0%	0
Total	1,494,595	714,676	100%	100%	

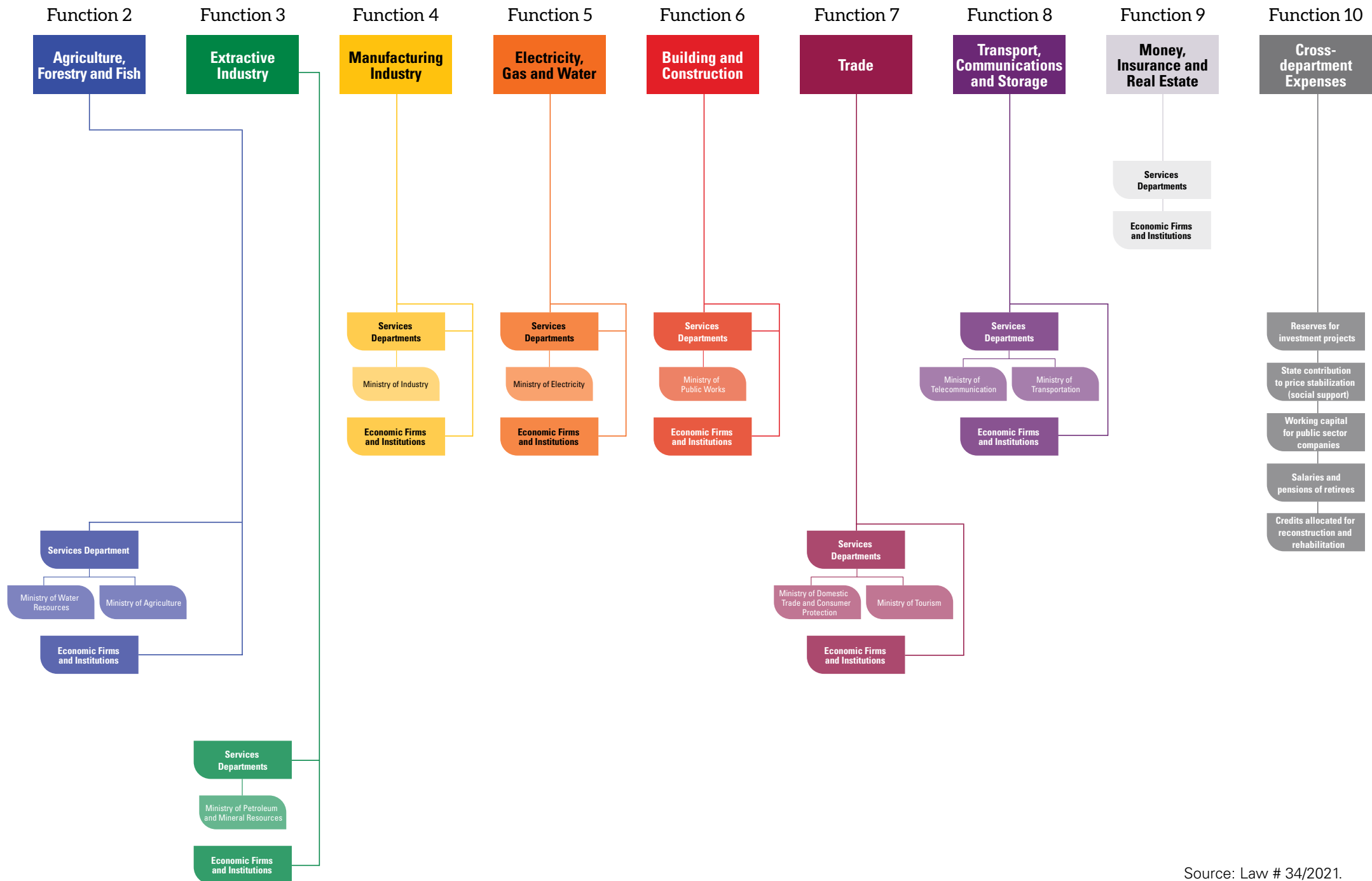
Source: CBS (Statistical Abstracts of 2011 and 2021)

Annex 3 – Overview of the State Budget preparation cycle



Annex 4 – Overview of the functional and administrative classification of the State Budget





ANNEX 5 – Budget allocations by recurrent and capital expenditures by functions: comparison between 2021 and 2022 (SYP 1,000 in current prices)

	2021				2022					
	Recurrent		Capital	Total	Recurrent		Capital	Total	Nominal change	Real change
	Total	Salaries			Total	Salaries				
Collective, social and personal services	3,127,790,290	689,133,870	335,584,650	3,463,374,940	5,276,364,440	1,138,670,375	453,143,150	5,729,507,590	65%	-12%
Agriculture, forestry and fish	60,876,765	27,160,705	95,730,000	156,606,765	82,337,695	38,708,385	127,768,000	210,105,695	34%	-29%
Extractive industry	662,890	359,755	37,015,000	37,677,890	1,149,000	723,240	85,000,000	86,149,000	129%	21%
Manufacturing industry	3,322,575	1,581,340	52,652,000	55,974,575	6,342,190	2,427,460	57,584,000	63,926,190	14%	-40%
Electricity, gas and water	415,930	242,505	187,220,000	187,635,930	813,230	403,150	252,902,000	253,715,230	35%	-28%
Building and construction	1,629,110	974,260	13,417,000	15,046,110	2,407,500	1,420,560	19,827,000	22,234,500	48%	-22%
Trade	8,265,175	5,354,700	20,582,000	28,847,175	13,520,385	7,814,105	26,739,000	40,259,385	40%	-26%
Transport, communications and storage	6,466,265	2,849,550	77,389,010	83,855,275	12,105,560	4,445,370	92,483,000	104,588,560	25%	-34%
Money, insurance and real estate	0	0	38,261,200	38,261,200	0	0	159,738,500	159,738,500	317%	121%
Cross-department expenses	3,790,571,000	290,571,000	642,149,140	4,432,720,140	5,929,960,000	400,960,000	724,815,350	6,654,775,350	50%	-21%
Total	7,000,000,000	1,018,227,685	1,500,000,000	8,500,000,000	11,325,000,000	1,595,572,645	2,000,000,000	13,325,000,000	57%	-17%

Source: MoF (Gazettes # 1/2021 and 50/2021)

ANNEX 6 – Budget allocations by recurrent and capital expenditures in the Cross-department expenses function: comparison between 2021 and 2022 (SYP 1,000 in current prices)

	2021			2022			Nominal change	Real change
	Recurrent	Capital	Total	Recurrent	Capital	Total		
Reserves for investment projects		587,149,140	587,149,140		669,815,350	669,815,350	14%	-40%
State contribution to price stabilization (social support)	3,500,000,000		3,500,000,000	5,529,000,000		5,529,000,000	58%	-16%
Working capital for public sector companies		5,000,000	5,000,000		5,000,000	5,000,000	0%	-47%
Salaries and pensions of retirees	290,571,000		290,571,000	400,960,000		400,960,000	38%	-27%
Credits allocated for reconstruction and rehabilitation		50,000,000	50,000,000		50,000,000	50,000,000	0%	-47%
Total	3,790,571,000	642,149,140	4,432,720,140	5,929,960,000	724,815,350	6,654,775,350	50%	-21%

Source: MoF (Gazettes # 1/2021 and 50/2021)

ANNEX 7 – Budget allocations by recurrent and capital expenditures in the Collective, social and personal services function: comparison between 2021 and 2022 (SYP 1,000 in current prices)

	2021			2022			Nominal change	Real change
	Recurrent	Capital	Total	Recurrent	Capital	Total		
Services departments	32,387,440	8,465,100	40,852,540	51,796,320	12,634,950	6,443,1270	58%	-17%
Administration and judiciary	354,276,720	149,335,000	503,611,720	605,050,925	218,479,000	823,529,925	64%	-13%
National security	148,385,500	33,135,750	181,521,250	235,293,500	35,554,100	270,847,600	49%	-21%
Foreign affairs, information and expatriates	98,675,915	16,010,000	114,685,915	191,256,435	19,730,000	210,986,435	84%	-3%
Higher education	170,490,105	47,000,000	217,490,105	273,505,945	71,692,600	345,198,545	59%	-16%
Education	257,332,040	41,525,000	298,857,040	434,180,440	44,000,000	478,180,440	60%	-15%
Culture	9,742,240	6,120,000	15,862,240	15,414,635	6,500,000	21,914,635	38%	-27%
Social welfare	184,423,080	26,880,300	211,303,380	412,662,785	32,754,000	445,416,785	111%	12%
Economy and finance	1,872,077,250	7,113,500	1,879,190,750	3,057,203,455	11,798,500	3,069,001,955	63%	-14%
Total	3,127,790,290	335,584,650	3,463,374,940	5,276,364,440	453,143,150	5,729,507,590	65%	-12%

Source: MoF (Gazettes # 1/2021 and 50/2021)

ANNEX 8 – Estimated revenues between 2019 to 2022 (SYP 1,000)

Revenues	2019	2020	2021	2022 Nominal	Nominal growth 2022	Real growth 2022	Share of total 2022
Tax and fees	563,050,000	811,990,000	2,540,000,000	3,133,000,000	23%	-35%	24%
Direct	243,990,000	344,890,000	1,070,000,000	1,381,000,000	29%	-32%	10%
Indirect	319,060,000	467,100,000	1,470,000,000	1,752,000,000	19%	-37%	13%
Services compensations and revenues of state property and public investments	14,419,500	17,900,000	27,800,000	113,860,000	310%	117%	1%
Service compensations	9,450,000	12,820,000	25,400,000	92,500,000	264%	93%	1%
Revenues of state property and public investments	4,969,500	5,080,000	2,400,000	21,360,000	790%	371%	0%
Miscellaneous revenues	1,304,131,000	600,984,115	939,163,000	1,150,321,205	22%	-35%	9%
Transit duties	1,200,000	6,000,000	24,000,000	65,000,000	171%	43%	0%
Others	1,302,931,000	594,984,115	915,163,000	1,085,321,205	19%	-37%	8%
Available surplus	1,054,820,289	1,113,744,951	2,509,269,119	4,809,771,788	92%	1%	36%
Budget surplus	758,269,919	819,004,455	1,996,042,085	3,866,982,729	94%	3%	29%
Liquidity surplus	51,710,416	52,547,627	55,241,034	67,368,429	22%	-35%	1%
Municipalities	8,000,000	17,143,000	19,747,000	21,275,000	8%	-43%	0%
Public hotels	3,200,000	3,400,000	2,500,000	10,000,000	300%	112%	0%
Government share of oil fields and minerals	139,232,954	141,649,869	355,739,000	719,145,630	102%	7%	5%
Revenues of the independent accounting units	14,407,000						0%
Government share in the companies of services contracts	80,000,000	80,000,000	80,000,000	125,000,000	56%	-17%	1%
Exceptional revenues	945,579,211	1,455,380,934	2,483,777,881	4,118,047,007	66%	-12%	31%
External revenues and loans	6,246,507	1,440,550	1,052,350	490,000	-53%	-75%	0%
Treasury bills			500,000,000	600,000,000	20%	-37%	5%
Taken from reserves	939,332,704	1,453,940,384	1,982,725,531	3,517,557,007	77%	-6%	26%
Total	3,882,000,000	4,000,000,000	8,500,010,000	13,325,000,000	57%	-17%	100%

Source: MoF (Gazettes # 47/2019, 1/2021 and 50/2021)

ANNEX 9 – Allocations to University Hospitals between 2020 and 2022 (SYP 1,000)

Name of Hospital	City	2020	2021	2022	Nominal growth (%)	Real growth (%)
Mowassat	Damascus	10,165,240	15,503,740	22,902,800	48%	-22%
Heart Surgery Hospital	Damascus	4,126,650	6,408,130	9,284,000	45%	-23%
Children Hospital	Damascus	5,390,210	8,305,265	14,065,800	69%	-10%
Aleppo University Hospital	Aleppo	6,055,100	9,654,350	17,239,050	79%	-6%
Assad Hospital	Damascus	9,926,650	12,141,050	26,840,020	121%	17%
Kendy Hospital	Aleppo	1,645,650	2,966,400	3,127,100	5%	-44%
University Hospital of Obstetrics and Gynecology	Damascus	3,793,050	6,342,100	8,238,700	30%	-31%
University Hospital of Obstetrics and Gynecology	Aleppo	1,054,380	1,588,480	2,423,550	53%	-19%
Heart Surgery Hospital	Aleppo	1,174,700	1,831,405	3,477,310	90%	0%
Tishreen	Lattakia	18,622,500	33,228,500	60,377,700	82%	-4%
Al-Biruni	Damascus	7,575,845	15,907,695	21,088,755	33%	-30%
Al-Baath University Hospital	Homs			3,640,400		
Total		69,529,975	113,877,115	192,705,185	69%	-10%

Source: MoF (Gazettes # 47/2019, 1/2021 and 50/2021)

ANNEX 10 – Allocations to the education, health, social affairs and WASH sectors between 2011 and 2022 in nominal and real terms (SYP 1,000)

Year	Education		Health		Social Affairs		WASH	
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real
2011	59,113,000	59,113,000	16,216,745	16,216,745	1,331,530	1,331,530	27,599,235	27,599,235
2012	70,683,455	66,245,037	19,863,630	18,616,336	3,128,390	2,931,949	63,517,120	59,528,697
2013	73,051,240	50,241,568	30,470,195	20,956,118	1,565,225	1,076,496	19,012,920	13,076,286
2014	98,337,045	37,108,319	48,656,120	18,360,800	1,341,485	506,221	21,777,350	8,217,868
2015	104,387,410	32,218,336	58,454,255	18,041,437	1,444,525	445,841	17,046,830	5,261,367
2016	142,746,865	31,806,342	81,777,880	18,221,453	1,394,600	310,740	21,076,685	4,696,231
2017	169,820,465	25,617,810	120,916,205	18,240,490	2,517,415	379,758	32,584,683	4,915,475
2018	193,542,265	24,724,357	140,049,725	17,890,869	3,436,080	438,947	46,218,500	5,904,254
2019	174,181,695	22,045,525	182,844,475	23,141,941	2,560,265	324,043	65,535,165	8,294,541
2020	223,000,000	24,882,839	216,529,975	24,160,899	3,269,850	364,857	61,278,395	6,837,580
2021	298,857,040	15,573,582	320,756,205	16,714,758	4,424,290	230,552	78,099,062	4,069,779
2022	478,180,440	13,176,645	632,202,005	17,420,832	5,919,965	163,129	99,567,187	2,743,654

Source: MoF (different Gazettes)

