Grant: Building integrity and enhancing accountability in Lebanon

Project: Harmonizing Hearts and Practices: Rethinking Aid Monitoring in Lebanon.

POLICY NOTE

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About this Policy Note

This policy note is intended to inform Lebanese policymakers, CSOs, and the donor community on strategic options and deployable methods to break the cycle of dependency and ultimately transform international aid into a catalyst for sustainable recovery. It presents a summary of key challenges hindering the aid sector by examining historical patterns of aid governance, analyzing current institutional frameworks and transparency practices, and identifying systemic challenges of fragmentation, elite capture, and state bypassing. The note also explores country experiences and innovative initiatives in monitoring and reporting on development aid, and finally provides actionable recommendations aimed at improving coordination, enhancing transparency, and strengthening accountability.

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List of Abbreviations

AIMS	Aid Information Management System
AMCU	Aid Management and Coordination Unit
CDR	Council for Development and Reconstruction
COM	Council of Ministers
CSOs	Civil Society Organizations
DRMU	Disaster Risk Management Unit
GDP	Gross Domestic Product
HRC	Higher Relief Committee
IATI	International Aid Transparency Initiative
LCRP	Lebanon Crisis Response Plan
LRP	Lebanon Response Plan
LRF	Lebanon Recovery Fund
M&E	Monitoring and Evaluation
MOF	Ministry of Finance
NGOs	Non-Governmental Organizations
ODA	Official Development Assistance
SDGs	Sustainable Development Goals

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1. Lebanon in the Storm: Crises, Aid, and a Fragile Opportunity

1.1 A Landscape of Compounding Crises

Lebanon has been struggling with a complex, back-to-back series of political, security, and economic crises for decades, creating recurring cycles of instability and survival. Since the end of its civil war in 1990, the country has failed to establish a stable and effective political system, with governance often paralyzed by sectarian divisions and institutional weaknesses exacerbated by systematic political bottlenecks. This chronic dysfunction has contributed over time to the dismantling of systems and procedures[1], and consequently has undermined the bureaucratic capacity of state institutions to leverage an effective policy response to external shocks or even to more critical endogenous structural deficiencies brought by years of fiscal mismanagement, unsustainable public debt, and reliance on foreign borrowing (Paris II and Paris III).

This pattern of mismanagement has culminated in a devastating crisis that erupted in 2019. Since then, Lebanon has been embroiled in a relentless series of cascading crises, which have fundamentally reshaped its socio-economic fabric. The country has experienced a devastating economic collapse, with its real Gross Domestic Product (GDP) shrinking by nearly 40% from 2019 to the end of 2024, including a 7.1% contraction in 2024 alone[2]. This economic downturn was intensified by a deliberate "free fall" of the Lebanese pound, which has lost over 98% of its value since 2019, resulting in hyperinflation and a significant loss of purchasing power[3]. The country's vulnerabilities were further worsened by the Beirut Port explosion in August 2020, which devastated large swathes of the capital, and the subsequent trigger of the Israeli conflict from October 2023 into November 2024, which brought large-scale, irreversible damage. The escalation of the war that started in mid-September 2024 has destroyed infrastructure and large residential and commercial areas in the South, Bekaa, and Beirut, and internally displaced around 1.2 million people, leaving them in precarious conditions, in temporary shelters, and in need of basic healthcare, food, and protection services[4]. The Lebanese economy, already shattered by the impacts of compounded crises unfolding since 2019, does not have the necessary resources to finance relief and reconstruction needs.

[1] Boustany, I (2025). Inside The Lebanese Aid Industry: Exploring Beneath Institutionalized Dynamics. *IFPO-CNRS*.
[2] World Bank (2025). Lebanon MPO. Available online: https://thedocs.worldbank.org/en/doc/65cf93926fdb3ea23b72f277fc249a72-0500042021/related/mpo-lbn.pdf
[3] World Bank (2022). Lebanon Economic Monitor, Fall 2020: The Deliberate Depression. Available online: https://openknowledge.worldbank.org/entities/publication/a5164bab-8258-55ba-8a72-8176385e5181
[4] World Bank (2024). Lebanon Interim Damage and Loss Assessment (DaLA). Available online: https://documents1.worldbank.org/curated/en/099111224112085259/pdf/P5063801c62fbe0c21beff1d0a436d07e02.pdf

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1.2 Aid as a Lifeline: Patterns of Relief and Reconstruction

In fact, during the last decades, Lebanon has already abused and overly exploited international aid for relief and reconstruction efforts, creating a cycle of dependency and overreliance. International aid has consistently served as a critical lifeline throughout crises and shocks, providing a mere alternative for the state's roles and responsibilities (The Century Foundation, n.d.). Without underestimating the geopolitical play in the Lebanese scene and the presumed responsibility of regional and international players, the Lebanese state wasn't able to secure the bare minimum of effective coordination and channeling of these aids. A quick historical review of aid leveraged into the Lebanese economy showcases money inflows that surpass the size of the national economy by multiple folds.

On the relief end, Lebanon has become heavily dependent on external aid to cope with the far-reaching impacts of repeated crises and emergencies. Between 1991 and 2022, Lebanon received roughly $22.6 billion in development assistance, including $8.9 billion in grants and $13.7 billion in loans[5]. Between 2015 and 2023 alone, nearly USD 9.3 billion was mobilized under the Lebanon Crisis Response Plan[6]. The last round of appeals was launched a few weeks following the last escalation of 2024. In fact, the government launched a first Flash Appeal for USD 425.7 million to enable partners to deliver urgent aid over three months, followed by a second one of USD 371.4 million, aiming to provide life-saving assistance to civilians affected by the recent conflict for the period from January to March 2025. In addition, France hosted in October 2024 the Conference for "Supporting the Sovereignty of Lebanon and Its People", securing international pledges of about USD 800 million. As well, given the fast pace of political developments in the country, it is expected that the new government will receive substantive support from the donor and international community for post-war reconstruction. However, it is critical to mention that years of bad governance and endemic corruption in the public sector, in addition to the impact of the latest crisis and war, have weakened state institutions and oversight and control over the use of public funds, whether domestic or international. This has deteriorated Lebanon's capacity to manage, track, and report on foreign assistance, which will in turn weigh on the donors' appetite to effectively provide aid to the country.

On the reconstruction end, official figures[7] and estimations are scarce for earlier conflicts and wars, but a 1986 report put the cost at approximately $24 billion[8] for the post-civil War era reconstruction, knowing that these efforts were largely funded through public debt, privatization, and Gulf aid. The 2006 war cost around $7 billion[9] in repairs and reconstruction only. The estimated total cost for the recovery and reconstruction in

[5] Mahmalat, Mounir, Sami Atallah, and Sami Zoughaib. "From Hariri's Loans to Aoun's Drought – The History of Lebanon's Foreign Aid." The Policy Initiative, March 2023. https://www.thepolicyinitiative.org/article/details/270/from-hariris-loans-to-aouns-drought
[6] Government of Lebanon/UN, "Lebanon Crisis Response Plan 2023," 7.
[7] Saidi, Nasser. (1986). Economic Consequences of the War in Lebanon. "Center for Lebanese Studies". Available online: https://www.lebanesestudies.com/wp-content/uploads/2012/04/eb8d3fd3.-Economic-consequences-of-The-war-in-lebanon-Nasser-Saidi-1986.pdf
[8] in 1986 US dollars
[9] Whitaker B. (2006). Reconstruction Alone Estimated at $7bn in Lebanon. Available online: https://www.theguardian.com/world/2006/aug/16/syria.lebanon

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Beirut after the August 2020 blast was around $8.1 billion, with the World Bank estimating $4.6 billion in physical damage and $3.5 billion in economic losses[10]. Lastly, an early assessment of the economic costs of the 2024 war puts a $6.8 billion price tag, resulting from the damage to physical structures[11]. An actuarial assessment of aggregated reconstruction costs based on today's USD value would raise the total price tag beyond $50 billion, which is almost double the economy's size.

[10] World Bank. 2020. Beirut Rapid Damage and Needs Assessment. Washington, DC: The World Bank. Accessed August 31, 2025. https://documents1.worldbank.org/curated/en/650091598854062180/Beirut-Rapid-Damage-and-Needs-Assessment.pdf

[11] World Bank. 2025. Lebanon Rapid Damage and Needs Assessment (RDNA) 2025 report. Washington, DC: World Bank. Accessed August 31, 2025. https://documents1.worldbank.org/curated/en/099030125012526525/pdf/P506380-f58e9761-b29e-4d62-97c3-ebf5a511c4e1.pdf

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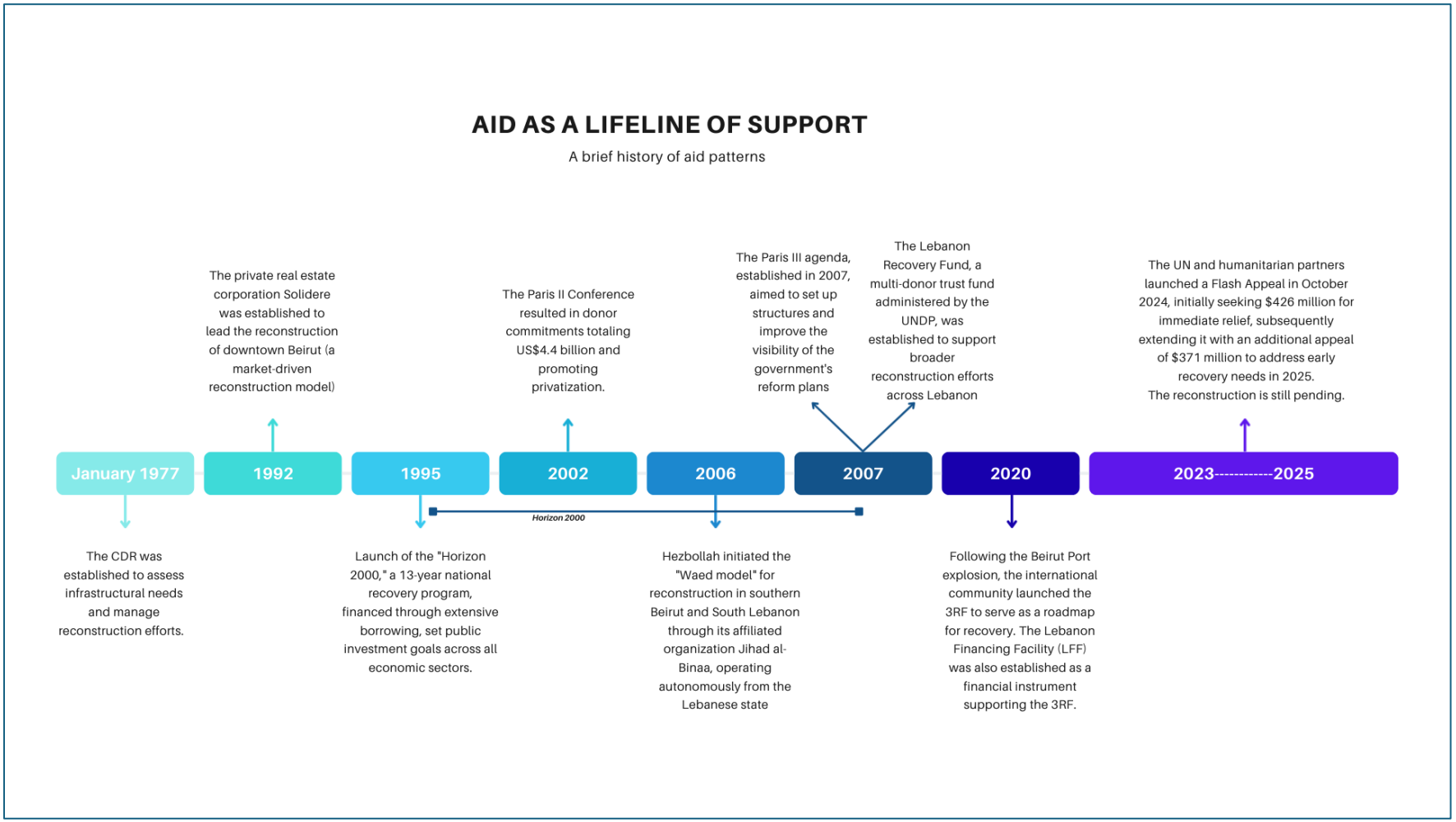
Figure 1: Decades of Reconstruction and Relief



Source: Reconstruction of the author

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Lebanon's reconstruction and relief models (Figure 1) reveal a persistent and detrimental pattern of institutional fragmentation, political interference, and a fundamental tension between state-led, private, and non-state actor-driven models, consistently undermining effective, equitable, and sustainable recovery. Despite the creation of central bodies like the CDR and later frameworks like the 3RF that aim for coordinated, transparent, and accountable governance, the reality has been a cycle of bypassing or weakening state institutions: the state itself often cedes critical reconstruction to private entities, as seen with the elite capturing Solidere model, or donors circumvent it entirely through parallel mechanisms like the LRF.

Simultaneously, non-state actors such as Hezbollah have exploited state weaknesses to build political legitimacy through autonomous, agenda-driven reconstruction, as exemplified by “the Waed model”. The relief efforts demonstrated similar patterns of moving from the benefit of the doubt to a lack of trust to divorce from one side, or, as it was promoted at the time, “the boycott”. The cutoff point was April 2018 at the "CEDRE" conference, where international donors made the disbursement of pledged aid contingent upon Lebanon implementing key reforms.

This marked the beginning of a relationship teetering between estrangement and utter disengagement, a rift that deepened dramatically after the 2020 Beirut port explosion and persisted through 2023. During this period, state institutions were increasingly hollowed out, losing both resources and capacity, while international trust in the government collapsed entirely. Para-statal models, similarly to the “Waed Model”, were re-engineered and further incentivized by the donor entities; In the meantime, civil society organizations were perceived and positioned by the same donor community as an alternative solution for the weakened and “failed state”. Unfortunately, this amalgam of power dynamics has contributed to more fragmentation in the aid management system. The waged campaign to substitute state institutions with more flexible, responsive, and accountable organizations from the non-public sector was doomed to utterly fail.

As of 2024, a "gradual restoration of the relationship" with the state is being captured, indicating a reversal in tendency, as significant relief and reconstruction pledges are expected to be channeled again through state institutions. In fact, despite all structural challenges, the state will always be needed for channeling international aid because. Its role is fundamentally crucial for legitimacy, coordination, and long-term sustainability, and its participation is necessary for any transition from mere aid coordination to genuine aid *governance*.

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1.3 A Window of Opportunity: The 2025 Political Transition

A significant change in Lebanon's political landscape occurred in early 2025 with the election of General Joseph Aoun as President in January and the subsequent formation of a new government under Prime Minister Nawaf Salam in February. This dual transition marks a significant and potentially transformative shift after years of political deadlock, economic collapse, and a deep erosion of public trust in state institutions.

This new leadership presents a critical, yet inherently fragile opportunity for the country to embark on a path of recovery and reform. The new administration has publicly acknowledged previous failures and has signaled a decisive break from past practices. The core of their stated agenda revolves/ among other key issues, such as the monopoly of the use of force/ around restoring state authority and rebuilding national institutions. The new leadership has also committed to a comprehensive reform program, including critical fiscal and financial reforms aimed at stabilizing the economy, alongside broader governance reforms to improve transparency and accountability. The success of these reforms is not only vital for Lebanon's internal recovery but is also a prerequisite for unlocking substantial international financial support and aid.

Yet, before expecting any advancement on this front, some critical and valid questions should be addressed first:

- How do real power dynamics and political interests influence humanitarian aid delivery, potentially sidelining the 'human' aspect?
- What are the consequences of the proliferation of actors and overlapping mandates within the international aid system?
- Why do donors choose to bypass recipient state institutions, and what are the impacts of this approach on state capacity and aid coordination?
- How can technology improve the efficiency and effectiveness of humanitarian assistance, and what limits its potential impact?
- Why might existing aid transparency platforms fail to ensure true accountability despite increased data accessibility? What is the alternative solution?
- What factors contribute to the persistent gap between aid pledges and actual disbursements?

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2. The Anatomy of a Fragmented System, Power Dynamics, Data Deserts, and Accountability Gaps

A first look into Lebanon's aid management system exposes a profound institutional fragility, persistent corruption driven by sectarian patronage networks, and a chronic lack of transparency and coordination. Over time, the persistence of bad practices has contributed to a largely fragmented system where power oscillates back and forth between numerous actors, including governmental bodies, international organizations, and civil society, depending on the context and the latent dynamics governing the donor community and the state's love-hate relationship. Beyond power swings, the underlying dynamics are largely dominated by elite capture, where sectarian political leaders control state resources and use them to benefit their clients through patronage networks, and by the art of bureaucratic rules and maneuvers[12]. The direct and obvious consequence of such a system is a combination of inefficiency and inadequacy that has completely diluted local and international trust in government institutions. The lack of a clear governance system with a clearly identified and empowered authority led systematically to overlapping mandates and "purposefully" weak coordination, allowing diversion of aid for political and sometimes institutional gains. The following explores the various aspects of Aid mismanagement and decades of lost opportunities.

2.1 Mapping the Institutional Maze: Mandates and Overlaps

The institutional landscape governing aid in Lebanon is not merely fragmented; it is a dynamic ecosystem defined by a tension between ad-hoc mandates and the realities of political power, resulting in a system where coordination is structurally undermined and potential aid inflows are systematically perceived as opportunities for elite capture. This complex web of actors operates less as a coherent governance framework and more as a network of competing agents, each vying for control over the little vital resources that are still flowing in. On the ground, the Council of Ministers (CoM) holds ultimate executive authority, theoretically positioning itself as the central node for strategic decision-making and donor coordination. However, this centrality is consistently eroded in practice by the ad-hoc activation of parallel bodies during crises, which dilutes its authority and creates competing chains of command and supplies. This pattern reflects a deeper institutional weakness and a lack of political will to enforce a unified strategy, allowing other actors to fill the power vacuum. This is also inherently linked to the political will to perpetuate a data desert as a prerequisite for systematic capture.

The Higher Relief Committee (HRC) exemplifies this dynamic. While its mandate to coordinate national crisis response is clear, its most potent power stems not from its coordinating role but from a specific legal provision: its right to import humanitarian aid duty-free, giving it a virtual monopoly over in-kind aid inflows. This provision transforms the HRC from a coordinator into a critical "choke

[12] Boustany, I (2025). Inside The Lebanese Aid Industry: Exploring Beneath Institutionalized Dynamics. *IFPO-CNRS*.

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point" in the entire aid supply chain. This monopoly over in-kind inflows is not a neutral administrative function; it is a source of immense political leverage. It allows the HRC, an entity often influenced by dominant political factions, to control the allocation of physical resources, reportedly demanding a portion of incoming aid for distribution through its channels, thereby reinforcing patronage networks and ensuring political loyalty through access to essential goods.

In stark contrast, the Disaster Risk Management Unit (DRMU), established with the explicit purpose of being a central, technical authority for crisis management, has been systematically marginalized. Its failure to lead during the COVID-19 pandemic, the 2023-2024 conflict, and the Beirut blast highlight a deliberate political choice to bypass a potentially independent and transparent body in favor of entities like the HRC or the military, which are more amenable to direct political control. The DRMU's marginalization is a testament to the political class's preference for ad-hoc, politically malleable responses over institutionalized, rules-based governance.

Other key actors include the Lebanese Armed Forces (LAF), which took on a significant role after the 2020 Beirut blast, the Ministry of Social Affairs (MoSA), the Ministry of Public Health (MoPH), and the Council for Development and Reconstruction (CDR), which manages large-scale infrastructure projects. However, it should be mentioned that the recent World Bank's LEAP project, which conditions funding on internal CDR reforms, signals a potential shift in donor strategy towards building state capacity rather than bypassing it.

2.2 The State Bypassing Dilemma: Direct Delivery vs. State-Mediated Channels

International aid enters Lebanon through a diverse array of sources, including foreign governments, UN agencies, international non-governmental organizations (NGOs), and diaspora groups. In recent crises, a significant portion of donors have actively sought to bypass Lebanese state institutions due to profound concerns about mismanagement and corruption (The Century Foundation, n.d.). This trend became particularly pronounced after the 2020 Beirut Port explosion, with donors declaring their intention to route aid directly to the people through NGOs or UN channels. The period from 2020 to 2023 witnessed the materialization of this shift in aid delivery. This move, which occurred during a period of what amounted to an "unofficial boycott" of the Lebanese state due to widespread corruption and institutional collapse, represented a high-risk move for the international community. In fact, the competitive environment among NGOs has led many to operate with a business-like focus on securing funding, making them heavily reliant on donor priorities. This often results in a preference for initiatives that align with donor interests rather than those that most urgently address the immediate needs of the communities they serve. Additionally, the civil society organization (CSO) sector, under immense financial pressure, has, in some cases, prioritized organizational sustainability and funding acquisition over operational effectiveness. Furthermore, by taking on roles traditionally reserved for the state, such as large-scale service provision and infrastructure

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management, some CSOs have arguably engaged in a form of unfair competition, further undermining already weakened state capacity and accountability.

Since early 2024, there has been a deliberate effort by the donor community to mitigate this risk by gradually rebuilding proactive, demand-driven engagement with state institutions.

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2.3 The "Data Desert" and the Illusion of Transparency.

Despite the existence of multiple reporting platforms creating a facade of openness, Lebanon still suffers from a "transparency illusion," where the form of transparency exists but fails to provide genuine accountability and traceability:

- The Unified Donor Coordination Platform, intended to align with IATI standards, remains scarcely functional, with key fields like recipient names and contacts often blank and data updates irregular.
- The Higher Relief Committee (HRC) website posts unsearchable images of documents while conspicuously omitting a detailed accounting of cash aid, a major blind spot.
- Even the technically sophisticated IMPACT platform, developed by the Central Inspection Bureau for monitoring needs and aid delivery, is largely ignored by higher-level decision-makers who revert to pre-existing patronage lists.

This gap between capability and use highlights that the problem is not technological but political. These platforms serve more as a facade of accountability, allowing those in power to maintain confusion and hide behind complex bureaucratic procedures, rather than as genuine tools for public oversight and effective coordination. As a matter of fact, Lebanon's aid management system became crippled by a pervasive "data desert," characterized by (i) a lack of common data standards and protocols[13] across the multitude of actors involved, (ii) irregular and incomplete disclosures, leading to a systemic absence of meaningful information that hinders the traceability of aid from donor commitment to the end beneficiary.

Finally, the absence of a unified national digital platform compliant with standards like the International Aid Transparency Initiative (IATI) /despite considerable efforts being deployed by the CSOs[14]/ means that even when data is produced, it is often siloed, incompatible, and non-machine-readable. This opacity does not qualify as unintentional; it fosters an environment conducive to mismanagement and corruption. It obscures the true path of resources and prevents a clear understanding of how aid is allocated and spent, ultimately undermining efforts to ensure it reaches those in need.

2.4 The "Reality Gap": Pledges, Disbursements, and Public Distrust

Another defining feature of Lebanon's aid landscape is the persistent and significant gap between international aid pledges and actual disbursements, a "reality gap" that fuels profound public distrust. This disconnect creates a "fog of reconstruction," where citizens hear of billions pledged at

[13] Analyses reveal over 15 different units of measurement—ranging from metric tons and boxes to "meals" and pieces—used in aid records without consistent conversion, making data reconciliation and aggregation nearly impossible.
[14] LAMP initiative by TI-Leb https://transparency-lebanon.org/

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international conferences but see little tangible improvement in their lives (Table 1). For example, following the October 2024 Paris conference, which pledged $800 million in humanitarian aid, disbursements were minimal, with no public information released on whether these funds were actually unblocked or spent. Similarly, Lebanon received only about 20% of the $3 billion it requested for stabilization between July and December 2024. This chronic shortfall, where committed funding fails to materialize, leads to disillusionment with formal channels. Citizens, seeing no quick results from promised aid, lose faith in state-led recovery and increasingly rely on informal or parallel networks for support.

Table 2: International Aid Pledges vs. Disbursements (2024-2025)

Aid Source/Type	Pledged/Required Amount	Disbursed/Received Amount	Status/Date
Pledges/Requirements			
Paris Conference (Oct 2024) Humanitarian Aid	$800 million	$108 million (13.9%)	Disbursed by Nov 2024
Paris Conference (Oct 2024) Security Forces Aid	$200 million	N/A	Pledged
Lebanon's Requested Stabilization Financing (Jul-Dec 2024)	$3 billion	20% of the requested	Received by Dec 2024
World Bank LEAP Project (Total Scalable Framework)	US$1 billion	US$250 million (initial)	Approved June 2025
UNICEF Lebanon Appeal (2025)	US$658.2 million	26% funded	As of March 2025
UNHCR Lebanon Operation (2025)	N/A	15% funded	As of March 2025
EU Humanitarian Aid (2025)	€93 million	N/A	Ongoing
Total Donor Funding (UN/NGO reported)			
Received (2024)	N/A	$1.63 billion	As of Dec 2024
Committed (2025 and beyond)	N/A	$655 million	As of Dec 2024

Source: multiple sources.

2.5 Civil Society: From Frontliner to Token Participants

While civil society organizations (CSOs) have become the primary implementers of aid on the ground, especially after the Beirut blast, their role in governance and decision-making remains largely tokenistic. CSOs are active as implementing partners of "first and last resort," filling the void left by a weak state. However, their participation in coordination mechanisms, such as the Lebanon Crisis Response Plan (3RF), is often symbolic. They are given a seat at the table but not an authentic voice in shaping priorities or strategies, leading to a misalignment between aid and actual community needs. The selection of which CSOs represent civil society is frequently ambiguous and influenced by donors or the government, sometimes favoring less critical, more compliant organizations, which undermines CSO unity and independence. Despite their on-the-ground insights

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and role as direct implementers, their contributions to policy and governance are systematically underutilized, reducing them from essential frontliners to mere participants in a process they do not control.

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3. Exploring and Extrapolating

Historically, the international scene has witnessed drastic changes in aid management. Significant progress has been made in improving aid effectiveness[15]. Donors now avoid funding notoriously corrupt governments and recognize that aid is ineffective in countries with poor policies. This shift led to key agreements like the 2005 Paris Declaration, which promoted donor coordination and basic governance reforms. The 2008 Accra High Level Forum further advanced the agenda by including civil society, resulting in commitments to increase donor transparency, allow civil society to monitor projects, reduce policy conditions on aid, and end tied aid. In practice, there has been measurable progress in untying aid and reducing conditionality in some areas.

Yet, we should admit that despite progress on coordination, the focus on the core issues of governance and anti-corruption was not up to the desired standards, reflecting a "silent crisis" where the anti-corruption movement failed to move from awareness to concrete action, while still ignoring the crucial political dimensions of corruption, such as "state capture". The international experience demonstrates that Aid effectiveness is fundamentally undermined by poor governance[16], as empirical evidence shows a strong link between corruption/capture and project failure. The following section aims to relativize successful country experiences and attempts to extrapolate these elements of success into the Lebanese context.

3.1 Looking into Other Country Experiences in Stabilizing the Aid Sector

Liberia's Upgrade of the Aid Management Experience

Liberia's experience involves initiatives that address governance gaps at both the demand and supply ends of the aid sector. It sought first to establish a solid common ground for a useful dialogue through the "Action Dialogue on Effective Aid", and then deployed multiple initiatives basically to reassert the state ownership and stewardship of the development agenda, and to include other key stakeholders in mechanisms subject to direct accountability. Below is a list of key developments and initiatives:

- The country has participated in platforms like the "**Action Dialogue on Effective Aid"**, which "created a unique platform for partners and other stakeholders to share their experiences and lessons learnt from the field, deriving new practical solutions on how to better address the challenges affecting development cooperation and project implementation in Liberia"[17].

[15] Daniel Kaufmann (2009). Special Report: Aid Effectiveness and Governance. Available online: https://openknowledge.worldbank.org/server/api/core/bitstreams/5b45bcb0-c0f0-53c3-a4ef-3ca5cd34b7e5/content

[16] Bourguignon, F., & Platteau, J. (2017). Aid Effectiveness: Revisiting the Trade-Off between Needs and Governance. Development Economics: Macroeconomic Issues in Developing Economies eJournal.

[17] United Nations Development Programme. "Liberia Action Dialogue." Last modified March 16, 2022. https://www.effectivecooperation.org/liberiaactiondialogue

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Lessons learnt focused on improving concerted coordination, enhancing M&E systems, and consequently transparency and mutual accountability.

- **Deploying effective tools such as the SCORE Liberia index[18] has been utilized** to diagnose governance gaps and inform public policy and programming[19]. It serves to systematically identify governance gaps across key dimensions such as public administration, accountability, and the rule of law. By offering evidence-based analysis, the index helps to inform public policy and programming, enabling the government and its partners to prioritize reforms and target interventions where they are most needed.
- **Centralizing the Aid Management and Coordination Unit (AMCU) at the Ministry of Finance** and Development Planning to ensure much-needed alignment and synchronization between the aid agenda (including pledges and externally financed programs) and the locally financed agenda. Such action allowed more systematic prioritization.
- Regulating non-governmental activities in the aid Sector. **The National Aid and NGO Policy (NAPL)[20]** of Liberia is a "framework for managing development assistance and regulating the activities of non-governmental organizations (NGOs) in the country". The ultimate objective is to increase transparency, accountability, and coordination of aid efforts.
- **Centralizing Aid Management Information through the Liberia Project Dashboard[21]**. It is an information management system used to input, analyze, and publish information about development projects across the country.
- **Mainstreaming development priorities** through the Pro-Poor Agenda for Prosperity and Development (PAPD), which is Liberia's national development strategy that serves as a guiding framework for aid efforts.

Uganda's Strategic Re-Orientation of the Aid Sector

Uganda pioneered aid effectiveness by anchoring donor support in national ownership, alignment with development plans like NDP III, and coordinated, state-led management. While the Aid Information Management Platform has enhanced transparency and decision-making, fragmentation persists due to excluded off-budget and multilateral flows, limiting full oversight and coherence.

[18] It provides a comprehensive diagnostic assessment of the country's governance and institutional performance
[19] "Enhancing Good Governance in Liberia: Evidence-Based Policy Paper from SCORE Liberia Wave Two 2018." ReliefWeb. Accessed September 3, 2025. https://reliefweb.int/report/liberia/enhancing-good-governance-liberia-evidence-based-policy-paper-score-liberia-wave-two-2018
[20] Ministry of Finance & Development Planning, Republic of Liberia (2020). National Aid and NGO Policy of Liberia. Available online: https://www.mfdp.gov.lr/index.php/component/edocman/policy-procedure/national-aid-and-ngo-policy-of-liberia?Itemid=1757
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- Uganda was a pioneer in **re-engineering the Aid Architecture** around three key principles: (i) The notion of ownership, which grants the recipient country the lead on defining and steering development policies and consequently aid inflows scope; (ii) donor alignment with national agendas, (iii) multi-dimensional coordination, including cross-donor coordination, that aims to reduce transactional costs for recipient countries and fosters agenda alignment, in addition to state-led coordination across the board[22].
- **Anchoring the guiding development plans into the SDGs agenda**[23]. The government has developed national development plans (like NDP III) that align with global goals (SDGs), and it has established a roadmap to guide the implementation of these goals.
- **Strengthening aid information management**[24]**,** an aid information management platform has been developed to collect and analyze data on aid flows, supporting evidence-based decision-making and transparency. Yet, it excludes information about excluding multilaterally funded programs and all off-budget support.

Vietnam Shifts from Central to Strategic Planning

Vietnam has been recognized for its efforts in improving aid management and effectiveness, often being perceived as a "good" aid recipient due to its performance in poverty reduction and economic growth. This was possible due to several initiatives that focused on priority alignment and improved transparency.

- **Centralizing the strategic management of ODAs**[25]**.** The Ministry of Planning and Investment (MPI) served as the central "super-ministry" in Vietnam's national development planning, responsible for formulating strategies, managing public investment, and allocating resources. This institutional setup positioned MPI as the primary coordinator for Official Development Assistance (ODA), integrating donor aid into national development plans and acting as the main counterpart for donors like the UNDP and World Bank. Within MPI, the Foreign Economic Relations Department (FERD) managed ODA, particularly large loan projects, by creating priority project lists for donors to fund, ensuring aid aligned with government priorities. This system was characterized by three main features: (1) strong state control and government ownership, as

[22] Habraken, R.; Schulpen, L.W.M.; Hoebink, P.R.J. (2017). Putting promises into practice: The New Aid Architecture in Uganda. Development Policy Review, 35, 6, (2017), pp. 779-795. https://doi.org/10.1111/dpr.12294

[23] International Monetary Fund. Fiscal Affairs Dept. "Uganda: Technical Assistance Report-The Cost of Meeting the Sustainable Development Goals in Human Capital and Infrastructure Development", Technical Assistance Reports 2024, 104 (2024), A001, accessed Sep 2, 2025, https://doi.org/10.5089/9798400293931.019.A001

[24] Development initiatives (2024). Uganda's aid information management platform: the data landscape. Available online: https://devinit.org/files/documents/1463/ugandas_aid_information_management_platform_-_the_data_landscape.pdf

[25] Le Thanh Forsberg and Ari Kokko (2008). From Growth to Poverty Reduction: The Framework for Development Cooperation in Vietnam. Country Economic Report 2008:2. Available online: https://cdn.sida.se/publications/files/sida41115en-from-growth-to-poverty-reduction-the-framework-for-development-cooperation-in-vietnam.pdf

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MPI's dual role in planning and aid coordination ensured ODA supported national goals; (2) MPI's dominance in managing loan aid—constituting 60–70% of ODA—gave greater influence to major loan providers like the World Bank and Japan, while smaller donors focused on technical assistance at lower administrative levels; and (3) centralized authority limited the autonomy of line ministries and provincial agencies, requiring MPI approval for larger projects and making aid allocation a politicized process where provinces competed for inclusion in national priority lists.

- **Gradual Broadening Participation in ODA: Involving Non-State Actors.** The relationship between the Vietnamese government and non-state actors has seen moderate improvement since 1998. International NGOs (INGOs) have gained greater involvement in policy processes, including participation in poverty strategy consultations and Consultative Group (CG) meetings. Donors have encouraged broader engagement with civil society, though meetings between the government and local NGOs remain rare. Local NGOs continue to face suspicion from authorities and challenges in collaborating with major donors due to capacity gaps. A key reform was the 1998 Grassroots Democracy Decree, which legally enabled citizen participation and monitoring at the commune level, despite ongoing limitations in public awareness and engagement. Academics play an advisory role in policy-making but advocate for more transparent ODA processes and greater inclusion of local experts over foreign consultants. While the private sector is largely excluded from ODA implementation, the Vietnam Business Forum has become a key platform for policy dialogue, with calls for modernizing planning, feasibility studies, and procurement practices[26].

Bangladesh's Reliance on Information Technology

Bangladesh improved its aid management and effectiveness by developing a custom module for its home-grown Aid Information Management System (AIMS), allowing the system to scale up effectively by accepting data from multiple donors through a general solution, avoiding double-counting of projects, and significantly reducing the workload and cost for donor country offices, and ultimately allowing a centralized source of information for policy prioritization.

- **Aligning the state priorities and the donor's agenda**. Bangladesh signed a Joint Co-operation Strategy with our development partners specifying areas for intervention to implement international aid effectiveness agreements in Bangladesh. The strategy aims to reduce aid fragmentation, increase national ownership, and concentrate efforts to align with national systems."[27]

[26] World Bank (n.d.). A Multi-Partner Evaluation of the Comprehensive Development Framework. Vietnam Case Study. Available online: https://documents1.worldbank.org/curated/en/208471468134092267/pdf/821150WP0cdf0v00Box379851B00PUBLIC0.pdf

[27] "Bangladesh Monitoring Results 2023 - 2026 | Global Partnership for Effective Development Co-operation

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- **Enhancing transparency.** The government has developed the National Aid Information Management System (AIMS) and encourages development partners to report contributions to AIMS to enhance transparency and accountability[28].
- **Reducing Aid Fragmentation** through solid and systematic cooperation using a sectoral approach.

3.2 Potential Applications in the Context of Lebanon

The international experience shows that aid effectiveness is fundamentally undermined by poor governance, with corruption and state capture strongly linked to project failure and efficiency loss. This context is highly relevant to Lebanon, where elite capture and corruption are considered a predominant problem.

Lessons learnt have also informed us that there is no off-the-shelf solution for improving aid effectiveness and that improvements are most of the time achieved incrementally. This being said, a key question ought to be asked: is it possible to extrapolate other countries' experiences to the Lebanese case?

Lebanon, as largely elaborated in this note, experiences governance deficiencies that are similar in nature to many developing countries. Lebanon has indeed invested some efforts to improve aid management. Lebanon signed the International Aid Transparency Initiative (IATI) in 2011 to improve donor assistance effectiveness[29]. However, unlike the experiences of Liberia, Uganda, and Vietnam, Lebanon lacks a formal, overarching national development plan, which is critical for ensuring donor alignment and national ownership of the development agenda. The lack of a comprehensive national plan hinders systematic prioritization and coordination of aid efforts.

The case studies of Liberia, Uganda, Bangladesh, and Vietnam highlight the importance of centralizing aid management (preferably at the Ministry of Finance), establishing robust information management systems, and anchoring aid within national development strategies. In Lebanon, while there are centralization efforts in specific sectors, such as migration data management, there is no indication of a centralized, state-led aid information platform that systematically tracks all aid flows, including off-budget support. Furthermore, the crucial political dimensions of corruption, such as state capture and a weakened judiciary, remain significant obstacles. Extrapolating the successes of other nations to Lebanon requires not only technical solutions like improved information systems

[28] Ahmed, Monowar. "Putting IATI Data to Use in Bangladesh: Moving from Data Collection to Development Effectiveness." IATI. https://iatistandard.org/en/news/putting-iati-data-to-use-in-bangladesh-moving-from-data-collection-to-development-effectiveness/
[29] Kinda Mohamadieh (2012). Development and Aid Effectiveness: Inquiries Raised Within the Case of Lebanon. Centre for Social Sciences Research & Action. Available online: https://reliefweb.int/report/lebanon/development-and-aid-effectiveness-inquiries-raised-within-case-lebanon

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but, more importantly, addressing the deep-rooted political economy of corruption and establishing genuine national ownership through a credible and inclusive development plan.

4. Recommendations for a New Approach to Aid Management

4.1 Strategic Pathways for Lebanon

Lebanon's aid management system is fundamentally broken, characterized by a deeply entrenched political economy of corruption, pervasive institutional fragmentation, and a chronic lack of transparency. Breaking out of this vicious cycle of dependency and dysfunction requires a fundamental shift in approaching aid inflows and managing them.

Approach 1: Centralization as a Major Driver for Reform

Concentrating decision-making authority and control within a central body (the Liberia experience), often located at the top levels (Council of Ministers or Ministry of Finance), could be an effective means for consolidating responsibilities and consequently accountability.

This approach means that one entity will be in charge of creating, coordinating, and managing information and processes related to international aid coming in, but also, and most importantly, in synchronization with development projects financed by national budgets. Streamlining the management of nationally financed and externally-funded projects is key to improving effectiveness and efficiency.

On a parallel note, centralization entails institutionalization of key functions like prioritizing, planning, monitoring, reporting, financial management, and others. However, centralizing and institutionalizing aid management regardless of national systems might bypass or overlook existing local governance structures and capacities, potentially affecting the sustainability and ownership of aid interventions. It also means more leverage and power for central bodies that can be harmfully misused. Despite the possible drawbacks, this approach might be the fastest path towards achieving better aid effectiveness in the context of Lebanon.

Approach 2: **Upgrading and Integrating National Systems**

This approach entails the revision and the upscale of existing national systems to accommodate aid management in a more transparent and accountable way. It is a more demanding approach compared to centralization, because it requires simultaneous efforts for upgrade and integration. It does not concentrate aid management functions in the hands of one entity, but rather establishes harmony across decentralized systems. For instance, integrating national M&E systems with the aid information management system deployed by the donor community and CSOs. Another example is to establish a strong coordination platform that allows policy arbitration between locally funded projects hosted on the MoF systems and externally funded off-budget projects, usually compiled on parallel donor-managed systems.

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This approach is softer and preserves a sense of participatory policymaking, yet it is riskier in terms of systems compatibility and the level of effort required upstream. An incremental upgrade and integration of key functions could be an effective mitigation measure, but it requires strong leadership that can steer heavy reforms in the long term.

4.2 Actionable recommendations

Regardless of the approach, the following recommendations outline pragmatic steps to foster a more effective, transparent, and accountable aid management system for Lebanon:

- **Establish a Unified and Accountable Aid Governance Authority**: Create a single, independent national authority with a clear legal mandate to coordinate all aid activities. This body would streamline processes, reduce duplication, and serve as the primary point of contact for donors, addressing the current fragmentation and overlapping mandates of various institutions.
- **Mandate and Enforce IATI-Compliant Data Publication**: Implement a unified national digital platform that fully complies with International Aid Transparency Initiative (IATI) standards. This platform should require all aid transactions (financial and in-kind) to be recorded in a standardized, machine-readable format, updated in real-time, to ensure full transparency and traceability from donation to end-use.
- **Strengthen Independent Oversight and Accountability Mechanisms**: Significantly enhance the capacity and independence of key oversight institutions like the National Anti-Corruption Commission (NACC), the Public Procurement Authority (PPA), and the Court of Accounts (CoA). This includes ensuring they are fully staffed, have protected budgets, and possess the power to conduct independent audits and investigations into aid-related corruption.
- **Empower and Integrate Civil Society Organizations (CSOs) in Aid Governance**: Move beyond tokenistic inclusion by ensuring genuine participation of CSOs at all stages of aid management. This involves formally including CSO representatives, selected through a transparent process, in decision-making committees for needs assessment, project design, allocation, and monitoring to ensure interventions are relevant and effective.
- **Prioritize State Capacity Building with Conditional Engagement**: The international community should shift from bypassing the state to a strategy of conditional engagement. This means gradually channeling more aid through government systems, but only as they meet specific governance benchmarks and demonstrate tangible progress in reforms. This approach should be coupled with technical assistance to build long-term state capacity and accountability.

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