FINANCING FOR PROTRACTED DISPLACEMENT IN THE SYRIAN REFUGEE CONTEXT IN LEBANON

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The Durable Solutions Platform (DSP) was created in 2016 to support evidence-based stakeholder engagement on durable solutions for displaced Syrians in the region. DSP is a joint initiative of the Danish Refugee Council (DRC), the International Rescue Committee (IRC), the Norwegian Refugee Council (NRC), Oxfam, Action Against Hunger (ACF) and Save the Children. DSP works to generate knowledge and learning, inform policy and programme processes and enhance capacities on supporting pathways towards durable solutions for displaced Syrians in the region. About DSP: https://www.dsp-syria.org/

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1. EXECUTIVE SUMMARY

Lebanon hosts the highest number of refugees per capita in the world. After a decade of displacement, tremendous effort has been expended to provide needed services to Syrian refugees and vulnerable host communities in Lebanon. Nonetheless, the outlook for Syrian refugees in Lebanon remains uncertain. The restriction of legal residency for Syrian refugees in Lebanon increases their protection risks. The political instability, economic freefall, currency devaluation and COVID-19 pandemic limit prospects of positive medium- and longer-term outcomes towards pathways for durable solutions for Syrian refugees in Lebanon.

The scope for pursuing longer-term solutions to displacement in Lebanon looks increasingly challenging. In the wider environment, rights and freedoms for refugees, economic conditions, and relations with host communities have deteriorated, particularly in the last 18 months, and poverty and hardship have increased substantially.

Scope for working in partnership with the government to improve the policy and protection environment has reduced and the willingness of donors to strike deals and work in partnership with the government to support inclusion of refugees in service provision and economic opportunities is now extremely limited due to government resistance to reform.

In addition, Lebanon’s debt crisis, and recent debt defaults, has effectively cut off a critical source of external financing. The outlook for Official Development Assistance (ODA) also looks very uncertain. There are indications of contracting ODA budgets among some donors and elsewhere there is a high level of uncertainty around where major donors are likely to commit in future, notably with the winding down of the EU Madad Trust Fund and uncertainty around how EU funds will support flexible and fast refugee programming in future. Other key donors meanwhile are in holding patterns, considering their options and drafting strategies.

Meanwhile, competition for ODA funds is growing as demand for support to meet the basic needs of refugees and the Lebanese population grows in an economy in freefall, and the COVID pandemic and Beirut port explosion add further layers to Lebanon’s crises.

Donors are already facing tough tradeoffs and longer-term programming is likely to compete poorly with demands to meet urgent basic needs. In this environment of expanding immediate needs, shrinking resources, and uncertainty, effective prioritization will be critical and we have to be realistic that immediate needs are likely to take precedence.

Lebanon already has years of experimentation and learning around how to support longer-term approaches to refugee inclusion under its belt, for instance support to the health sector has evolved over multiple iterations. This evidence should be marshalled and used to inform prioritization of activities and programmes where there is evidence of effective outcomes and even impact, to prioritise and protect longer-term programming.

2. STUDY BACKGROUND AND METHODOLOGY

This case study is part of a larger regional Durable Solutions Platform commissioned study “Financing for Protracted Displacement in the Syrian Refugee Context”. This Lebanon report is published alongside two other case study reports focused on Jordan and Kurdistan Region of Iraq (KRI). With durable solutions not in reach for the vast majority of Syrian refugees, supporting pathways to durable solutions is understood to mean financing to strengthen future prospects for durable solutions and support refugees’ socio-economic inclusion or self-reliance in order for them to take informed and voluntary decisions if and when solutions become available. This research understands medium term outcomes as changes expected to be achieved in a timeframe of 3-5 years, and longer term outcomes as changes expected to be achieved within 5-10 years. ¹

The case study uses different terms to describe different types and processes of financing; funding, financing and affordability. Funding is a one-way transfer of resources for a specific time-bound project, programme or function (for example, ODA funding). ² Financing, in contrast, is not necessarily a one-directional flow of resources, and concessional resources are considered a strategic
FINANCING FOR PROTRACTED DISPLACEMENT

This case study draws on the perspectives of diverse actors, including bilateral and multilateral donors, United Nations (UN) agencies, international non-governmental organizations (INGOs) and local non-governmental organizations (NGOs), representatives of the Government of Lebanon (GoL), and sectoral experts. The case study findings and recommendations presented draw on an extensive literature review, key informant interviews (KIs) and a participatory workshop to structure recommendations.

The research team developed the findings of this brief by triangulating a thorough literature and document review with findings from key informant interviews (KII) and quantitative data on financial flows. The documents reviewed included diverse literature on humanitarian needs and response plans, financing instruments and modalities, and key bilateral donor policies, and modalities. The research team collected qualitative data through 16 KIs. The primary data collection for this case study was conducted between 9 June 2021 and 25 July 2021. KIs were purposively sampled, and included representatives from the Government of Lebanon, UN agencies, NGOs, bilateral donors and International Financial Institutions (IFIs).

The Lebanon case study findings were validated with in-country experts and stakeholders in a validation workshop. The workshop findings guided the formulation of the case study recommendations, in a participatory manner. The larger study has engaged stakeholders throughout the project cycle, through a research reference group (RRG), which provided technical support at research milestones, from the research inception to the validation of findings.

The UN frames the displaced population from Syria to Lebanon as either persons displaced from Syria (Syrians and Palestinians), displaced Syrians (Syrian nationals) or displaced Palestinians from Syria. This study focused on financing that supports Syrian refugees in Lebanon and the communities that host them. Financing modalities, instruments or tools for refugees of other nationalities or vulnerable migrants were investigated insofar as they do or could support outcomes for Syrian refugees, but were not a specific focus of the research. Additionally, the research was somewhat limited by the unavailability of some of the key informants contacted for interview.

The thematic focus on health in this case study is centred towards primary healthcare services, with reference to the COVID-19 response, where appropriate. Primary health care is an area where Syrian refugees are increasingly integrated, with growing prospects of successful medium term outcomes for the Syrian refugees in Lebanon. The analysis of secondary, tertiary and referral care, their financing status and future outlook are not included in this analysis because of the fragility of the existing model, and the scarcity of data on financing available.

As health is the thematic analytical lens for this case study, it is not possible to generalise the findings and recommendations across other sectors - e.g. education or protection - that may have different dynamics in programming and financing for medium- and longer-term outcomes for Syrian refugees.
3. COUNTRY CONTEXT

This section looks at the context and nature of displacement for Syrian refugees in Lebanon and their prospects for durable solutions. It considers the current political, policy and legal environment for medium to longer term outcomes for Syrian refugees, opportunities for change and the role of international financing in driving such change.

3.1 DISPLACEMENT CONTEXT

After a decade of conflict in Syria, the situation of forced displacement in neighbouring countries has become protracted. Lebanon remains the country hosting the largest number of refugees per capita in the world. Currently, 879,598 Syrian refugees are registered with United Nations High Commissioner for Refugees (UNHCR). The actual number of displaced Syrians is thought to be much higher, with the Government of Lebanon (GoL) estimating that the country hosts closer to 1.5 million Syrians (November 2020). Lebanon also hosts 257,000 Palestinian refugees, including Palestinian refugees from Syria and other United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) eligible persons from Lebanon.

Lebanon adopts a ‘no camp’ policy and therefore refugees from Syria live scattered across the country in urban settings or Informal Tented Settlements (ITS). Governorates in Lebanon with the highest numbers of registered displaced Syrian refugees are Bekaa (39%), Northern Lebanon (27%), Beirut (23%) and South Lebanon (10.8%). One third of Syrian refugees have settled in urban areas. Syrian refugees live in various types of shelters, including rented rooms, apartments, garages, and in some areas, in dilapidated tents on land rented from private landowners.

Many of the Syrians displaced to Lebanon came from Damascus, Homs, Idleb and Hama and their surroundings, close to the Lebanese border. Regional clustering of refugees in particular cities is an indicator of prior links between Syrian governorates and Lebanese cities. Many Syrians from Homs for example have relatives in Tripoli and had spent time there before 2011.

Syrian refugees face serious protection risks in Lebanon. Lack of legal residency affects essential aspects of their lives. Only 20% of Syrians above the age of 15 reported having legal residency in 2020, a fall from 27% in 2018 (see section 3.2). Legal residency influences refugee movement, work opportunities and livelihoods and access to basic services.

Lebanon is in the midst of a dire economic and financial crisis, in which Syrians, and growing numbers of Lebanese face daily challenges to meet their basic needs. Rates of inflation are predicted to remain at exceptionally high levels in 2021, further aggravating the decline in purchasing power of the population. The price of food and beverages has increased by 670%.

The situation has seen a rapid increase in poverty levels with more than half of the population now estimated to be below the national poverty line.

The protracted nature of the refugee situation with limited self-reliance possibilities, coupled with the impact of these recent crises, has led to an exponential rise in extreme poverty among the Syrian refugees in Lebanon. Almost 88% of Syrian refugee households are now living below the extreme poverty line, up from 55% in 2019.

Many Syrians have adopted negative coping mechanisms. Over 61% of Syrian refugees in Lebanon report taking/increasing debt mainly to cover the cost of food and rent payments. Syrians have resorted to reducing spending on rent or not paying rent thus increasing the risk of home evictions. Some families send their older children to work to increase their household income (8%). Others have decided to flee Lebanon by taking boats to Cyprus seeking refuge. Many of them have been deported back to Lebanon, and the Lebanese authorities deported at least 5 of them to Syria, generating even greater protection risks.

It is crucial to highlight that the impact of the compounded crises that hit Lebanon extend beyond the vulnerable displaced population and continue to have serious impacts on Lebanese
More than 55% of Lebanese are living in poverty and struggle for basic necessities. A 2020 assessment found that fifty percent of Lebanese felt worried they would not have enough food to eat over the past month. This has led to expanding and upscaling humanitarian and emergency interventions to the Lebanese population. Indeed, the 2021 Lebanon Crisis Response Plan (LCRP) targets almost equal numbers of displaced Syrians as Lebanese host communities.

3.2 POLICY AND LEGAL ENVIRONMENT FOR SYRIAN REFUGEES

The UN and the GoL interpret the displacement of the Syrians to Lebanon in different conceptual and legal terms. The UN recognises the population movement from Syria to Lebanon as a movement of refugees seeking international protection under international law. The GoL is not a signatory to the 1951 Convention on the Status of Refugees and its 1967 Protocol however, and insists that it is not a country of asylum. The GoL therefore considers the Syria population movement to Lebanon to be a situation of mass influx of temporarily displaced individuals, referring to them as a displaced population rather than refugees. The different interpretations of the Syrian displacement between the GoL and the international community have implications for the legal rights, protection and access to basic services of Syrian refugees.

Lebanon’s policy towards Syrian refugees has become more restrictive over the last decade linked to domestic and international political sensitivities. The Lebanese government weighs a range of domestic sensitivities including concerns around the refugee influx driving demographic imbalances between different ethnic and religious sects; concerns arising from previous experiences with Palestinian refugees; and domestic political sectarian system.

Political sensitivity with the Syrian regime also impacts how the GoL frames policies towards refugees. At the beginning of the arrival of Syrian refugees into Lebanon, the GoL did not create a formal policy to deal with the emerging refugee crisis, but rather delegated responsibility to protect and provide services to UNHCR and the international community. However, the GoL maintained an open-door policy (2011-2014), and allowed UNHCR to register displaced Syrians to Lebanon, and by 2013/2014, UNHCR registered on average 47,000 refugees per month of the almost one million refugees displaced from Syria.

Following the formation of a new government in September 2014, the official policy direction towards Syrian refugees promoted a reduction in the number of Syrians in Lebanon by reducing access to territory, legal and protection rights and encouraging return to Syria. In December 2014, the Lebanese General Security (GS) introduced new regulations to restrict the entry of Syrians to Lebanon and introduced new rules for Syrians applying for or renewing residency permits. The new rules included payment of an annual $200 fee, presentation of a valid passport or identification card, and a sponsorship document from a Lebanese national. On May 6, 2015, UNHCR suspended the new registration of refugees at the Lebanese government’s request. Therefore, the protection environment is largely unfavourable towards Syrian refugees in Lebanon.

A large majority of Syrian refugees in Lebanon have no viable prospect of a durable solution in the near future due to the shrinking outlook for safe voluntary return to Syria. While over 80 per cent of refugees have expressed their ultimate intention to return at some point in the future, conditions are not conducive for safe and dignified return. UNHCR is currently not organising voluntary repatriation to Syria and resettlement opportunities are extremely limited. Conditions in Lebanon, such as restricted residency, socio-economic well-being and access to services, did not play an important role in predicting return intentions, suggesting that attempts to put pressure on refugees to go home are unlikely to achieve that goal.

The position of the GoL is that any form of local integration of the Syrian refugee population is unconstitutional. The rigid legal frameworks, the GoL policy direction and increasing social tension with Lebanese host community add additional challenges to achieving medium- and longer-term solutions for the Syrian refugees in Lebanon. Tensions are driven by competition over job opportunities, over access to basic services and perceptions of aid bias. These tensions are amplified by the economic and financial crises and the COVID-19 situation. Some municipalities in Lebanon have imposed curfews on Syrian refugees, restricting their freedom of movement, and have reportedly taken discriminatory measures against refugees which do not apply to Lebanese. At least 45 municipalities across Lebanon have put in place such curfews, which are enforced by municipality police and also allegedly by local vigilante groups.
International support has targeted both refugees and the Lebanese host community from the early stages of the response. Given the scale of needs and impact on fragile service delivery systems, addressing the needs of the Lebanese host community and strengthening the resilience of the national systems became a necessity. A Regional Refugee and Resilience Plan (3RP) was introduced in 2015-2016 to coordinate assistance to Syrian refugees, displaced populations and the Lebanese host community.

Donors have sought to shape a pro-refugee policy environment in Lebanon through various initiatives. In 2016, Lebanon and the EU adopted the Lebanon compact, alongside the higher profile Jordan Compact. The Compact was an innovative approach to displacement financing which sought to transform the legal and policy environment. The Compact offered targeted financial support in the region of EUR 400 million to the GoL as well as trading concessions in exchange for a more favourable and inclusive policy environment for Syrian refugees. The Compact focused on three result areas; (1) Enhancing growth and job opportunities (Including education, health, protection, WASH and job opportunities), (2) Security and counter terrorism, (3) Governance and rule of law. 39 The Compact has also been supported by the EU Regional Trust Fund in Response to to the Syrian Crisis EU Madad Trust Fund (EU Madad Trust Fund) (see 4.2.1 ODA Financing).

Various conferences to mobilise support for the regional response to the Syrian crisis have been organised by the international community and at which Lebanon and donors have come together to reaffirm commitments to help affected Syrian refugees and their host communities. In 2018 the Economic Conference for Development through Reforms with the Private sector (CEDRE) conference in Paris resulted in funding pledges for Lebanon’s Capital Investment Program (CIP), which focuses on infrastructure development and rehabilitation, in return for budgetary and sectoral reforms. At the 2018 Supporting Syria and the Region Conference, the international community committed to a Lebanon Partnership agreement which, acknowledging the protracted nature of the crisis, sought to move towards more of a development approach through multi-year funding, while “continuing to meet the needs of refugees”. Building on this, the 2019 Brussels conference saw renewed financial commitments from donors and development banks. Despite these numerous pledges and commitments, progress against the implementation of agreed policy reforms has been extremely limited. 40

Political instability in Lebanon is a major barrier to policy and economic reform. In October 2019, a wave of demonstrations started calling for long-awaited political and economic reforms, ending with the resignation of the prime minister, Saad Hariri. The August 2020 Port of Beirut explosion led to the resignation of the cabinet. For more than a year a caretaker government was in place, while attempts to form a government under the sectarian power-sharing system failed. As of September 2021, a new government has been agreed led by Najib Mikati. This state of political instability and gridlock impacts the social and economic outlook of Lebanese, Syrian and other displaced communities. The absence of an elected representative government hindered the development of medium and longer term approaches and the creation of an enabling environment for the integration of the Syrian refugees in Lebanon.

International donors have always played an important role in driving change in Lebanon. However, they display a decreasing influence on Lebanese politics and government policies. Strategic international donors including France, EU, United States and Saudi Arabia have special relations with the Lebanese political parties. The strategic relations with key international donors influence Lebanon’s ODA flows and foreign investment. The current freefalling status in Lebanon puts donors in a dilemma in how best to respond to the crises. The Lebanese political elite have persistently refused to implement crucial political, social and economic reforms, as happened at the post- CEDRE conference in 2018. 41 The conference mobilised over $11 billion in pledges ($10.2 billion in loans and $860 million in grants) to Lebanon, yet these funds have not been disbursed as the agreed reforms did not materialise. 42 Following the accelerating economic collapse in 2020, the GoL sought a bail-out package from the International Monetary Fund (IMF) but this is also contingent on reforms. Furthermore, KIIIs reported that the majority of the loans to Lebanon are suspended because of the country’s increasing risk profile, and limited appetite for reforms. This reluctance to reform limits the prospects of Lebanon’s development agenda.

While the current approach of many international donors focuses on addressing immediate humanitarian needs, some are focused on development or ‘nexus-oriented’ programming. Assistance for the Syrian refugees is coordinated and mobilised through the 3RP’s national chapter
LCRP. Key international donors’ support for refugees has largely been designed with a ‘returns’ lens, characterised by temporary assistance, with the assumption that the refugees will return to Syria in the near future. The temporary solutions to problems that have become protracted over time has led to short term programming and a cycle of aid dependency. However, other donors like the EU Madad Trust Fund give priority to systems-strengthening approaches, in order to respond to humanitarian needs while building the capacities of existing structures, such as in the health and education sectors. Responding to the Port of Beirut explosion, the EU, the UN and the World Bank launched an 18-month Reform, Recovery and Reconstruction Framework (3RF). The success of the framework will depend on whether the Lebanese government adopts much-needed reforms.

4. FINANCING LANDSCAPE

This section gives an overview of the main sources of domestic and international resources available to potentially support pathways to durable solutions in Lebanon including domestic resources, remittances, ODA, and private financing. ODA has become a significant source of international financing for Lebanon, and this section highlights wider trends in ODA flows, key donors and financing modalities, before homing in on ODA specifically targeting displacement. It considers the wider environment for displacement financing, the opportunities and challenges, as well as major instruments and financing modalities. Beyond ODA, this section looks at emerging sources of displacement financing, including blended finance, the private sector and other forms of innovative financing.

4.1 OVERVIEW AND TRENDS

The middle-income country status of Lebanon with its relatively developed economy means that volumes of domestic revenues and private financing are more significant than volumes of ODA. As illustrated in Figure 1 below, remittances are an important source of financing for individuals and households in Lebanon and have dwarfed volumes of both ODA and Foreign Direct Investment (FDI) every year since 2010.

Figure 1 Composition of international and domestic resources available in Lebanon, 2010-2019

The economic and fiscal outlook for Lebanon is dire, which significantly limits the government’s ability to fund public service delivery for populations living within its borders, including refugees. The impact of multiple compounded crises—namely, the economic and financial crisis triggered in 2019, the COVID-19 pandemic and the Port of Beirut explosion—has been aggravated
by ineffective and some would say “deliberately inadequate” policy responses. The World Bank foresees an “arduous and prolonged” period of recession ahead, as the country was without a functioning government to implement necessary reforms for over a year.

Severe economic recession has reduced government revenue while demand for public services increases. While highlighting the extreme uncertainty of the current climate, the World Bank projects real GDP to contract by 9.5 percent in 2021, further entrenching the recession of 2020 marked by an estimated GDP contraction of 20.3 percent. The World Bank’s income group classification of Lebanon is likely to be downgraded from upper middle income to lower middle-income status.

"Such a brutal and rapid contraction is usually associated with conflicts or wars”

The government’s access to external financing to mitigate the crisis is extremely limited. The debt-to-GDP ratio was unsustainably high at an estimated 174 percent by the end of 2020 and is expected to increase slightly in 2021, with the worsening exchange rate. Indeed, after Lebanon’s first sovereign debt default in 2020, it can no longer access international markets for foreign financing until agreement is reached on debt restructuring.

Remittances have long provided an important source of external financing for Lebanese. Indeed, the ratio of remittances to GDP is the third highest in the world in Lebanon, highlighting the importance of the diaspora community for the national economy. However, between 2019 and 2020, flows of remittances into Lebanon dropped by 15%, from US$6.6 billion to US$5.6 billion and the outlook for 2021 is uncertain. The Gulf countries where many Lebanese live and work are experiencing economic recessions due to the drop in oil prices combined with the spread of the Covid-19 pandemic.

FDI has been on a downward trend since 2010. With the devaluation of the LP, inflation and state of fragility, Lebanon’s investment environment has been deteriorating. FDI saw a declining trend of FDI inflows from 2010 to 2019, to be less than half the 2010 values. This is attributed to the unfavourable investment environment in Lebanon characterised by corruption and reliance on personal connections and business successes depending on personal ties to government officials.

Meanwhile, volumes of ODA have been steadily increasing since 2010. However, for all financing flows a downward trend is observed between 2018 and 2019, coinciding with the economic and financial crisis of 2019. Some ODA donors have withheld earlier pledged funds because of the political and governance chaos in Lebanon. Most recently, the EU adopted a framework for targeted sanctions against persons and entities, including members of the government, who are responsible for undermining democracy or the rule of law in Lebanon.

Data for all flows is not available for 2020 but volumes of domestic revenue have dropped precipitously from US$11.1 billion in 2019 to US$4.7 billion in 2020. Key informants reported that domestic revenues are minimally and rarely allocated to finance displacement solutions in Lebanon.

Trends in Official Development Assistance

ODA remains the most important financial flow specifically targeting the needs of refugees, and for this reason is analysed in more detail in this section.

Trends in ODA to Lebanon indicate a significant increase from 2014, when the impacts of the Syria crisis intensified with significant arrivals of refugees in the country. As illustrated in Figure 2 below, a big leap in developmental ODA is observed between 2015 and 2016 when volumes grew by 55% coinciding with the signing of the EU-Lebanon Compact and the operationalisation of the EU Madad Trust Fund. ODA levels have remained high subsequently although total levels of ODA declined in 2019 (the last year that data is available).
While the majority of ODA in Lebanon is developmental, the proportion of humanitarian assistance has increased significantly from 11% in 2010 to 40% in 2019. The proportion of ODA that is given bilaterally (rather than multilaterally) has been on an upward trend since 2013, and in 2019 was at 78%. The top ten donors of ODA to Lebanon since 2010 are (in descending order of volume): United States, EU Institutions, Germany, UNRWA, United Kingdom, France, Kuwait, Arab Fund (AFESD), Canada and Norway.

As illustrated by Figure 3 below, volumes of ODA provided by the United States have fluctuated over the period, whereas France has been the most consistent in terms of volumes provided.

As Figure 4 illustrates, the vast majority of ODA to Lebanon is provided as grants rather than loans, with grants making up between 70% (2011) and 93% (2019) of total ODA over the period.
Figure 4. Volumes of ODA Grants, ODA loans and OOF loans to Lebanon, 2010-2019

Sources: OECD DAC CRS and World Bank data.
Notes: US$ values are in constant 2019 prices.

The graph above also illustrates trends in the provision of Other Financial Flow (OOF) loans, which are not concessional enough to be considered ODA. OOF loans have been increasing in volume since 2014 and since 2017 are of greater volume than ODA loans, although both loan types saw a drop in 2019.

As a middle-income country, Lebanon is ineligible for most concessional financing provided by the multilateral development banks. There are strong disincentives for the GoL to increase public debt to fund support and inclusion of refugees and even more so if that financing is relatively costly. This is particularly true in the current context in which Lebanon is in debt default, with an unsustainably high debt burden. Nevertheless, bilateral donors and IFIs made efforts to overcome this problem and soften the terms of lending through blending, through the Global Concessional Financing Facility (GCFF) established specifically to enable middle-income countries hosting large refugee populations to access concessional financing which they would not normally be able to (the GCFF is explained in more detail in the next section).

While complete data on 2020 or 2021 funding is not yet available, many interviewees expressed concern that ODA levels to Lebanon would drop, particularly from humanitarian sources, as the impacts of Covid-19 were felt in donor country economies. Pledges made at the fifth Brussels Conference on Supporting the future of Syria and the region in March 2021 specifically for the Syria crisis response saw an overall drop in the amount of funding pledged from US$5.5 billion for 2020 to US$ 4.4 billion for 2021 (pledges are not disaggregated by recipient country). However, financial tracking from previous years has shown contributions to exceed pledges made.

4.2 DISPLACEMENT FINANCING

This section gives an overview of the displacement financing streams addressing solutions for the Syrian refugees in Lebanon including ODA financing, blended financing, innovative financing and private financing. ODA is the largest source of financing for meeting both the short, medium- and longer-term needs of Syrian refugees and host communities in Lebanon, and its opportunities and challenges are outlined in this section. Nevertheless, addressing medium to longer term economic outcomes for refugees requires creating an enabling environment for financing and strengthening other financial sources such as private finance, blended finance and other innovative financing mechanisms. These financing sources are explored below.
4.2.1 ODA financing

Since 2015, funding to the Syria response has been mobilised, coordinated and tracked through the Regional Refugee and Resilience Plan (3RP) framework. The 3RP has two components: one which encompasses the protection and humanitarian assistance needs of refugees and the other which focuses on the resilience, stabilization and development needs of host communities and capacity building of national institutions. Funding allocated towards the plan is reported by recipients (UN Agencies and NGOs) and tracked by UNHCR and UN Development Programme (UNDP). It does not capture total ODA support to the Syria response, as funding from IFIs is not included. The Lebanon chapter of the 3RP is known as the LCRP.

Despite most overall ODA in Lebanon being developmental, the vast majority of ODA financing to support Syrian refugees and host communities has been from humanitarian funding sources, with ODA reducing over the past five years. The increase in humanitarian funding is seen as a way to adapt to the contextual needs and mitigate the risks of the increasing humanitarian needs and vulnerabilities in Lebanon. Total ODA related to the Syria crisis response in Lebanon declined year on year between 2016 and 2018 from US$1.8 billion to US$1.2 billion, before seeing a moderate uptick in 2019. This was largely driven by a drop in humanitarian assistance which has again seen a fall of US$131 million in 2020. Donors with declining volumes of humanitarian assistance to Lebanon between 2017 and 2018 include the UK, EU, Kuwait and Germany. Developmental ODA has reduced from a high of US$400 million in 2016 to US$232 million in 2019. Nearly all of this funding was provided as grants, rather than loans.

Figure 5. Volumes of humanitarian and developmental ODA supporting Syrian refugees or refugee-hosting areas in Lebanon, 2016-2020

Despite the decrease in humanitarian ODA funding, since 2018 there has been an increase in the percentage of coverage in the Lebanon chapter of the 3RP, the LCRP. As illustrated by Figure 6 below, funding increased moderately in nominal terms since 2015 to reach a high of US$1.5 billion in 2020. In terms of coverage, the percentage of requirements met has never gone above 63% (in 2015), reducing between 2015 and 2018 before rising in the two most recent years for which data is available. The increase in financial allocations and coverage to the LCRP in relation to the decreasing humanitarian ODA might be attributed to the decreasing assistance to Palestinian refugees, earmarking to Syrians and potential decrease of funding outside of the appeal.
Building on the 3RP/LCRP approach, recent planning also demonstrates an inclusive approach to emergency and humanitarian response and financing. In both the 2020 Lebanon Multisectoral COVID-19 response plan and the 2020 Beirut Port Explosion flash appeal, Syrian refugees and displaced populations have been included within an inclusive approach. Their inclusion is more framed within emergency or humanitarian scope, rather than in development plans and strategies, with the exception of a few sectors.

There is a lack of clarity on the future strategies of key international donors globally and in Lebanon. KIs explained that key donors are either reviewing their current aid strategies, or in the process of developing new strategic frameworks that will guide their future work globally and Lebanon. As such the direction of future donor strategies is unclear. At the same time, the EU Madad Trust Fund, a major financing instrument for supporting Syrian refugees, particularly in health, is to be wound up. While the European Council has indicated that financing for Syrian refugees and host communities will continue, the form it takes is yet to be determined. The post EU Madad Trust Fund assistance and transition to the Neighbourhood, Development and International Cooperation Instrument (NDICI) financing framework, and the characteristics of that funding, is still being developed. Local and national NGOs interviewed expressed concern about the uncertainty around EU funding procedures, funding duration and way of working with NGOs post EU Madad Trust Fund, having appreciated the flexibility and partnership model of the EU Madad Trust Fund.

Medium and longer-term approaches are constrained by major barriers to the provision of development financing. Lebanon’s political instability, weak governance, fragile accountability systems and limited political appetite for socioeconomic reform are major barriers to advancing a development agenda in Lebanon. In response, many donors have resorted to channelling their funding through UN agencies, INGOs and national organisations. Limited scope for development partnerships with government in turn limits the ability of development actors to influence policies – particularly political policies and policies relating to displaced populations in Lebanon. KIs show that within the context of economic contraction and increased domestic spending in donor countries in response to the pandemic, key donors may decrease their ODA budgets in the medium-term. Some donors have already announced 2021 budget cuts, with the UK decreasing its allocations to Lebanon.

**ODA financing tools and instruments**

A number of regional and country-specific financing instruments operate in Lebanon to support displacement-affected communities. As illustrated in Table 1, these include the Lebanon Humanitarian Fund, the EU Madad Trust Fund, the Minka Peace and Resilience Fund, the Global Concessional Financing Facility, and the Lebanon Financing Facility, all established from 2014 onwards with the growing recognition that the crisis was likely to be protracted and required new financing approaches. The evidence on the extent to which these financing instruments are enabling medium to longer term outcomes is variable and outlined below.
Table 1. Summary of displacement financing instruments for Syrian refugees

<table>
<thead>
<tr>
<th>Financing Instruments</th>
<th>Type</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lebanon Humanitarian Fund (LHF)(^{65})</td>
<td>Humanitarian</td>
<td>The Lebanon Humanitarian Fund (LHF) is one of OCHA’s Country-Based Pooled Funds (CBPF), established in 2014 following the decentralization of the Regional Syria Fund. The instrument is humanitarian in nature, addressing primary the Syrian refugees and the host community in alliance with the LCRP. The fund allocated over 80 million USD since its creation. In 2020, the LHF allocated 20 million USD.</td>
</tr>
<tr>
<td>EU Madad Trust Fund in response to the Syrian Crisis(^{66, 67})</td>
<td>Nexus</td>
<td>The EU Regional Trust Fund in Response to the Syrian Crisis was established in 2014, with initial pledges of 185 million euros (regionally) to address educational, economic, social and health needs of Syrian refugees while also supporting overstretched local communities and their administrations. The Trust Fund is a key instrument for the delivery of the EU’s pledges made at the London conference on Syria in 2016 and the Brussels conferences on the Future of Syria and the Region in the following years. In Lebanon, the instrument aligns with the Lebanon Compact, LCRP, Regional 3RP and the Global refugee compact. The instrument supported over 45 projects in Lebanon pursuing a longer-term resilience agenda that has a transformative effect on public service delivery systems across a range of sectors.(^{68}) By June 2020, the EU Madad Trust Fund had mobilised a total of 2.2 billion euros.(^{69}) Of this, 1.03 billion euros have been allocated to Lebanon.</td>
</tr>
<tr>
<td>Minka Middle East Initiative(^{70})</td>
<td>Nexus/peacebuilding</td>
<td>The French Agency for Development AfD launched the Minka Middle East Initiative in 2017 to address consequences of the Syrian and Iraqi crisis, mitigating the vulnerabilities generated by population displacement and strengthening the resilience of host countries. The initiative offers 290 million euros over five years to Syria, Iraq, Lebanon, Jordan, and Turkey. Minka supports active projects in Lebanon of 130.6 million euros.(^{71})</td>
</tr>
<tr>
<td>The Global Concessional Financing Facility (GCFF)(^{72})</td>
<td>Development</td>
<td>The Global Concessional Financing Facility provides development support on concessional terms to middle-income countries impacted by refugee crises. The facility was launched in 2016 to response to the Syria crises, and support the Syrian refugees hosting countries to address medium and longer term solutions. The GCFF currently support two main projects in Lebanon; Lebanon Health Resilience Project and Lebanon Roads and Employment Projects. In 2019/2020, the GCFF mobilised 154.6 million USD in Lebanon.(^{73})</td>
</tr>
<tr>
<td>Lebanon Financing Facility (LFF)(^{74})</td>
<td>Development</td>
<td>The Lebanon Financing Facility for Reform, Recovery and Reconstruction (LFF) is a multi-donor trust fund established at the end of 2020 by the World Bank with the EU and UN. The instrument was established as part of the financing strategy for the Reform, Recovery and Reconstruction Framework (3RF) following the Port of Beirut explosion. The aim of the LFF is to support the socio-economic recovery of vulnerable populations affected by the explosion and to support government reforms in preparation of medium-term recovery and reconstruction.</td>
</tr>
</tbody>
</table>
The Global Concessional Financing Facility (GCFF) is an innovative financing mechanism established to enable middle income countries hosting large refugee populations to access medium to long term concessional development financing that would otherwise not be available to them. However, the full potential of the GCFF is not being realised in Lebanon at the current time. The GCFF has approved four projects for Lebanon, for a total of $795 million (of which $154 million is concessional) but as of 30 December 2020, only 6% of this financing had been disbursed. Even prior to the pandemic, GCFF operations in Lebanon had made little progress and faced significant delays due to political instability and the challenging political and economic context overall. A case in point was the National Jobs Program for Reform project which was cancelled in 2019 as parliament took too long to approve it. Currently, a $100 million Municipal Investment Programme sponsored by the GCFF is pending approval by the board of the Implementation Support Agency (ISA) since 2020, but remains on hold due to the lack of a government counterpart with which to negotiate. This highlights the reluctance of the Multilateral Development Banks (MDB) to engage in Lebanon at the current time. Nevertheless, the GCFF donor coordination group set-up in Lebanon was found to be a positive example of the GCFF’s potential to improve coordination; it was found to have been a useful platform for coordinating donor positions not just on GCFF-supported projects, but wider development issues.

The GCFF’s financing model of using concessional financing to promote a more enabling environment for refugees depends on having a government counterpart willing and able to implement reforms, which is questionable in the case of Lebanon. In 2020, after lengthy discussions about the possibility of sponsoring the World Bank’s Emergency Social Safety Net Project (ESSN) programme, the GCFF withdrew its support after the GoL declined to include a refugee dimension. The project went ahead without GCFF sponsorship. This reinforces findings of a recent evaluation of the GCFF, in which doubts were expressed by stakeholders about the GoLs long-term commitment to pro-refugee policies. Indeed, despite resources being available, GCFF donors are reportedly not willing to support new or additional financing for Lebanon until a new government has been formed and a clear policy framework is in place.

Furthermore, Lebanon’s rapidly deteriorating economic situation raises doubts about the suitability of some financing models. For example, the GCFF is primarily a debt financing instrument, which may no longer be appropriate to the Lebanon context. As highlighted above, the GoL is currently in a position of sovereign debt default after defaulting on a Euro Bond for the first time in 2020 and its debt-to-GDP ratio is unsustainably high and expected to increase in 2021. The GoL is reluctant to take on further debt to meet the needs of non-Lebanese. The debt nature of the financing reduces the leverage of GCFF supporting countries in pushing for refugee-inclusive policies, compared to grant financing as offered through the IDA Window for Host Communities and Refugees (WHR) for example.

While the GCFF channels financing through Multilateral Development Banks, the EU Madad Trust Fund is a key instrument channelling funding through UN Agencies and NGOs for the Syria crisis response. The EUTF is a large scale, cost-effective mechanism for channelling non-humanitarian aid from the European Union and its Member States, bringing a more coherent and medium-term response to needs generated by the Syria crisis. A mid-term evaluation of the EU Madad Trust Fund found that it had largely met its expected aims: the multi-sectoral and multi-partner approach was relevant, contributed to increased coherence of the response and helped the EUTF to be generally effective in bridging humanitarian-development efforts. There is evidence of the Fund’s health portfolio evolving over time to toward more developmental/ system strengthening support elements. However, its effectiveness in bringing together short-term responses and longer-term developmental approaches did vary by sector and by country; interventions in the education and water, sanitation and hygiene (WASH) sectors were found to be more conducive to a longer-term development approach, while results of livelihoods and health interventions were considered less likely to be sustainable given specific country contexts, particularly Lebanon. Notably, in the health sector in Lebanon the effectiveness of EU Madad Trust Fund funding would remain limited due to the highly privatised system and need for systemic change, a challenge the EU Madad Trust Fund has subsequently sought to meet through the Reducing Economic Barriers to Accessing Health Services in Lebanon II (REBAHS II) project (see Section 5.2).

The Minka Middle East Initiative also provides ‘nexus-oriented’ funding, with promising approaches emerging but evidence on impact not yet available. The Minka Fund managed by the French Development Agency (AFD) is another instrument channelling significant volumes of
funding to UN Agencies and NGOs in Jordan, although on a smaller scale than the EU Madad Trust Fund. Like the EU Madad Trust Fund, the Fund is specifically designed to strengthen a humanitarian-development-peace ‘nexus’ approach, funding projects targeting forcibly displaced persons and vulnerable host community members together and coupling short-term rapid response activities with longer-term actions to tackle the structural causes of fragility. The Minka fund shows an increasing interest in supporting health globally, and in Lebanon. The fund provides financing to support the current efforts of strengthening primary healthcare capacities and moving towards a long-term primary healthcare subsidization protocol (LPSP). Additionally, the fund supports secondary and tertiary care, along with mental health and psychosocial support for the Syrian refugees and their host communities.

Independent evidence on the effectiveness of the Minka Fund as an instrument for supporting medium to longer term outcomes for Syrian refugees is not yet available, but the Fund is currently being evaluated. Nevertheless, lessons learned over the past five years have led the Minka Fund to systematically mainstream a ‘Do No Harm’ approach across all projects and bring greater coherence between its short-term activities and longer-term structural approaches. Indeed, AFD has adapted its rules and procedures for the Fund over the years to be able to work more nimbly and effectively in fragile and crisis settings. Looking forward, the Minka Middle East Initiative is aiming for a better articulation of the rapid response and longer-term structural activities, with promising results emerging from the Shabake programme in Lebanon showing local civil society organisations as one key way to bring these two elements closer together.

In the end, this research did not investigate the Lebanon Humanitarian Fund (LHF) or the Lebanon Financing Facility (LFF), as they are considered outside the scope of the research. LHF funding is primarily short-term humanitarian in nature and of a relatively small scale ($16.2 million allocated in 2020, for needs identified under the LCRP, the Lebanon COVID-19 Emergency Appeal and the Beirut Port Explosions Flash Appeal). The LFF made its first allocation of US$55 million in April 2021, to support the socio-economic recovery of vulnerable people and businesses impacted by the Beirut port explosion. Although the LFF does not have a specific health focus, one of the funded projects includes a component on gender-based violence, psychosocial support and care for the disabled and the elderly.

4.2.2 Blended finance

Blended finance is the use of public international finance or philanthropic funds to attract investments of private capital into development projects by mitigating risks or ensuring viable returns. Public funds are used as leverage to generate new or additional private finance into investments that have social or environmental impact and generate financial returns for private investors.

In general, the use of blended finance approaches in Lebanon is limited and concentrated among a few donors. Research by the Organisation for Economic Co-operation and Development (OECD) found that volumes of ODA provided through blended finance were small, and primarily consisted of credit lines for Small and mid-size enterprises (SMEs) from the European Investment Bank (EIB), Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development, and International Finance Corporation (IFC) via large local banks. Bilateral donors like Canada, Italy, US and the Netherlands also employed blended finance to support grants for microenterprises and start-ups, and green finance.

However there is growing appetite for blended finance as a financing instrument for displacement. In the region, three notable initiatives have launched or are about to be launched that seek to blend public and private finance to support Syrian refugees. For example, the IFC, in partnership with the government of the Netherlands, recently launched a new $17.5 million blended finance investment facility, as part of the Prospects Partnership Initiative supporting refugees and host communities in eight countries, including Lebanon. The facility will aim to de-risk investments to catalyze private sector financing in areas that address economic and social challenges of refugees and host communities. By supporting pilots and innovative approaches, it seeks to provide proof of concept for commercially viable refugee-focused investments. The Strengthening Social Entrepreneurship for Migration & Development (SEMD) Project 2021-2023 launched recently under Swiss Development Cooperation (SDC) funding aims to mobilise private sector investment in social enterprises providing services or products to refugees and refugee-hosting communities in Jordan,
Lebanon and Egypt And thirdly, the first Development Impact Bond (DIB) to specifically target refugees is about to be launched in Jordan. The Refugee Livelihoods Impact Bond, developed by KOIS, Near East Foundation (NEF) and IKEA Foundation, is the first of its kind in the world. Due to be launched in Q4 2021, after five years of development, it aims to support sustainable livelihoods of both refugees and members of host communities in disadvantaged urban areas in Jordan and Lebanon, through the creation of 4,000 - 5,750 sustainable micro enterprises over four years, with a particular focus on women and youth.

But the challenging context in Lebanon has acted as a brake on blended finance initiatives in some cases. The SEMD Project aims to mobilise 50% co-financing from private sector actors, but these have faced pressures on their own resources due to the economic downturn associated with the COVID-19 pandemic. The risk aversion of private sector actors in Lebanon has led the implementing partner to revise their expectations downwards in terms of the amounts that can be mobilised from each individual contributor. At the design phase, the restrictions on refugees’ right to work led the project to focus at the social enterprise level rather than directly on refugee beneficiaries for greater impact. As for the Refugee Livelihoods DIB, its launch in Lebanon is uncertain. While impact investors and outcome funders have been secured for Jordan, the same is not true for Lebanon and those involved in the initiative report that funders and investors are more cautious about engaging in Lebanon.

Blended finance is not being widely used for health sector financing, and barriers to scale-up are significant. The OECD found great potential for blended finance to support the growing start-up sector, but it is unclear what potential, if any, blended finance has to support medium to longer term outcomes for displacement affected communities in the health sector in Lebanon at the current time. Indeed, the volatility of the current economic and fiscal situation and fragility of state institutions does not offer a favorable environment for catalyzing private investment through blended finance.

**Box 1: Innovative financing**

There is no officially agreed definition of innovative financing. However, it is commonly understood to include either efforts to mobilise additional funding for development (typically from private sector investors or private funders) or instruments designed to make financing more efficient.\(^\text{93}\) For example, the OECD describe innovative financing as “initiatives that aim to raise new funds for development or optimise the use of traditional funding sources.”\(^\text{94}\)

Despite its middle-income status, there are a number of barriers to piloting innovative financing models in Lebanon, notably lack of reforms, uncertain investment climate, massive currency devaluation, inflation, limited access to cash and the banking system, and political instability. Investors, donors and other key stakeholders are reluctant to take risks and experiment with innovative financing given the degree of fragility and increasing financial risk in Lebanon.

This research came across examples of regional financing instruments that seek to incentivise private sector investment that could be considered ‘innovative financing’, such as blended finance in the form of the Refugee Livelihoods Development Impact Bond (DIB), grant financing to promote business investment or expansion, as in the SEMD project, or Zakat funding for immediate humanitarian needs. These are included under section 4.2.2 Blended finance and 4.2.3 Private finance. No examples of innovative finance that fell outside these two categories were identified, therefore it has not been included as a standalone section in the report.

**4.2.3 Private financing**

Private financing covers a diverse range of external and domestic financial flows including private lending and investment, private philanthropy and individual charitable giving, and remittances.

Despite the increasing interest in mobilising the private sector in the search for durable solutions, investing in businesses that are refugee-owned, -led or -supported\(^\text{95}\) is an emerging field globally, and even more so in Lebanon. Data does not exist to quantify volumes of investment in refugee-related enterprises in Lebanon but it is likely to not be significant. One notable example is Alfanar, a venture philanthropy organisation headquartered in Lebanon and funded by philanthropic capital from individual, corporate and institutional partners to support social enterprises creating positive impacts in vulnerable communities. Alfanar has a refugee-focused component of its portfolio.
and in 2019 supported four social enterprises in Lebanon that provided employment for over two hundred Syrian and Palestinian refugees, with a particular focus on women. Alfanar also has the ambition to develop a regional impact investment fund to serve as a vehicle to align expectations of investors with opportunities in the market and provide catalytic capital, to spark impact that would not otherwise have been possible and demonstrate success to generate further investment in vulnerable communities, including refugee hosting areas.

Private philanthropies and charities have contributed to crowdfunding for short-term assistance to Syrian refugees in Lebanon. The mobilisation of private financing is usually aimed to address emergency and humanitarian needs, for example the coordinated resource mobilisation of the Asfari foundation, Said foundation and Hands Up foundation in a joint appeal “Hand Up For Syria Appeal”. The financing mechanism is built on crowdfunding that is double matched by the Asfari foundation and Said foundation. In 2016, £4.15m was raised which the Said and Asfari foundations then doubled to £8.3m. The funds were entrusted to Save the Children, the International Rescue Committee (IRC), and UNHCR for projects to help young Syrian refugees in education, livelihood and WASH in Jordan and Lebanon. There is limited knowledge on the prospects of extending this financing approach to address medium and longer term needs.

The UNHCR Refugee Zakat Fund is proving an effective mechanism for leveraging additional previously untapped resources to meet the humanitarian needs of the displaced population. The potential size of the Zakat that could be given globally was estimated at $356 billion in 2018. In 2019, UNHCR launched the Refugee Zakat Fund (RZF), a tool to leverage Islamic financing for the displaced population, in partnership with Tabah foundation. The Fund has already disbursed $14.4 million to 6,888 families across Jordan, Yemen and Lebanon, from 2016 to 2018. Of this total, $11.4 million was donated from large institutions, and $3 million was raised from the wider public. Scaling this financing instrument needs robust reporting and transparency mechanisms and agreement on the scope of finance – to support non-Muslims – and the geographic boundaries for international and domestic allocations.

UNHCR adapted its approach to Zakat to address COVID-19 needs including healthcare, water and sanitation. UNHCR succeeded in mobilising $48.6 million in 2020, with an increase of 12.5% in comparison to 2019, triggering a much higher increase in the number of Zakat beneficiaries, which grew by 59% compared to 2019. In total, 12% of the fund allocations were in Lebanon. Over $5.6 million in Zakat funds were distributed in the form of cash to Syrian refugees, benefitting 301,788 individuals. Sadaqah donations amounting to $1.79 million were also received to support response efforts to the COVID-19 pandemic, as well as for those affected by the Beirut Port Blast. So far, Zakat giving has mainly been used to finance short term humanitarian needs, however the potential to use Islamic financing to address medium and longer term solutions for the Syrian refugees, within the context of Lebanon should be explored.

From the limited research that has been done, it seems that remittances are not a significant resource for Syrian refugees in Lebanon. In the Vulnerability Assessment of Syrian Refugees in Lebanon (VASyR), only a very small proportion of respondents have reported remittances as one of their three main sources of cash and income: 1.3% in 2020, 1.1% in 2019, not identified in 2018 (but gifts from family and friends constituted 2%), and 2% in 2017.
5. THEMATIC LENS: INCLUSION OF REFUGEES IN HEALTH SERVICE PROVISION

5.1 STRUCTURAL CHALLENGES TO INCLUSION OF SYRIAN REFUGEES

Lebanon’s fragmented health care system is a legacy of its civil war and years of political instability. The destruction of state facilities and the reliance on private sector for war surgery and trauma management paved the way towards a highly privatised user-fees based system.\textsuperscript{101} The system is geared towards hospital-based curative care rather than primary and preventive health measures.\textsuperscript{102} The Ministry of Public Health (MoPH) plays a limited role in prevention, planning and regulation and the health system suffers from an unclear policy and strategy,\textsuperscript{103} permitting the growth of a weakly regulated profit-driven private healthcare market. Meanwhile, religious and political groups fill gaps in healthcare provision with around 28% of healthcare facilities run by faith-based organisations and 15% of basic health care provided by political parties.\textsuperscript{104}

High out-of-pocket expenses expose households to financial risks and inequality in access to services. Healthcare in Lebanon is financed through social and private insurance schemes. The uninsured Lebanese (50% of the population) face very high health care costs and rely upon the MoPH and the National Social Security Fund to reimburse a portion of their medical bills. The MoPH has subsidized private healthcare for citizens as a temporary solution, while rebuilding the public system. However, this temporary solution has continued for decades with ballooning bills to the private sector that have eroded the MoPH’s ability to invest in rebuilding the health system public service provision. Private service providers have taken advantage of weak regulations, corruption and fragile accountability mechanisms, overcharging for some services.\textsuperscript{105} Bills for certain private services reached catastrophic levels and in 2001, 78% of the MoPH’s budget was being spent on private sector healthcare reimbursement.\textsuperscript{106}

The systemic fragility of the health system has expanded dramatically in the last two years. With the severe devaluation of the Lebanese Pound (LP), inflation, political instability, and economic crises, affording the high users fees represents a massive barrier to accessing healthcare in Lebanon, for all. The private service providers who are contracted based on a pre-devaluation pricing scale face delayed reimbursement from MoPH, at old rates that represent 10% of the actual service value. This led many private facilities to stop accepting uninsured patients (Lebanese and Non-Lebanese), and those not able to pay in cash. Hundreds of healthcare providers moved outside of Lebanon.\textsuperscript{107} Additionally, Lebanon faces a striking shortage in medications, medical supplies and consumables\textsuperscript{108}, mainly because the central bank has failed to pay suppliers abroad millions of dollars in accumulated dues under a subsidy scheme.\textsuperscript{109} Meanwhile, the infrastructure of many health facilities continued to deteriorate. Notably, the Port of Beirut explosion severely impacted the access to health services in Beirut and across Lebanon with over 27 primary healthcare centres rendered not functional due to the blast.\textsuperscript{110}

Integrating Syrian refugees and populations displaced from Syria into the fragile, costly and fragmented health system has been an ongoing challenge. Initially, UNHCR provided health services to Syrian refugees in Lebanon. However, this model was too expensive to sustain as refugee numbers continued to grow and international funding reduced. International actors subsequently adopted a public health approach and there has been a noticeable shift towards strengthening the national health system. UNHCR, NGOs and the MoPH have worked together to strengthen, expand and accredit the existing primary health care (PHC) network. By 2019, the network had expanded to include 223 health facilities.\textsuperscript{111} However, the absence of a unified service package led to fragmented, service and population-based support without a consistent approach. From 2015/2016, the MoPH and key partners took the first strategic step toward developing a sustainable PHC-oriented Universal Health Coverage (UHC) program by creating a package of care - Essential Health Care Benefit Package (EHCP).\textsuperscript{112}

Syrian refugees can access essential PHC services at subsidized rates in the health facilities support by UNHCR or humanitarian partners, as illustrated in table 1. These PHC services are supplemented by services from over 25 Mobile Medical Units operated by NGOs, to provide free consultations and medication to refugees if access to a primary healthcare facility is unavailable.\textsuperscript{113}
Despite these efforts, there remain significant barriers to Syrian refugees accessing healthcare in Lebanon. The concentration of refugees in low-resource areas makes it difficult to access healthcare because of distance and isolation. Syrian refugees residing in ITSs face additional geographic barriers in accessing healthcare services.

Box 2: Primary health care services offered to Syrian refugees

- All routine childhood vaccinations are free for children <12 years.
- Subsidized consultations (3,000 Lebanese Pound) for acute illnesses, reproductive health, non-communicable diseases and mental health, at 125 implementing partner facilities.
- Subsidized diagnostic tests for the most vulnerable (85-90% subsidization)
- Medications for acute illness are free for all refugees at MOPH linked clinics and Ministry of Social Affairs linked social development centres.
- For chronic medications, a handling fee of LP 1000 ($ 0.67) is paid by refugees for each refill of prescriptions.
- Family planning services including pills, condoms, insertion of IUDs are provided for free.

The access of Syrian refugees to secondary and tertiary care is constrained. Secondary and tertiary care is coordinated through a third-party administrator NEXtCARE based on a cost sharing model. Under this arrangement, UNHCR covers only lifesaving, emergency and obstetric care for refugees, where UNHCR covers up to 75% of the bill, with a cap of $ 2,900. The patient share of referral and emergency care covered by UNHCR is capped at $ 800 and UNHCR pays the remainder up to a maximum of $ 15,000. However, $ 800 for a vulnerable population of which 90% live in poverty represents a huge expenditure and since COVID-19, health actors based in Lebanon have reported a 30% decline in consultations at health centres, mainly because of the financial burden.

Alarming gaps persist in specialized and expensive treatment (such as cancers, chronic hematological, endocrine, immunological and neurological conditions) and only a few actors provide support, in an ad-hoc manner.

The impact of COVID-19 on the access of Syrian refugees to health services has been multi-dimensional. In response to the economic impact of the pandemic, one in five refugees reported sacrificing healthcare needs and medicine due to a lack of resources. Despite the full coverage of COVID-19 treatment by UNHCR and the inclusion by the MOPH of Syrian refugees in the national COVID-19 vaccination plans, the COVID-19 outcomes among refugees has been alarming. COVID-19 deaths were elevated among Syrian and Palestinian refugees in Lebanon, with a fatality rate that is four times and three times the national average, respectively. Despite the strong knowledge among refugee populations of COVID-19, the number of refugees registering for vaccination remains low, many citing fears of the vaccine, mistrust, challenges in the registration process, mobility restrictions, residency barriers and barriers in transportations, amongst other barriers.

Over 290 discriminatory COVID-19 movement restrictions were observed in 2020, particularly among the most vulnerable Syrian refugees when trying to leave informal settlements, neighborhoods or municipalities or when receiving visitors from outside the community.

In the early years of the crisis, the humanitarian system contributed to increased fragmentation of the Lebanese health system. Creating a parallel service delivery system for Syrian refugees is costly to sustain. With the increasing vulnerabilities and poverty of the Lebanese host communities, the subsidised health services that were offered to Syrians without a matching protection scheme from the Lebanese Government fuelled inter-communal social tension. However, humanitarian support efforts to the primary healthcare sector have become more harmonised over time, while fragmentation is still observed in the secondary and tertiary sectors.
5.2 APPROACH TO FINANCING HEALTH CARE FOR REFUGEES

Learning from the experience of fragmented healthcare provision, humanitarian and health actors advocate an inclusive approach, building and investing in the existing health system. The service delivery model of Syrian refugees-only health services has proved to be unsustainable, contributed to health system fragmentation and offers limited scope for medium and longer term outcomes. Investment in strengthening the access and quality of care for Lebanese and non-Lebanese can enhance the collective health outcomes for all. The increasing utilisation of public primary healthcare by the Lebanese may create incentives to drive positive changes in health service delivery and quality.

The optimal medium- and longer-term outcome for the Syrian refugees in health is their inclusion in UHC. KIIs explained that UHC allow would allow equitable access to health services, without suffering financial hardship. PHC is identified as the route to universal health coverage.

Grant funding has been used to support this inclusive approach, with positive results through EU Madad Trust Fund funding seeking to combine immediate response with longer-term systemic change. The Reducing Economic Barriers to Accessing Health Services in Lebanon (REBAHS I) project funded by the EU Madad Trust Fund and implemented by International Medical Corps, Premiere Urgence International and in partnership with the MoPH and humanitarian health partners stands out as an example of how financing can support medium-term outcomes for Syrian refugees and their host communities. The project addressed barriers from the supply side through the subsidization of services by creating a ‘flat fee model’ and strengthening the capacity of primary healthcare centres, and from the demand side through a community outreach component.

In doing so, the project aimed to make a transition towards a long-term primary healthcare subsidization protocol (LPSP). An evaluation of the EU Madad Trust Fund health portfolio found this to be a cost-effective model that resulted in improvements in access to primary health care for vulnerable communities as well as system-wide benefits. Indeed, the project has provided proof of concept for a viable funding model which the MOPH is now looking to roll-out nationwide through a newly agreed LSPS. The EU Madad Trust Fund has provided new funding of 42 million Euros for REBAHS II to support this effort. This model has attracted the support of other donors, including the AfD which has aligned with this joint vision and approach and contributed to financing this model through the Minka fund.

The efforts of a number of donors, implementers and the MoPH have led to a new long-term primary healthcare subsidization protocol recently being agreed. In response to the Beirut Port blast, the MoPH developed the Immediate Response Model (IRM) as a temporary short-term model, to coordinate the response and ensure the subsidization of a standardized package of services across all primary healthcare centres supported by national and international non-governmental originations. The IRM should phase out and be replaced by the LPSP which emerged from discussions between humanitarian actors, donors and the GoL, as an inclusive approach to offer healthcare to Lebanese and non-Lebanese. The LPSP is envisaged to be applied in a uniform way, across the MoPH Primary Health Care Corporation network. Moving towards LPSP represents an opportunity to develop inclusive medium term solutions in health.

The principles of performance-based financing (PBF) are also being piloted as an approach in inclusive financing healthcare in Lebanon. There is growing evidence on the use of PBF in fragile states. Conditions of fragility (such as, greater role of external actors, openness to institutional reform, lower levels of trust within the public system and between government and donors) may favour PBF adoption. IMC and partners use PBF to incentivize the health service delivery model to deliver quality care through tracking health outcomes. To implement this, IMC built a robust monitoring and evaluation system in primary healthcare.

International financing packages have been used to increase access of Syrian refugees to primary healthcare, but not without challenges. The World Bank’s $15 million three-year Emergency Primary Healthcare Restoration Project (EPHRP) aimed to restore access to essential healthcare services for poor Lebanese affected by the influx of Syrian refugees. Conceptualised in response to the need for a universal health coverage programme, it combined the provision of a subsidized package of essential healthcare services for Lebanese living below the poverty line and Syrian refugees, capacity building of 75 primary healthcare centres, and technical assistance to the MoPH, with grant funding provided by the Lebanon Syrian Crises Trust Fund (LSCTF). Over
the lifetime of the project, the number of poor Lebanese accessing primary health care centres increased by 56 percent and the number of Syrian refugees increased by 78 percent. However, it was criticized for focusing primarily on preventive care with limited number of curative services and remained relatively small in scale.

This pilot highlighted a need to pay closer attention to the quality of services provided. The EPHRP’s successor project, the $150 million Lebanon Health Resilience project (2017-2023) incorporated a number of lessons learned from the EPHRP into its design to expand the scale and scope of the project. With a larger budget, it nonetheless maintains the same objectives of expanding healthcare access for both vulnerable Lebanese and Syrian refugees, improving primary healthcare services and improving capacity in the sector. Unlike the initial pilot, this project is supported by the GCFF which is providing $24 million to soften the terms of lending provided by the International Bank for Reconstruction and Development and the IsDB. But the project has faced significant delays, taking two years to launch because of the absence of a parliament in place to approve it. A recent evaluation of the GCFF found that the project design could have better integrated refugees’ needs and that the project could have done more to positively influence the GoL’s approach to supporting Syrian refugees while recognising the economic, political and pandemic-related challenges militating against this. Some evaluation stakeholders expressed concern that the project still relied on humanitarian organisations to fund elements of refugee support, due to the GoL’s reluctance to take out loans for spending on refugees.

However, the Covid-19 pandemic has made significant new demands on limited resources potentially diverting them from medium-term objectives. For example, the Lebanon Health Resilience project has now been restructured twice without additional financing, in order to respond to the COVID-19 pandemic by boosting the capacities and supplies of public hospitals to treat Covid patients and supporting the procurement of vaccinations and roll-out of the vaccination campaign. It is too early to say what impact this will have on the health outcomes of Syrian refugees and vulnerable Lebanese but concerns were raised during the GCFF evaluation that the restructuring may weaken the benefits of the project for refugees. As the new project component on increased Covid-19 capacity of hospitals is not measured on an individual basis, it may mask unequal access or treatment of refugees. Concerns have been raised elsewhere about potential discrimination towards refugees in the vaccine roll-out.

Achieving medium term outcomes in health requires multi-faceted programming, not only health interventions. Access to health care needs to be situated in larger socio-political and economic structures that, currently, can exclude, divide, stigmatize, and privilege. The access of Syrian refugees to equitable, affordable and appropriate health services can be achieved if health services are accompanied with an enabling environment that strengthens their protection, legal residency, freedom of movement, and access to livelihoods.

The user journey for a Syrian refugee to access health services in Lebanon is complex, with multiple barriers. For a refugee to decide to go to a facility, he/she has to afford the transportation cost to the facility, have a valid residency permit to get through the multiple checkpoints that employ Syrian-only restrictions of movement, afford to pay for the service user fees, and pay out of pocket for medications that may not be offered in the facility. Refugees self-reliance and access to livelihood opportunities can enhance the affordability of their healthcare services and legal residencies, protection framework and community cohesion efforts can enhance overall access to healthcare. Enhancing the quality of health care services, subsidization, availability of medications and supplies can enhance the utilisation of services among refugees.

5.3 OUTLOOK FOR FINANCING REFUGEE INCLUSION IN HEALTH SYSTEMS

Lebanon’s deteriorating economic outlook and restricted domestic budget is a major risk in health financing for both refugee and vulnerable host populations. The government’s capacity to raise and spend revenue has been negatively impacted, with significant reductions in tax and non-tax revenue. Basic service delivery is threatened by increased costs and lowered revenue due to the economic contraction, at a time when demand for public services is increasing as Lebanese who can no longer afford private substitutes turn to the public system.
The domestic budget deficit, fiscal outlook, donor fatigue, reduced appetite for reform, and political unrest and sensitivity create an unfavorable environment for inclusive health financing for Syrian refugees, and for wider resilience building in Lebanon. In the context of generalised poverty and vulnerability and limited ODA, there will be increasing demands on ODA to provide services to vulnerable Syrians and Lebanese alike and donors will be faced with difficult choices about how to prioritise scarce resources. Notably, immediate humanitarian needs among Syrian refugees and the Lebanese host community have been increasing.

The long term outlook for financing solutions that are inclusive of Syrian refugees is uncertain and depends on reform. The GoL and MOPH are unlikely to be able to mobilize additional public funds for health financing. A predominantly ODA-financed model however, will increase Lebanon’s aid dependency, and limit the potential to scale up and sustain IRM and LPSP models. Indeed, the EU Madad Trust Fund-funded REBAHS I project was considered by the evaluation to be ‘intrinsically unsustainable’ without continued donor support.

The number of ODA donors and actors engaged in financing for Syrian refugees is relatively limited and political considerations constitute a barrier to financing through national systems in the health sector. This was primarily attributed to the political sensitivities around the affiliation of the MoPH to Hezbollah at the time of research. In fact, some ODA donors in health resorted to earmarking their funding to interventions that do not include or support national systems. The prospect of engagement of other ODA donors in financing health in Lebanon remained unclear because of the political affiliation and sensitivity of the MOPH.

In the meantime, the humanitarian dominated health funding for the Syrian refugee response limits the outlook for medium- and longer-term approaches. Interviewees perceive that most of the funding available to the health sector remains short-term and from humanitarian sources, outside the specific displacement financing instruments (ie EU Madad Trust Fund and Minka Fund) which are development assistance adapted to fragile contexts. Major donors that support emergency response healthcare include the US through its Bureau for Population, Refugees and Migration, Germany and ECHO. While some stakeholders spoken to for this research felt that it was appropriate to maintain high levels of humanitarian funding in Lebanon given the high and growing levels of humanitarian need, the nature of humanitarian funding remains unsuitable to address medium- and longer-term needs of the Syrian refugees.

The mobilization of additional development finance is contingent on seeing serious commitment to key reforms, both in the health sector and more broadly. Some ODA donors are reluctant to support medium and longer term approaches in health that are associated with health system reforms that MoPH is central to. At the time of research, any new financing through the GCFF and a number of other development donors was on hold, pending the formation of a new government and a clear roadmap for reform. While the formation of a new government in early September was greeted with a new allocation of $1.135bn allocation in Special Drawing Rights by the International Monetary Fund, it is unclear at this point how this financing will be used and the extent to which it will benefit refugee populations and their host communities. Furthermore, the fragile legal framework for Syrian refugees in Lebanon limits donor planning, strategy setting and financing for longer term solutions for Syrian refugees.

However, a small group of donors with dedicated financing instruments have championed financing for medium term support to healthcare for the Syrian refugees in Lebanon. Currently, the EU, AID and Germany are the major donors in health. The EU has been the leading donor to the Lebanese Health sector since 2014, with the EU Madad Trust Fund operating as the main financing instrument supporting primary healthcare. The instrument’s nexus financing approach means that it is able to address medium term challenges and support reforms to Lebanon's fragile health systems, while meeting immediate needs. But the EU Madad Trust Fund is a time bound funding mechanism, which restricts its ability to support longer term outcomes. Indeed, its mandate ends in 2021 and the Fund has made its last allocations (although projects will run until 2025).

Support to Syrian refugees through future EU funding will be mainstreamed into regular development cooperation, but the form it takes is yet to be determined. While funding will continue to be multiyear, it is unclear whether it will incorporate the features of flexibility and humanitarian-development coherence that have been appreciated by partners to date.
Ultimately, the enabling environment - i.e. policy, legal frameworks, coordination, regulatory and governance frameworks - fundamentally affects the extent to which financing can better respond to medium- and longer-term priorities and needs of the Syrian refugee displacement context. While it is too early to say what the intentions or stance of the newly-formed government will be, it may offer an opportunity for donors and implementers to reengage with the GoL and negotiate packages of finance that can stimulate a more favourable environment for Syrian refugees. Despite the unfavorable policy and legal framework towards Syrian refugees in Lebanon, initial good steps are being taken to ensure their inclusion in accessing essential healthcare. Healthcare affordability in secondary and tertiary care remains an issue, and will need to be addressed through a strategic dialogue between donors, implementers and the GoL. UHC remains the optimal goal in the long term to strengthen the health system in Lebanon and international financing should support a long term strategic directions towards UHC, rather than fragmented interventions. In the medium term, sustained financial support from bilateral and multilateral donors will be required for the implementation and scale-up of the primary healthcare subsidization protocol at national level, and this will need to be in the form of grant funding. In the prevailing economic and political circumstances lending is less possible and desirable. By implication, however, the volume of financing that can be mobilised through grants is smaller compared to loans, thus limiting the extent to which the LPSP can be brought to scale. In the longer-term, gradual increases in state contributions to health financing and the inclusion of health costs in the national budget will be required to decrease ODA dependence over time.
6. RECOMMENDATIONS

The recommendations target short and medium-term time-frames due to the current situation of political instability in Lebanon, but there are some indications of longer-term priorities emerging for health. The recommendations are organised around the emerging lessons from the study and target wider contextual financing challenges and this is followed by a separate set of recommendations specifically for health financing.

A. USING FINANCING TO CREATE A MORE ENABLING ENVIRONMENT FOR MEDIUM TO LONGER TERM OUTCOMES FOR SYRIAN REFUGEES

1. Use a combination of political dialogue, technical assistance and financing to incentivise the GoL to provide a more enabling legal and policy environment for refugees in Lebanon
   - Lebanon is currently an extremely challenging environment in which to promote policy reform, particularly refugee-inclusive policies. In the short-term, high level political challenges will severely limit options for exerting influence, however, there are pockets of decision making especially at technical level that can offer opportunities for reform and inclusion of refugees. Over the medium term, when more effective governance is provided by the GoL, bilateral and multilateral donors and IFIs need to be opportunistic and through a combination of political dialogue, technical assistance and financing, push on issues where there are openings to shift incentives towards a more enabling legal and policy environment. For instance, facilitating legal residencies of adequate duration will have profound impact on the protection of Syrians and their access to basic services.

2. In the short to medium term, make greater use of grant funding to increase leverage in promoting a more enabling environment for refugees and influencing policy reform.
   - Bilateral and multilateral donors and IFIs should build up complementary packages of financing that encourage the better targeting and protection of refugees, increasing the use of grants and proceeding with great caution in advancing additional lending, given the current economic circumstances and the risks of debt distress faced by the GoL. For example, EU Madad Trust Fund grant funding to support subsidisation of health services for the Syrian refugees.

B. PRIORITISATION AND CHOICES ON RESOURCE ALLOCATION

3. Streamline coordination at a macro-level for the delivery of all humanitarian and development assistance.
   - It is questionable whether having multiple response frameworks is facilitating coordination. In the short term, a collective process involving GoL, donors, IFIs and international and national organisations should review existing coordination processes and structures.

4. Invest in the creation of a shared evidence base to inform prioritisation and coordination of financing investments
   - International partners (UN agencies, bilateral and multilateral donors, IFIs and INGOs) with the GoL should develop a shared understanding of vulnerabilities and a common plan to address these. This shared understanding should guide the resource allocation for displacement financing. At the least, the different plans need to be better aligned in terms of approaches and targeting, including greater clarity on how the humanitarian and development plans complement each other. With growing widespread vulnerability among Lebanese and non-Lebanese populations, vulnerability-based targeting may be more appropriate going forward, and common agreement is needed on harmonised vulnerability assessment criteria. If vulnerability based targeting cannot be achieved, and status based targeting is the approach of choice, then a “One refugee Policy” is recommended.
- **Donors** should fund efforts to develop, agree and carry out targeting. Then, use financing to ensure that programming use these criteria and calibrate checks and incentives into their funding and financing agreements to support the use of these criteria.

- In the short term, **donors, IFIs and the GoL** should invest in documenting emerging evidence and lessons learned from investments already made in programmes and instruments. This includes for example, building lessons from the EU Madad Trust Fund into the next generation of EU funding to Lebanon and documenting lessons from piloting Performance Based Financing.

5. **Support the continued evolution of multi-year planning tools and programming approaches**

- **International actors**—Bilateral and multilateral donors, UN agencies, IFIs, and INGOs—must engage in supporting the 3RP to evolve. Their efforts should focus on laying the foundations for a transition from humanitarian to longer-term development programming and put in place plans to scale up transition interventions when conditions allow. The 3RP has the potential to evolve to further support medium-term approaches and multi-year, rather than repeated one-year, programming with more systems-strengthening and greater involvement of large development actors, to strengthen the prospect of addressing longer-term outcomes. This is clearly a challenging endeavour in the current rapidly evolving context with growing humanitarian needs.

- **Bilateral and multilateral donors, UN agencies and the GoL** should adopt coherent approaches to policy, programming and financing. Long term outcomes require coherent approaches that bring together short-term humanitarian actions with longer-term development approaches in a complementary way.

C. **FINANCING APPROACHES FOR BETTER MEDIUM TERM OUTCOMES**

6. **Provide complementary and layered packages of financing**

- **Bilateral and multilateral donors** should provide multi-year humanitarian funding that enables multi-year programming. This will help lay the foundations for effective transition to longer-term development programming when conditions allow.

- **Bilateral and multilateral donors, UN agencies, IFIs, and national and international NGOs** should direct financial support through the national system and key institutions whenever possible, at least align their support with national systems and policies to avoid fragmentation and incoherent approaches. In the longer-term, inclusion of refugees in national systems is likely to be more cost-effective and sustainable and is also necessary to avoid parallel structures and fragmentation, including in the healthcare sector. An example of this is the Flat Fee Model (FFM) implemented by some NGOs which aims to bolster PHCs within the national system and in complementarity with MoPH programmes.

7. **Calibrate financing agreements and instruments to incentivise improved quality of programming.**

- **Donors and IFIs** need to pay closer attention to the quality of services provided as they develop second generation funding instruments. The World Bank’s EPHRP in Lebanon provides a good example of where this wasn’t the case but where the subsequent iteration of the project appears to have learned lessons from the first phase. The principles of performance-based financing (PBF) as piloted in Lebanon appear to provide the foundation for a successful approach in inclusive financing healthcare in Lebanon. Further testing and evidence generation is needed to inform the financing decisions of actors in the health sector but potentially others too.
D. HEALTH SPECIFIC RECOMMENDATIONS

- Bilateral donors and IFIs should complement the domestic financing in supporting long term strategic directions towards UHC, rather than fragmented interventions. Harmonized and inclusive models of health service delivery, affordability and financial protections should be considered for both Lebanese and non-Lebanese. UHC should remain the optimal goal in the long term to strengthen the health system in Lebanon. Initiatives to strengthen the health system in Lebanon, either in primary, secondary, tertiary or emergency care should be framed under the UHC framework.

- In the medium term, all international and national health stakeholders should have a collective discussion needed on strengthening secondary and tertiary care in Lebanon within the framework of UHC.

- Over the medium term MoPH should lead an effective, proactive coordination mechanism with key health stakeholders, both development and humanitarian (including national authorities, UN agencies, World Bank and international and national NGOs). The coordination mechanism could catalyse key health system discussions in Lebanon, for example around the human resource needs for health and how to address the ‘brain drain’ driven by economic crisis.

- In the medium to long-term MoPH, working with other key health stakeholders including Ministry of Social Affairs, UN agencies, World Bank and international and national organisations, need to plan financing coherently to meet the needs of vulnerable Lebanese and refugees. Coherent financing discussions should capitalise on both humanitarian and development funding and financing (with refugee inclusion in development funding previously limited, this needs to be consciously prioritised).

- In the medium term bilateral and multilateral donors need to ensure sustained financial support for the implementation and scale-up of the primary healthcare subsidization protocol (LPSP) at national level. Additional donors are needed to support this scale-up, but the political affiliation of the Ministry of Public Health constitutes a barrier to engagement for many.

- To the extent possible, donors should use their influence to support a strategic dialogue on how to address the issue of healthcare affordability in secondary and tertiary care. If direct financial support through government systems is not possible, then international partners should at least align their support with national systems and policies to avoid fragmentation and incoherent approaches.

- In the short term, the GCFF should re-examine the question of providing grant funding in Lebanon given the current circumstances. Grants are the optimal solution in funding health (particularly the LPSP) in Lebanon. In the prevailing economic and political circumstances lending is less possible and desirable. By implication, however, the reliance on grant funding limits the extent to which support can be scaled up given the smaller volumes of grant funding, compared to loans, that are available.

- Over the longer term, donors, UN agencies, IFIs, international and national NGOs should encourage gradual increases in state contributions to health financing and the inclusion of health costs in the national budget in order to decrease ODA dependence over time. Scaling up the LPSP models requires not only international financing but adequate commitment of state resources. In the current political and economic crisis this is a challenge faced across all sectors. When political and economic circumstances begin to improve

- In the short term, donors, IFIs and the GoL should invest in documenting emerging evidence and lessons learned from piloting the LPSP. This process should seek to: measure the impact on the targeted populations, particularly the most vulnerable Lebanese and non-Lebanese; explore how to strengthen accountability mechanisms, monitoring and evaluation of this model; identify how to strengthen the existing system particularly in supply chain management and forecasting, human resources for health, and capacities; and evaluate the financial viability, sustainability and potential for scaling up of this model.

- UN agencies should continue to use the funding they receive for programmes that strengthen the capacities of local and national actors in the health sector, particularly local and national NGOs. Such programmes can support capacity building in surveillance, service delivery, health planning, accountability, monitoring and evaluation. This capacity strengthening can in turn enable local and national actors to be more likely to receive funding. Outside the health sector, the Minka Fund through Expertise France, have developed an interesting model to channel support to local organisations in Lebanon bridging short-term response and longer-term capacity building.
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ANNEX: NOTE ON METHODOLOGY

ESTIMATING OFFICIAL DEVELOPMENT ASSISTANCE (ODA) FOR SYRIAN REFUGEE-HOSTING AREAS

It is unfortunately not straightforward to provide a comprehensive picture of the international assistance to Syrian refugees and host communities in Lebanon, Jordan, and Iraq, which can then be disaggregated by sector, implementing organisation, type of funding (grant/loan) etc. The Syria conference tracking reports attempt to do this in their data collection of contributions against pledges made at the most recent pledging conferences. However, given that the primary goal of the tracking process is to assess the aggregate contributions by donors against individual pledges, data is not broken down by project or financial flow, but in aggregates. It therefore lacks the granularity that would be useful to different stakeholders involved in the refugee response in those countries and collected data cannot easily be triangulated against other sources. An additional complicating factor is that it is difficult to verify how strictly different donors set their criteria for which funding to include in pledges and contributions - only that addressing the consequences of the Syria crisis, or a wider portfolio of activities in the recipient countries. Still, comparing totals from our dataset on international assistance to Jordan, Lebanon and Iraq in terms of grant disbursements in 2019 with figures from the respective Syria tracking report, those match quite closely for Jordan and Lebanon (within US$50 million). Total support to Iraq captured in the Syria tracking reports for 2019 is however almost US$500 million larger than in our dataset, but due to the lack of granular information on what is captured in this amount in the tracking report we are unable to investigate this further.

For humanitarian assistance to the Syria crisis, more granular and comprehensive data is available on UN OCHA’s Financial Tracking Service. It captures, by funding flow, humanitarian assistance to the Syria Regional Refugee and Resilience Plans and also funds reaching organisations or activities outside those plans, tagging those flows as related to the Syria crisis. This data is shown in the graphs in the report for ‘humanitarian assistance’.

In terms of development assistance, it is more difficult to quantify the volume of funding to Lebanon, Jordan and Iraq in response to the Syria crisis. This is because publicly accessible datasets for international development assistance, such as the OECD DAC Creditor Reporting System (CRS) or the International Aid Transparency Initiative (IATI) don’t routinely capture which crisis a specific development activity or funding flow seeks to address. We quantified development assistance to Syrian refugees and host communities by performing a keyword search on the OECD DAC CRS database, trying to identify from project titles and descriptions which funding should be included. Data is only available up to 2019 by recipient country. This approach likely yields a partial result, as the level of information provided in these text fields varies across donors but should provide a lower bound estimate and give an indication of trends.

The absence of potentially relevant development assistance in our dataset was most visible in our analysis of grants and loans. We were able to identify only a small number of loans to Jordan referencing support to Syrian refugees or host communities, and almost no loan disbursements to Lebanon or Iraq over the analysis period from 2016 to 2019. The loan disbursements captured in our dataset to Jordan range between US$125 and US$21 million per year and are almost all provided by the World Bank. This seems to be a data gap according to ongoing research into the support by multiple multilateral development banks (MDBs) in the region. Most of those development banks provide information on their funding and projects on their respective databases, but again it is not straightforward to quantify their support to the Syria crisis. At the time of research, an analysis was underway by the 3RP Joint Secretariat to map interventions by the International Financial Institutions involved in the Syria Crisis Response, which should complement this research once concluded.
Interestingly, the Global Humanitarian Assistance Report 2020 does not support this perception, with data indicating that Lebanon was classified as a donor when it reported how (in which sectors) it uses grant financing and blends this with loan financing to increase the concessionality of the loan, effectively lowering the cost of borrowing. The loans (and in exceptional circumstances grants) are provided through the GCFF's implementing partners (World Bank, Islamic Development Bank, European Bank for Reconstruction and Development, European Investment Bank and UN agencies), known as Implementation Support Agencies (ISA), for identified development projects. See: World Bank, 2021. World Bank Lebanon Economic Monitor, Lebanon Sinking (To the Top 3). May 2021. Page xi. Available at: https://documents1.worldbank.org/curated/en/394741622469174252/pdf/Lebanon-Economic-Monitor-Lebanon-Sinking-to-the-Top-3.pdf?utm_campaign=Post-66597&utm_medium=email&utm_source=CM5-34


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81 Ipsos MORI, 2021.


93 Lydia Poole, 2021


95 The Refugee Investment Network (RIN)’s ‘Refugee-Lens’ investment framework allows investors to determine whether investments are ‘refugee-owned’, ‘refugee-led’ (they have at least one refugee in senior management and/or 33% refugee representation at board level) or ‘refugee-supporting’ (they employ at least 20% refugees and/or demonstrably contribute to displaced people’s wellbeing through their products and services) (https://refugeeinvestments.org/refugee-lens/)


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133 The flat fee model means that all beneficiaries pay a standard rate for consultations and the implementing partner covers 70% of the cost of the consultation fee (7000 LBP out of a 10 000 LBP fee) and all of the cost of laboratory and imaging tests in the PHCCs it supports. Those are paid directly to the PHCCs, with patients facing only 3000 LBP (about 2 USD) out-of-pocket cost for a consultation. All follow-up consultations and diagnostics tests for the same condition are free of charge.