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Regional Socio-Economic Update

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About the Bulletin

This bulletin is part of the "Strengthening Regional Policy Dialogue and Partnerships on Solutions" project, which fosters evidence-based advocacy and partnerships on adaptive solutions. The project is implemented by the United Nations Development Programme (UNDP) in partnership with Mercy Corps and funded by the Regional Development and Protection Program (RDPP). As a multi-donor platform managed by the Kingdom of Denmark, RDPP was first initiated in 2014 to address the humanitarian and development needs of refugees and displacement-affected communities in the countries neighboring Syria. The project leverages Mercy Corps' Crisis Analysis to support ongoing and emerging policy and advocacy efforts underpinned by a bespoke body of evidence and grounded in contextual realities.

This bulletin provides an overview of developments that directly and indirectly impact forcibly displaced and host communities across Syria, Lebanon, and Jordan from August to December 2025. It examines recent socio-economic and climate developments and conditions, in both areas of return and host communities; and aims to support evidence-based planning and coordination among actors working on return-related issues, including regional and national response stakeholders, donor partners, civil society organizations, and the private sector among others.

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Table of Contents

SUMMARY 05

SOCIO-ECONOMIC CONDITIONS AND SERVICES 07
Syria: A severe housing shortage 07
Syria: Rehabilitation and rising costs of electricity grid 08
Continued challenges in accessing essential services and labor markets in Lebanon and Jordan 09

DOMESTIC AND REGIONAL ECONOMIC DYNAMICS 11

Syria: Internal cost of living and monetary challenges 11
Syria: Lifting the Caesar sanctions, reestablishment of international financial connections, and regional implications 11
Lebanon-Syria cross-border trade 12
Jordan-Syria cross-border trade 13

IMPACT OF CLIMATE CHANGE AND WINTER-RELATED NEEDS AND LACK OF SERVICES 15

Syria 16
Lebanon 17
Jordan 17

Summary



Summary

- A number of developments are notable in Syria. These include the repeal of the Caesar Act and over 10 billion US dollars (USD) in investment commitments by public and private partners in Qatar, the USA, the United Arab Emirates (UAE), the Kingdom of Saudi Arabia, Türkiye, China, and several EU countries Italy among them. These commitments are mainly for the reconstruction of energy, transportation, industrial, and commercial infrastructure. The country also witnessed USD 6.5 billion in in humanitarian and reconstruction assistance pledges by international donors at the Brussels summit, the incremental re-establishment of trade ties with Jordan and Lebanon, and the gradual return of Syria to international financial systems. Yet, the economic benefits of these developments have not yet translated into household-level stability. While infrastructure and state services are improving, low wages and Syria's high cost of living mean that the most vulnerable continue to require assistance to meet their basic needs.

- In Syria, electricity supply improved somewhat in the second half of 2025, particularly in major cities, but access remains uneven and many areas are still experiencing intermittent service and must rely on alternative power sources In addition, higher tariffs put pressure on households and contribute to higher food and commodity prices by raising storage, refrigeration, and transport costs.

- In Lebanon and Jordan, essential services remain under pressure, as documentation and fee policies limit access to education, and reduced subsidies in Lebanon limit healthcare access.

- Labor market dynamics in Lebanon and Jordan continue to pose challenges, through increased enforcement of legal documentation requirements and limitations on informal foreign labor.

- Heavy precipitation and cold temperatures have intensified needs for vulnerable host communities and displaced populations as severe funding shortfalls hamper wintertime assistance across Syria, Lebanon, and Jordan. These resource deficits, coupled with damaged and/or degraded infrastructure and energy insecurity, heighten the risk of negative coping mechanisms.



Socio-Economic Conditions and Services

Socio-Economic Conditions and Services

Syria: A severe housing shortage

Extensive damage to Syria's housing stock has rendered many dwellings unsuitable for winter and has significantly reduced the capacity of urban areas to accommodate returnees. On December 15, Syria's Minister of Public Works and Housing stated that more than 30% of the country's housing stock has been destroyed. Housing damage assessments undertaken during the reporting period relied on indicative analysis obtained via Key Informant Interviews (KIIs) and varied in their findings. The Syria Shelter and Non-Food Items (SNFI) Sector commissioned a countrywide damage assessment for the months of October, November, and December, with the highest destruction reported in Quneitra (68% of housing partially or completely damaged), Idleb (63%), and Hama (60%). The assessment found that 99% of assessed communities reported occupation in damaged housing across all damage categories (negligible, partial, and complete) and 44% reported some habitation in completely destroyed housing. Most communities (71%) reported that returnees reside in damaged housing, followed by host or non-displaced households (63%) and IDPs (44%), indicating that damaged and destroyed housing stock stands as a significant barrier to secure and sustainable return. According to an analysis published in November by the International Organization for Migration (IOM), the highest levels of destruction were reported in the governorates of Ar-Raqqa (38% of properties partially or fully damaged), Hama (35%), and Al-Hasakeh (34%). Over 20% of Syrians are living in temporary housing and shelter sites, which are ill-equipped for winter weather. Many displaced and returnee families live in long-term shelters that are also in urgent need of repair.

Most reconstruction efforts in heavily damaged or destroyed areas are currently undertaken by locals rebuilding personal property. However, since October, private commercial reconstruction projects in war-damaged neighborhoods have contributed to renewed movements. In Aleppo, heavily damaged informal housing is being cleared for recovery projects. Despite assurances of temporary accommodation and rehousing plans, some residents – especially those who lack formal documentation proving ownership – have expressed concern that obtaining legal ownership of the new housing units may be difficult. According to the Syria SNFI Sector housing damage assessment, 17% of households residing in damaged housing units lacked legal documentation proving ownership or tenancy. A similar dynamic is visible in Homs, where newly announced residential projects in central districts are being marketed at unaffordably high prices. Such projects raise concerns about affordability, access, and the ability of original residents to benefit from redevelopment, particularly in the absence of clear, accessible pathways to reclaim housing.

Syria: Rehabilitation and rising costs of electricity grid

Syria's electricity supply in Syria has improved somewhat throughout 2025, though access and affordability remain uneven across the country. According to satellite imagery, among regions that showed a change in light use between October 2024 and October 2025, 77 per cent recorded an increase, suggesting a broad though uneven recovery. Improvements are most visible in large urban centers, particularly Damascus, where several power plants have been repaired and electricity supply hours have increased. Rural and conflict-affected areas continue to receive intermittent service and rely on private diesel generators. According to Mercy Corps' analysis during August and December 2025, the most widespread improvement in nighttime electricity usage occurred in October, with most major cities registering gains while Al-Hasakeh and As-Sweida lagged, likely due to damaged infrastructure and access constraints. In November, usage in Al-Hasakeh deteriorated sharply amid fuel shortages and rising winter demand, while use in As-Sweida remained at extremely low levels. There was a brief uptick in central Damascus following grid repairs, but usage declined in the surrounding districts. Mercy Corps' Crisis Analysis Team also found that higher electricity tariffs may have reduced nighttime electricity usage in poorer or rural areas. Major gas supply deals with regional countries – including from Qatar via Jordan starting in January 2026 and MOUs signed with Egypt in January 2026- – are also expected to boost electricity supply across the country. Finally, the recent inclusion of energy-resource-rich areas of northeast Syria will potentially facilitate rehabilitation of energy infrastructure and increase electricity generation, though such developments will require significant investments, time, and a stable security situation.

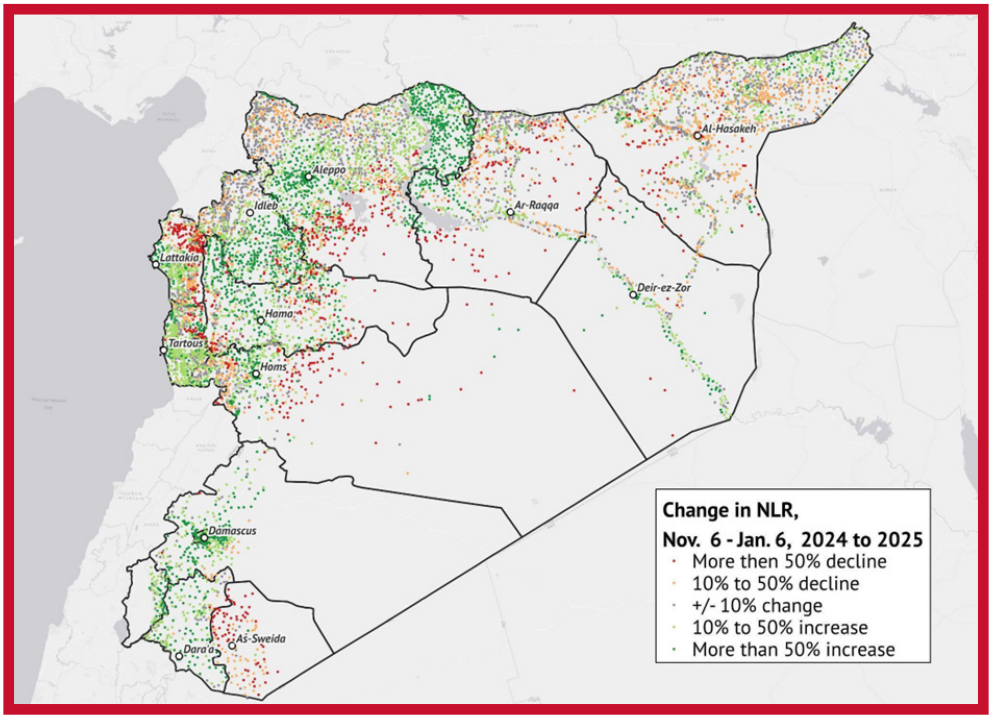


Figure 1: *Change in nighttime light reflection in populated areas of Syria from November 6 to January 6 in 2024 and 2025. Source: VIIRS satellite imagery.*

Recent progress has been underpinned by international agreements to bolster national electricity generation capacity and privatize electricity infrastructure. In May 2025, Syria signed a USD 7 billion agreement with UCC Holding, one of the largest external investments in the sector to date. This was followed by a USD 146 million World Bank grant in June 2025 to repair electricity infrastructure, expand supply, and support longer-term sector reform as part of economic recovery efforts.

However, consumers are also facing rising costs. On October 30, the government raised electricity rates across the board, complementing reforms intended to reduce electricity sector losses (estimated at USD 1 billion annually) and improve service delivery. These rate hikes are considered unaffordable by a majority of subscribers. Rising electricity prices have also driven up production, storage, and distribution costs for fruits, vegetables, meat, and dairy products in Damascus, Aleppo, and Homs, as vendors pass on higher refrigeration and transport expenses to consumers.

Continued challenges in accessing essential services and labor markets in Lebanon and Jordan

Education services

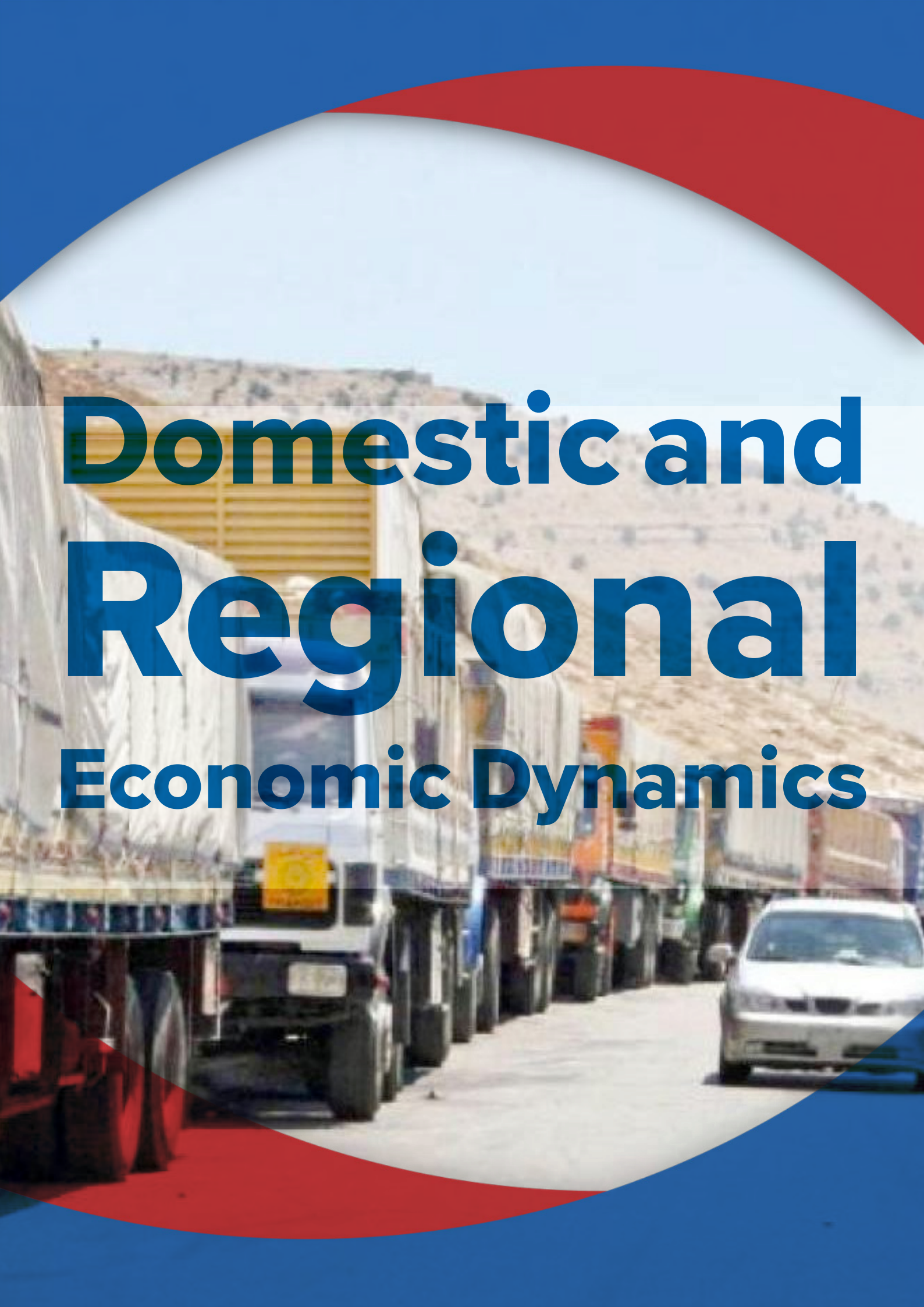
Displaced Syrian children in Lebanon and Jordan continue to face barriers to education, shaped by evolving administrative requirements and cost pressures. In Lebanon, the extension of documentation requirements to non-Lebanese students registering in public schools has raised concerns among stakeholders about reduced enrolment and continuity of learning for many and increasing reliance on non-formal support. In Jordan, adjustments to fee policies for some non-Jordanian students in secondary, basic, vocational, and technical education may affect a portion of non-Jordanian enrolments in public schools and could add financial strain for families struggling with limited resources.

Health services

In December 2025, reduced healthcare funding in Lebanon led to the scaling back of subsidized hospital and primary healthcare support for Syrian refugees , raising concerns about diminished access to essential services, including maternal and other life-saving care, at a time when the national health system is already under significant strain. In Jordan, the closure of the Emirati Mafraq Hospital, which had provided free treatment and medications, particularly for patients with chronic conditions, has widened gaps in access for vulnerable groups.

Labor market

Displaced Syrians in Lebanon and Jordan continue to rely heavily on informal work, reflecting limited formal job opportunities and difficulties in obtaining work papers and residency status. In Lebanon, most working Syrians hold seasonal or daily informal jobs, often without contracts, protections, or valid residency, leaving them vulnerable to income shocks and struggling to meet basic needs. In both countries, there have been efforts to strengthen compliance and regularization in a bid to improve oversight and clarify employment status, yet costs and administrative requirements remain challenging for low-income workers, leaving many households reliant on informal work.



Domestic and Regional Economic Dynamics

Domestic and Regional Economic Dynamics

Syria: Internal cost of living and monetary challenges

One year after the fall of the Assad regime, inflation, poor wages, and high prices – as well as continued clashes and security incidents - heavily influence return dynamics. While some residents report modest improvements in wages and greater availability of goods in urban centers, essentials such as fuel and bread remain expensive and aid cuts have worsened economic conditions for displaced populations in camps. Recent estimates indicate that the monthly cost of living for a family of five has climbed to nearly 7 million Syrian pounds (SYP) (approximately USD 625), far exceeding typical household incomes, particularly in winter. Despite a 200% increase in public sector salaries, most state employees still earn under SYP 1 million per month (about USD 90), leaving wages outstripped by inflation and currency volatility. During the reporting period, WFP reported that the Minimum Expenditure Basket rose from SYP 2.2 million in August 2025 to SYP 2.27 million in November 2025 due to seasonal food shortages, drought, and exchange-rate pressures. Recent estimates indicate that 90% of the population live in poverty and 25% in extreme poverty, further complicating prospects for sustainable, safe, informed, and durable voluntary returns.

Despite the lack of consumer price data from the Central Bank of Syria since February 2025, recent economic analyses indicate that the brief deflationary period in early 2025, driven by eased sanctions, lower import costs, and liquidity constraints, has given way to renewed inflation. As part of broader monetary reforms to reduce the cash supply and simplify daily transactions, the Syrian government announced that, in January 2026, it will redenominate the Syrian pound and remove two zeros.[1] Sustained price and exchange-rate stability is needed to ensure the benefits of the redenomination policy and support the increase in Syrians' purchasing power.

Syria: Lifting the Caesar sanctions, reestablishment of international financial connections, and regional implications

On December 18, 2025, US President Donald Trump signed into law the 2026 National Defense Authorization Act, which included a provision repealing the Caesar Syria Civilian Protection Act. The repeal will likely encourage investment and engagement, yet long-term commitments from international and regional economic actors may be tempered into next year.

[1] Please note that at the time of publication of this bulletin, this has effectively taken place on January 1, 2026.

Other developments include the gradual lifting of other targeted sanctions, and the reestablishment of connections with the international financial system. Between September and October 2025, the UN passed a US-sponsored resolution lifting terrorism-related sanctions on Syrian President Ahmad al-Sharaa and Interior Minister Anas Khattab, the United Kingdom removed Hay'at Tahrir al-Sham from its list of proscribed terrorist organizations, and the US began a formal review of Syria's designation as a State Sponsor of Terrorism. Additionally, Mastercard formalized cooperation with the Syrian Central Bank, which also sent its first transactions via the Society for Worldwide Interbank Financial Telecommunications (SWIFT) in 14 years and signed an agreement with Visa to develop a modern digital payment system.

Global firms are also increasingly exploring the business environment in Syria. Even prior to the lifting of the Caesar sanctions, Syria had attracted billions of dollars in infrastructure, energy, and trade investments, as well as financial assistance from Saudi Arabia and Qatar to help repay Syria's World Bank debt, in 2025. The repeal of the Caesar Act and continued integration of Syria within international financial networks may unlock additional investment and remittance flows.

Improved access to banking and investment channels could incentivize more sustainable economic activity in Syria, providing a stronger foundation for voluntary, safe, dignified and longer-term refugee returns. As correspondent banking links, SWIFT access, and card-payment systems reopen and the gap between formal and informal exchange rates for the Syrian pound narrows, remittances from Syrian workers and refugees in neighboring countries are gradually shifting into formally regulated channels, which could improve household liquidity and strengthen financial oversight. Notably, unless sanctions relief proves durable and compliance risks continue to ease, the informal "hawala" networks that have long underpinned remittance flows will likely continue playing a key role. Additionally, a revitalized banking and payment systems in Syria could in turn potentially boost Lebanon's role as a regional trade and financial hub, particularly for logistics, services, and labor-linked economic activities linked to reconstruction in Syria.

Lebanon-Syria cross-border trade

Recent diplomatic engagement between Syria and Lebanon points to a cautious reestablishment of economic ties. On December 7, Syrian President Ahmed al-Sharaa and Lebanese Prime Minister Nawaf Salam discussed future economic cooperation, with each country viewing the other as a gateway to key commercial corridors to regional markets that can support mutual recovery. This renewed dialogue suggests opportunities for strengthened institutional and regulated cross-border economic activity.

However, structural and legal constraints continue to shape the depth and composition of Lebanon-Syria trade. US sanctions under the Caesar Act had sharply curtailed formal financial and commercial flows, leading Lebanese banks to cut ties with Syria and causing cross-border trade volumes to fall by an estimated 70% during implementation of the Caesar Act between 2020 and 2025. The repeal of the Caesar sanctions could rapidly revive activity in 2026, particularly in agriculture, textiles, and construction materials. While Syria strikes deals with Emirati and French firms to expand and modernize the Tartous and Latakia ports, it is likely that Lebanese ports, especially Tripoli, will remain regional gateways for maritime trade.

Both governments are emphasizing enforcement and regulation as part of their broader rapprochement. The decision by Lebanon's cabinet on December 12 to ban scrap metal imports from Syria reflects a coordinated effort to curb the informal, cash-based trade networks that have long operated along the border and through Lebanese ports, particularly via the Beirut-Damascus highway and routes in the Beqaa Valley and northern Lebanon.Such measures signal a shift toward more formal trade relations coordinated between states.

Jordan-Syria cross-border trade

Institutional financial actors in Jordan are beginning to position themselves for renewed trade finance and payment facilitation with their Syrian counterparts. The Bank of Jordan's presence at the 2025 Damascus International Fair reflects early efforts to rebuild commercial banking relationships and support bilateral trade in ways that align with regulatory requirements.

Jordanian exports to Syria increased 383% during the first nine months of 2025, suggesting that demand in Syria is recovering, particularly for tradable consumer goods and inputs linked to construction, agriculture, and chemical goods. This rebound is closely linked to improved border functionality and coordination between the two governments during the reporting period. In November 2025, Jordanian and Syrian officials discussed measures to ease the movement of goods and people and to develop the joint free zone as a logistics and investment space.

Renewed trade between Syria and Jordan also reflects institutional changes inside Syria. In November, the Syrian government established a new General Authority for Border Crossings and Customs alongside a separate national committee empowered to regulate imports and exports. Expanded trade and improved border operations could create new livelihood opportunities in transportation, logistics, small-scale commerce, and border services, particularly in southern Syria.



Impact of climate change and winter-related needs and lack of services

Impact of climate change and winter-related needs and lack of services

Winter conditions across the region are compounding challenges for displaced and host populations already facing reductions in aid and services. As shown in Figure 2, year-on-year precipitation in November and December 2025 increased by up to 84.3 mm in some areas of Syria, Jordan, and Lebanon, raising risks of flooding and shelter damage. Across all three countries, seasonal assistance such as heating, fuel, and cash, alongside shelter and infrastructure rehabilitation, remain priorities prevent further erosion of household coping capacities under harsh winter conditions.

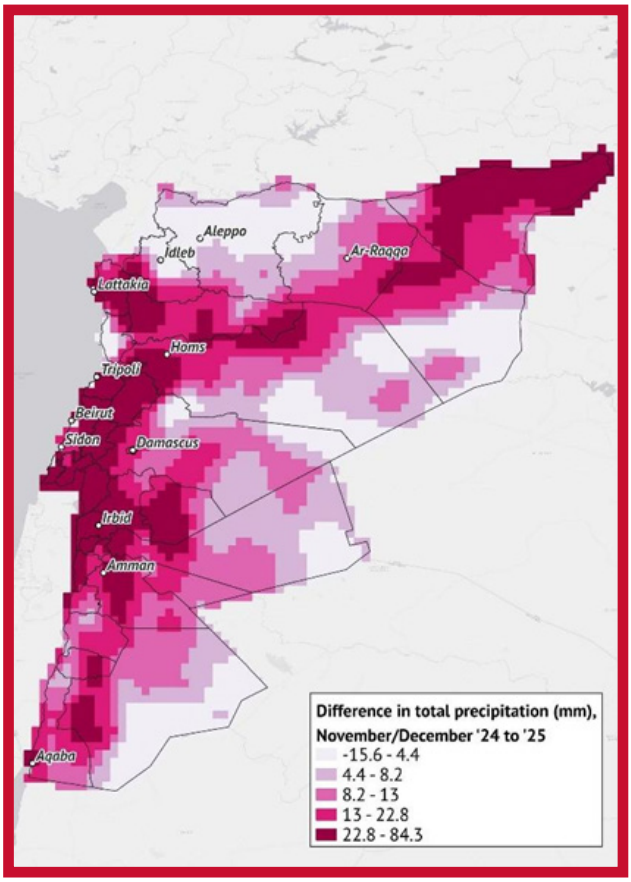


Figure 2: *Difference in total precipitation (mm) in November and December 2024 to 2025.*
Source: ERA5-Land Daily Aggregated - ECMWF Climate Reanalysis. The exact periods analyzed are November 1, 2024/25 to December 15, 2024/25.

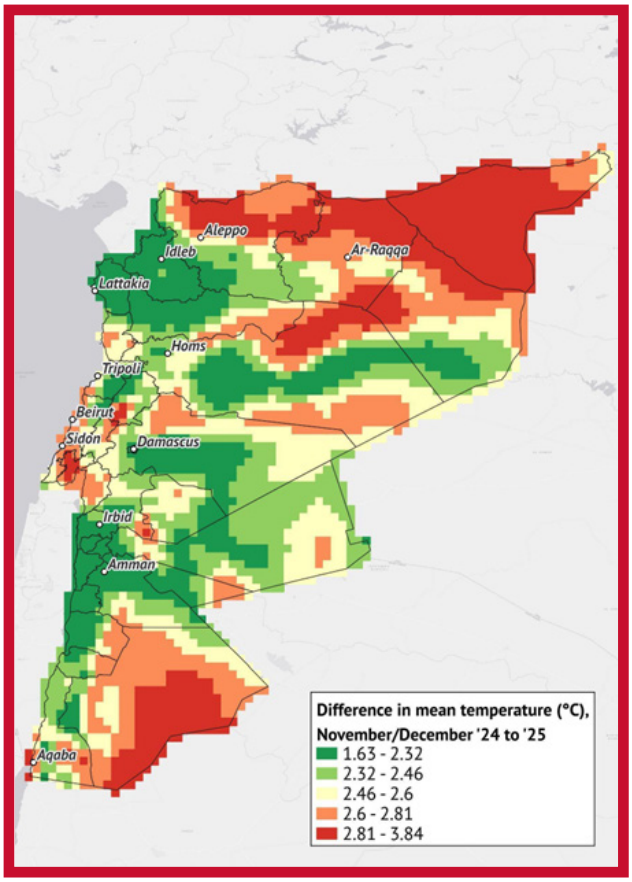


Figure 3: *Difference in mean average daily temperature in November and December 2024 to 2025.*
Source: ERA5-Land Daily Aggregated - ECMWF Climate Reanalysis. The exact periods analyzed are November 1, 2024/25 to December 15, 2024/25.

Syria

In Syria, challenging living conditions, limited access to basic commodities, and declining affordability are shaping how vulnerable people are coping with the harsh weather conditions. Aid cuts compound these challenges, with a USD 98 million funding gap for winterization needs. The Shelter and Non-Food Items Sector for Syria estimates that over 5 million people face winter-related risks, but insufficient funding means only part of this population can be supported. In October 2025, over 1.5 million IDPs were living in informal camps lacking basic infrastructure and services. Last year, severe winter storms damaged 357 camps, affecting more than 115,000 people, and unsafe heating conditions led to fires and illness. Risks are acute in the northwest, where winterization support remains extremely limited.

Energy insecurity shapes winter heating practices, which vary widely by region based on cost, availability, and local conditions. In northern camps, persistent fuel shortages drive families to burn plastic, cardboard, and used oil, despite the fire and health risks. Damascus and surrounding areas rely on diesel heaters, supplemented by electric heaters when power is available, though lower gas prices have prompted some peri-urban households to switch back to gas. In Dar'a, Aleppo, and Homs, declining oil derivative prices have made diesel somewhat more affordable, though many low-income families still rely on wood. Aleppo has also seen the spread of pistachio-shell heaters as a cheaper alternative. Due to colder temperatures, the coastal region and rural Lattakia rely heavily on firewood and olive-cake fuel ("tamez al-zaytoun") which are more readily available. Meanwhile, in Deir ez-Zor, high diesel prices led residents to import fuel from Al-Jazira, amid rising firewood costs.

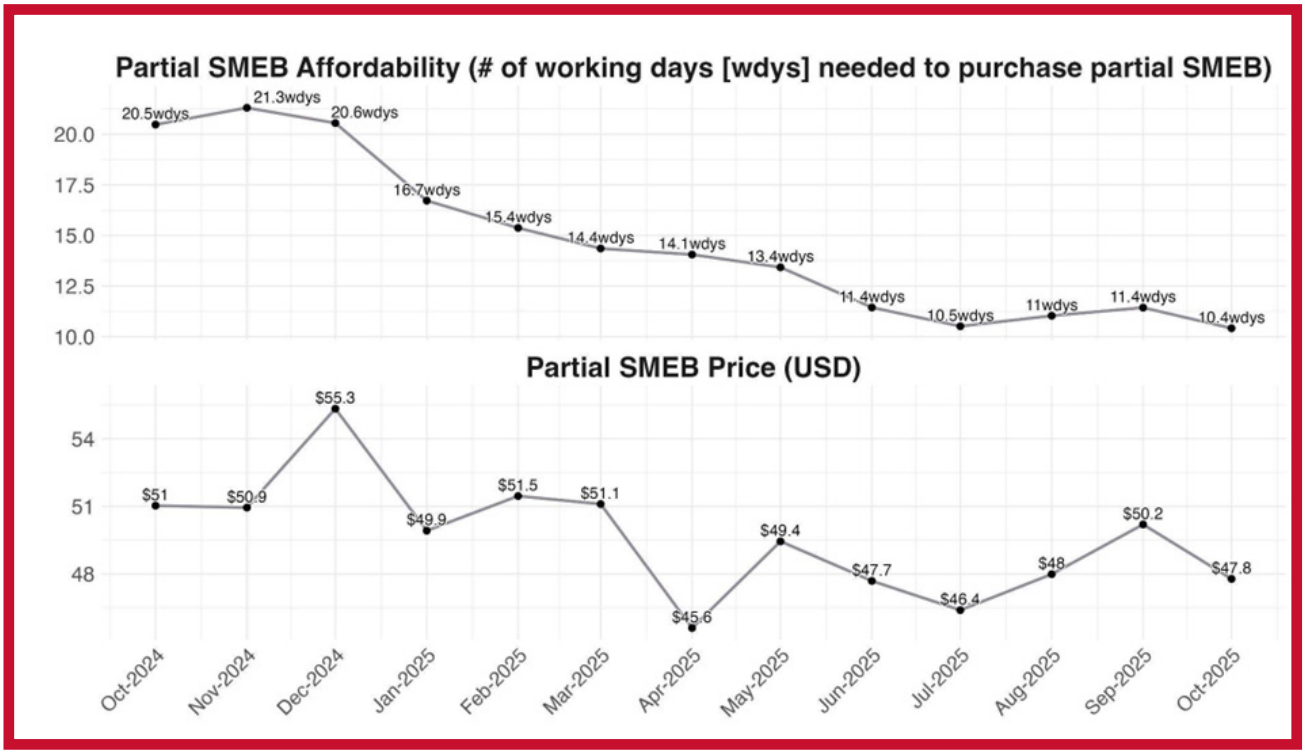


Figure 4: *USD price of and working days needed to purchase a partial Survival Minimum Expenditure Basket (SMEB)[2] in Syria. The calculation excludes markets located in conflicted areas.[3]*

[2] The following SMEB items had consistent data in 15 markets or more in each month between October 2024 and 2025 and comprise the partial SMEB: Bulgur; Dishwashing liquid; Eggs; Oil; Onions ; Potatoes; Sanitary pads; Tomatoes; Toothpaste; Wheat flour.

[3] Excludes markets located in areas controlled by the Autonomous Administration and in As-Sweida.

Lebanon

Lebanon's winter preparedness and response plan under the Lebanon Response Plan (LRP) requires USD 31.6 million, a 62% reduction from last year. Yet, winter 2024 demonstrated how severe weather exacerbates vulnerabilities, particularly for vulnerable host communities and displaced people. Cold-related illnesses increased amid medication shortages and the closure of over 50 damaged health facilities, while funding cuts may force households to choose between medical care and other basic needs, against a backdrop of unaffordable heating, power outages, and rising living costs. Winter risks vary widely across the country: Flooding threatens low-lying settlements in the North and Akkar, snow and freezing temperatures affect high-altitude areas in the Bekaa and Baalbek-Hermel, urban flash flooding and power cuts endanger overcrowded shelters in Beirut and Mount Lebanon, and war-damaged housing in the South and Nabatieh poses serious health and protection risks. Limited municipal capacities and economic hardships underscore the need for targeted support.

Jordan

According to the 2025–2026 Winter Assistance Guidance by the Jordan Food Security and Basic Needs Working Group, winter cash assistance for refugees and vulnerable host communities has significantly reduced as funding has declined. These reductions come amid persistent economic hardship and scarce job opportunities, which leave vulnerable people reliant on irregular income and assistance particularly affected.