

FINANCING FOR PROTRACTED DISPLACEMENT

IN THE SYRIAN REFUGEE CONTEXT: KEY MESSAGES

The research critically examines the existing displacement financing architecture in Jordan, Lebanon and to a lesser extent the Kurdistan Region of Iraq (KRI) to explore how it can better respond to medium- and longer-term priorities and needs of the Syrian refugee displacement context and support pathways to durable solutions. The key messages to emerge from the findings are:

- **Across the region, ODA is likely to remain the primary albeit increasingly constrained source of financing for displacement.** Approaches seeking to draw in funding beyond ODA through blended finance and greater private sector engagement remain nascent, small scale and /or unproven.
- **Beyond absolute volumes of financing, the type of financing (eg source, duration, modality, etc) is an important determining factor in the extent to which partners are able to respond to medium- and longer-term priorities and needs in areas that host Syrian refugees.**
- **Meeting needs in Syrian-refugee hosting areas is still largely dependent on short-term humanitarian funding, which is declining.** Apart from some specific financing instruments designed to support pathways to medium to longer term solutions, such as EU Madad Trust Fund, France's Minka Fund and the Global Concessional Financing Facility (GCFF), the short-term nature of the much of the funding reaching displacement affected communities inhibits the development of medium to long term programming and approaches.
- **To better respond to medium- and longer-term priorities and needs in areas that host Syrian refugees, more multiyear, predictable, flexible financing is needed.** Dedicated crisis-financing instruments such as the EU Madad Trust Fund, France's Minka Fund, the GCFF and Germany's Transitional Development Assistance, provide examples of the type of financing needed.
- **Greater inclusion of refugees in development strategies and financing is needed.** Jordan has made the most progress in this regard, but there is scope to ensure that the needs and priorities of refugees are better reflected in ongoing national development frameworks and planning. Moving to vulnerability-based targeting may help humanitarian aid align with development assistance, but it is important that the specific needs and protection concerns of refugees are not overlooked.

- **An enabling policy, legal and regulatory environment is fundamental to developing pathways to durable solutions - financing has and can positively influence political commitment among host governments but this influence is limited.** In generating or supporting political commitment to longer-term approaches to displacement, financing is the key influencing tool international actors have at their disposal, but there are hard limits to the influence financing can exert. Collective donor positions coupled with financing packages have been more successful in generating leverage in Jordan than in Lebanon.
- **Debt financing in particular limits political leverage.** In Lebanon, donors should make greater use of grant funding to increase leverage in promoting a more enabling environment for refugees and proceed with great caution in advancing additional lending, given the current economic circumstances and heavy debt burden of the GoL.
- **Financing needs to be carefully targeted, involving hard choices about the use of limited resources in a resource constrained environment where medium and long term solutions for refugees are limited.** Financial, economic and policy environments have deteriorated across the region, further limiting the scope for promoting medium to longer term solutions for Syrian refugees. Realistically, there isn't enough money to do it all well; donors face difficult trade-offs and are likely to prioritise urgent acute needs.
- **Support to meet immediate needs will be needed alongside longer-term approaches for foreseeable future.** A simple sequential transition from humanitarian aid to development assistance is not realistic in the current context of high levels of vulnerability, exacerbated by the Covid-19 pandemic.
- **It is important to build on what works, generate more and better evidence and to calibrate and manage financing to incentivise inclusion and quality.** Financing approaches including large packages of concessional finance through the GCF and multi-donor accounts appear to have been effective in supporting inclusion in national service provision. Despite years of experimentation in the region, there is a lack of evidence on what works to guide decision-making. In some cases, the capacity of partners and willingness of donors – aside from the major financing mechanisms – has acted as a brake on longer-term approaches.
- **Providing financial support to inclusion through national systems with ODA is both necessary and difficult and may entail a potentially open-ended commitment.** In Jordan and Lebanon ODA financing has enabled Syrian refugees to access national health and education systems. To maintain this, a sustained commitment from donors to provide additional concessional development resources, over and above regular development assistance, will be required, in line with the principle of responsibility-sharing enshrined in the Global Compact on refugees.
- **Innovative financing approaches seeking to draw in funding beyond ODA through blended finance and greater private sector engagement remain nascent, small scale and /or unproven.** Jordan is seeing growing interest in this area, with a number of new initiatives, but in Lebanon the scope for using blended finance or trialing innovative financing approaches is extremely limited due to political and economic instability.
- **Supporting pathways to durable solutions requires coherence and coordination across the humanitarian-development-peace nexus to ensure that limited resources are used as effectively and efficiently as possible.** Aiming for longer-term outcomes requires coherent approaches to policy, programming and financing. It is not clear that current leadership, coordination, evidence and analysis support coherent financing approaches. However, large programmes and financing instruments have served as loci of coordination and coherence.



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