

POLICY BRIEF:

Towards greater national control of education financing in Lebanon

*Aligning domestic and external
resources for planning, financial
management and public
accountability*

The Education Research in Conflict and Protracted Crisis (ERICC) Research Programme Consortium is a global research and learning partnership that strives to transform education policy and practice in conflict and protracted crisis around the world — ultimately to help improve holistic outcomes for children — through building a global hub for a rigorous, context-relevant and actionable evidence base.

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ERICC is led by the International Rescue Committee (IRC) with Academic Lead IOE, UCL's Faculty of Education and Society, and expert partners include Centre for Lebanese Studies, Common Heritage Foundation, The Inclusive Education Foundation (InEd), ODI Global, Osman Consulting, OTHERWISE Research and Queen Rania Foundation. During ERICC's inception period, NYU-TIES provided research leadership, developed the original ERICC Conceptual Framework and contributed to early research agenda development. ERICC is supported by UK Aid.

Countries in focus include Bangladesh (Cox's Bazar), Jordan, Lebanon, Myanmar, Nigeria, South Sudan and Syria.

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Executive summary

Lebanon's education-financing architecture has become increasingly fragmented. Domestic resources are dispersed across State institutions, while external resources are channelled through different humanitarian, development, project-based and technical-assistance arrangements. These resources are not captured within a single framework for planning, financial management or public accountability, even as external financing increasingly supports functions central to public education.

This brief, based on a new study by the Centre for Lebanese Studies, argues for a progressive transition towards nationally governed education financing. Greater national control does not require immediately transferring all external funds into government accounts. It means strengthening the State's ability to plan, align, manage and account for domestic and external resources, while progressively increasing national financial responsibility as institutional capacity and safeguards improve.

Three priorities can drive this transition, as discussed in this policy brief: establish a national framework for planning and accounting for all education financing; finance permanent State capacity and progressively transfer financial management functions to national institutions; and use co-financing and managed risk-sharing to increase national financial responsibility over time.

The choice is not between immediate transfer and indefinite external management, but how to build a credible pathway towards greater national authority, responsibility and public accountability.

Introduction

Lebanon's education-financing system has become increasingly fragmented. Public education is financed through a combination of State resources and external financing, but these resources are planned, managed, reported and overseen through different institutions and systems. Domestic public expenditure is distributed across the Ministry of Education and Higher Education (MEHE) and several other public institutions (Abdul-Hamid and Yassine, 2020), while international financing is channelled through a range of integrated (state-managed), hybrid and externally managed arrangements.

New research by the Centre for Lebanese Studies analyses Lebanon's education financing architecture and this policy brief summarises some of the main conclusions concerning the management and integration of external financing and its relationship to domestic financing and control.

Context

Lebanon's education financing architecture has developed gradually through post-civil war reconstruction, successive education reforms, the Syrian refugee response and, more recently, the economic and financial collapse, the COVID-19 pandemic and war. From 2011 onwards, following the Syria response, international financing expanded significantly, supporting both refugee education and provision delivered through the public system. Since 2019, weakened State finances, declining public-sector salaries, staffing losses, school closures and repeated crises have pushed external financing further towards sustaining the functions required for the continued operation of public education. At the same time, declining donor confidence in State accountability mechanisms has encouraged greater external management of these resources (Brun et al., 2024).

The composition of external financing is also important. OECD-DAC data (OECD, 2026) show that a substantial share of recent Official Development Assistance (ODA) to education in Lebanon has been delivered through project-based interventions and technical assistance (externally paid consultants) rather than through budget support. Technical assistance financing has also increased substantially over time. Institutionally, this means that external financing supports education programmes and services as well as technical, planning and implementation functions that might otherwise sit within national institutions.

This shift is visible in the Transition and Resilience Education Fund (TREF), a multi-donor initiative (MEHE & UNICEF, 2022) under which donor resources support functions such as contract-teacher payments and school operating costs, while UNICEF retains fiduciary management (UNICEF, 2023; 2025). TREF is therefore closely integrated with MEHE in programming and implementation, while remaining outside regular State financial-management channels. This illustrates a broader feature of the current architecture: external financing can become embedded in the functioning of the public education system without being financially controlled by the State. The distinction between emergency financing and financing the public education system has consequently become increasingly blurred. The wider study finds that this creates a structural vulnerability because public education has become partly dependent on financing arrangements whose continuation, scale and priorities are not controlled by the State.

The distinction between humanitarian and development financing has similarly become less clear-cut in practice. Resources associated with refugee and crisis response increasingly support functions within the public education system, while humanitarian and development financing continues to be recorded and managed through partly distinct funding and reporting arrangements, making a consolidated view of sector financing more difficult.

This does not mean that MEHE has no authority within externally financed programmes. The relationship is more complex than a straightforward donor bypass. MEHE can play an important role in setting priorities and overseeing implementation, even where it does not receive or manage the funds directly. Thus, it may be useful to distinguish between programmatic authority, financial control and public accountability, which do not necessarily sit with the same institution. The resulting challenge is a growing mismatch between public responsibility and financial authority: the State remains responsible for education while exercising only partial control over some of the resources on which its provision depends.

Fragmented financing also means fragmented accountability

This distribution of financial responsibility has important implications for accountability. The problem is not that externally managed financing is unaccountable. TREF and other externally managed arrangements can be subject to extensive verification, financial assurance, monitoring and results reporting, and have also strengthened information-sharing within MEHE.

The challenge is that different resources are accountable through different systems and to different actors. Domestically managed resources are formally subject to Lebanon's public-finance procedures, the Court of Audit and parliamentary scrutiny, although these mechanisms face implementation and capacity constraints (Lebanese Republic, 1926, Art. 87; 1963; IMF, 2026). Externally managed resources may be subject to stronger fund-specific fiduciary and results controls, but their main accountability chains run through donors, UN agencies and fund-governance arrangements rather than Lebanese public institutions.

This creates a distinction between fund-level accountability and system-level public accountability. A fund may be able to show that resources were spent according to its rules, while the State still lacks a consolidated picture of total education financing, including who is financing what, where resources are going, how they align with national priorities and what results they produce. This

fragmentation affects not only transparency, but also planning, equity, sustainability and the State's ability to identify gaps, duplication and future financing risks.

Why greater national control matters now

The current architecture has helped sustain education provision through severe fiscal, political and security crises. But arrangements developed to manage crisis and fiduciary risk have increasingly become part of the ordinary financing of public education. The question is therefore no longer only how effectively individual external programmes are managed, but what financing architecture Lebanon needs for the longer-term governance of its education system.

Reliance on externally managed financing can also become self-reinforcing. Weak State financial-management capacity and low donor confidence provide reasons for keeping resources outside national systems. Yet when budgeting, execution, payment, reporting and assurance functions remain externally managed over long periods, national institutions have fewer opportunities to strengthen their own capacity through practice. Continued weakness can then provide further justification for continued external management. External financing did not create Lebanon's institutional weaknesses, but indefinite institutional substitution cannot resolve them.

Greater national control should therefore not mean an immediate transfer of all external financing into government accounts. Given current fiscal, administrative and fiduciary constraints, some external financial management is likely to remain necessary in the short to medium term. Rather, national control means progressively strengthening the State's ability to see, plan, align, manage and account for the resources financing education.

From this discussion, it is possible to conclude that Lebanon's central financing problem is not the absence of financing mechanisms, but the absence of a coherent national framework through which the State can govern education financing as a whole. Deriving from that conclusion, a central policy question is:

How can the Lebanese State gain greater control over the domestic and external resources financing education, while strengthening financial management and public accountability?

Study approach and the policy challenge

Study approach

This policy brief draws on a wider qualitative study of how Lebanon's education-financing architecture has evolved since the end of the civil war and how it operates today. The study understands education financing as the institutional architecture through which resources are mobilised, channelled, allocated, managed and accounted for. Hence, its purpose was not to produce a comprehensive estimate of total education expenditure, but to understand how domestic and external resources move through the education system, who manages and makes decisions over them, and through which institutions they are held accountable. Available figures nevertheless give an indication of the significance of external financing. A World Bank assessment in 2022 estimated that international financing, then channelled primarily through the World Bank and UNICEF, was equivalent to an additional 24.3% of MEHE's budget (World Bank, 2022). External resources have supported refugee enrolment and second-shift schooling, teacher incentives and payments, school operating costs, learning materials, rehabilitation, sector planning and other functions within public education. The figure should not be read as a comprehensive domestic-external financing split: different sources cover different institutional boundaries and financing streams, and the absence of a consolidated financing picture is itself one of the problems identified by this study.

Given the absence of a single comprehensive public source on education financing in Lebanon, the study on which the policy brief is based relied on triangulation to compare legal provisions, financial

information, institutional procedures and stakeholder accounts, and to assess differences between formal rules and practice. The research reviewed legislation, budget laws, official government and oversight documents, donor and UN material, earlier research from the Centre for Lebanese Studies (CLS) and relevant academic literature. Eight semi-structured interviews were conducted between August 2025 and May 2026 and findings from 11 related interviews conducted in 2024 more specifically on education governance were also included in the analysis. After the initial data analysis, three validation meetings with stakeholders involved in managing and scrutinising education financing were held to discuss the preliminary results.

Against the wider financing landscape studied, the brief concentrates particularly on external financing because of its growing institutional significance for the financing and governance of public education.

What does the study tell us about the policy challenge?

The study identifies three developments that are particularly important for policy.

First, **crisis financing has increasingly become system financing**. Arrangements initially developed for reconstruction, reform or refugee education now support activities required for the routine functioning of public education. This has created a structural vulnerability: core public functions are partly dependent on financing whose scale, continuation and priorities are not controlled by the State.

Second, **public responsibility and financial authority have become partially separated**. Government involvement in setting priorities and programme governance can be substantial, but national institutions do not necessarily control, execute or account for the resources required to implement those priorities.

Third, **fragmentation can become self-reinforcing**. Weak public financial-management capacity and low donor confidence encourage external control over resources. But when financial-management functions remain outside State institutions over long periods, national institutions have fewer opportunities to develop capacity by exercising those functions themselves. Continued institutional weakness can then reinforce the argument for continued external management.

The challenge is not to choose between immediate transfer of all financing into weak public systems on the one hand and indefinite external management on the other. Consequently, Lebanon needs a credible transition in which financial safeguards, institutional strengthening and the progressive transfer of authority and responsibility develop together. Importantly, elements of such a transition are already beginning to emerge.

Reform is already under way – but it needs a clearer direction

MEHE has already begun taking steps towards a stronger governing role in education financing. Under TREF, the Strategic Management Board brings MEHE, UNICEF and donors together for regular joint decision-making, giving the Ministry greater space in programme governance than under some earlier arrangements. Financial management has also evolved, including more needs-based allocation to school and parent council funds and closer coordination with Regional Education Offices. These reforms do not give MEHE full control over financing, but they indicate an effort to strengthen its role within an architecture in which authority and financial management remain distributed across government and external actors.

The most significant current proposal is the establishment of a Financial Planning Unit (FPU) within MEHE. The proposed unit would not replace existing financial departments, but would bring together information from MEHE, affiliated institutions and donors to create a more complete picture of sector financing. Current plans include harmonising financial classifications, mapping donor contributions and developing a two-way financial dashboard. Importantly, the immediate objective is not to

channel all donor resources through government, but to ensure that MEHE knows what resources are available, how they relate to national priorities and where financing gaps remain: consolidated visibility before consolidated custody.

There are also indications of a more ambitious longer-term direction. Some stakeholders have envisaged externally managed mechanisms such as TREF eventually moving towards greater Ministry financial responsibility. Experience in the social protection sector¹ shows how external financing can be aligned around a nationally owned programme alongside explicit domestic co-financing. However, the research did not identify a clear, agreed pathway in the education sector specifying which functions should transfer, under what conditions, over what timeframe, or how fiduciary risk would be shared. Interviewees also stressed that such change depends on political incentives and trust as much as technical reforms.

The policy challenge is to connect emerging reforms into a coherent transition strategy. Better information, joint decision-making and new financial-planning structures can strengthen State stewardship, but they will not by themselves resolve the separation between public responsibility and financial authority. The next step is to define how these reforms can lead progressively from visibility and coordination to co-financing, the transfer of financial-management functions and greater national responsibility for education financing.

Three policy options

Option 1: Continue the current architecture, with better coordination

Under this option, external financing would continue to be managed largely through existing arrangements, while MEHE, donors and international agencies improve coordination, information-sharing and alignment.

This approach has important advantages. It preserves established fiduciary controls, avoids an abrupt transfer of financial risk and builds on arrangements that have improved verification, information-sharing and payment assurance. TREF has demonstrated that externally managed mechanisms can also generate information and administrative learning within MEHE.

However, improved coordination alone would leave the underlying structure largely unchanged. The State would continue to lack a consolidated view of education financing, domestic and external resources would remain difficult to reconcile, and core financial-management functions could remain external indefinitely. It therefore risks improving the operation of the current architecture without addressing the separation between public responsibility and financial authority.

Option 2: Rapidly integrate external financing into State systems

A second option would be to move substantially more external financing through the national budget, Treasury and public financial-management system.

This could strengthen national ownership, public accountability and the institutional role of the State. However, an immediate large-scale transfer would carry significant risks. Lebanon's public institutions continue to face severe staffing constraints, weaknesses in budget execution and reporting, delayed audit and uneven implementation of financial controls. Donor concerns about fiduciary risk are therefore not without foundation. Interviews also suggest that some donors support a gradual increase in government responsibility over financing, but this is not yet backed by a clear, shared transition plan.

¹ <https://www.socialaffairs.gov.lb/ar/about-aman/>

Moving resources into State systems without addressing these constraints could shift financial responsibility faster than institutional capacity and oversight can support it.

Option 3 (Recommended): Progressive transition towards nationally governed financing

A third option is to distinguish national governance of financing from immediate national custody of all funds.

Under this approach, domestic and external resources would first be brought into a common national framework for planning, prioritisation and public accountability. Government would progressively finance a greater share of core functions, while selected financial-management responsibilities would transfer to national institutions as agreed staffing, systems and oversight conditions are met.

Financial custody could therefore remain mixed in the short to medium term, while governance becomes progressively more coherent and nationally anchored. This provides a pathway between the two extremes of indefinite external management and premature wholesale transfer. The study recommends this approach.

Policy recommendations: A pathway towards greater national control and conclusion

1. Create one national framework for planning and accounting for education financing

The immediate priority is to build a progressively more complete national picture of the resources financing education. This should begin with MEHE, the Center for Educational Research and Development (CERD), affiliated institutions and major externally financed programmes, while developing mechanisms over time to capture relevant education and training expenditure administered through other public institutions.

MEHE and the Ministry of Finance should formalise the proposed Financial Planning Unit, or an equivalent permanent strategic-finance function, within MEHE's organisational structure. It should have the mandate, staffing and authority to bring together information from MEHE, CERD, other public institutions and externally financed programmes. Its core functions should include costing national priorities, mapping financing, identifying funding gaps and supporting whole-sector financial planning.

A central output should be an annual consolidated education-financing statement, initially covering MEHE, affiliated institutions and major external financing, and progressively incorporating other identifiable public expenditure on education and training. External funds would not need to be held by the State in order to appear in this framework. The immediate objective is consolidated visibility, not necessarily consolidated custody.

This should be supported by an integrated digital financial-information system and a practical mechanism for reconciling State budget classifications with donor programme and results reporting. MEHE and MoF should also review the structure of the education budget so that expenditure can be related more clearly to programmes and national priorities.

The consolidated financing picture should be used both for management and for public accountability. Parliament, relevant oversight institutions and the public should by law be able to examine domestic and external financing together, including what was spent, for what purpose, where and with what results. Oversight recommendations should be followed by written responses and subsequent review, so that accountability becomes a cycle of reporting, scrutiny, response and follow-up.

2. Finance a permanent State core and progressively transfer functions

Greater control cannot be built through better information alone. National institutions must also exercise the functions associated with financial responsibility.

MEHE should map the financial-management, planning, procurement, payment, data, reporting and monitoring functions currently performed by Ministry units, consultants, UNICEF and other external actors. For each function, government and financing partners should identify where long-term responsibility should sit and what staffing, systems and safeguards are required before transfer.

This should form the basis of an explicit function-transfer plan, distinguishing functions that should remain external temporarily, those that can be jointly exercised and those that can progressively move to national institutions.

Externally financed programmes and technical assistance should support this transition through explicit institutional-capacity objectives linked to the functions they perform and to permanent State staffing. Capacity strengthening should extend beyond short-term training to sustained joint working with permanent State staff, including mentoring and shadowing, shared access to systems and information, and the progressive transfer of responsibilities and institutional knowledge. Where consultants or externally financed personnel perform functions that should ultimately sit within national institutions, their role should include working alongside designated counterparts and preparing those functions for transfer.

The State must, however, progressively finance and institutionalise a minimum permanent administrative and technical core. Essential planning, financial-management, data and oversight functions cannot remain dependent on temporary projects or consultants. Government, the Ministry of Finance, the Civil Service Board and other relevant authorities should therefore prioritise filling critical posts required for education financial governance.

Oversight institutions must be strengthened alongside MEHE. Greater national control without sufficient audit, inspection and parliamentary scrutiny would reproduce rather than solve the accountability problem.

The guiding principle is that institutional capacity develops through having the permanent staff, systems, knowledge and authority to exercise responsibility in practice – not solely *through training* or externally provided expertise.

3. Use co-financing and managed risk-sharing to increase national financial responsibility

Government and financing partners should agree on a phased transition framework for external education financing.

The framework should establish which financing functions and funding streams can progressively move closer to national systems, what safeguards are required and how progress will be assessed. Benchmarks should cover staffing, financial controls, procurement, reporting, audit, data systems and oversight.

Co-financing should be a central mechanism for this transition. Government and donors should identify a limited number of nationally defined programmes or core functions for which the State makes an explicit budget contribution and external financing complements the remaining requirement. Possible areas include school operating costs, core administrative capacity, curriculum implementation, teacher professional development and education data systems.

The domestic contribution should be visible in the national budget and, where fiscal space and implementation performance permit, increase progressively over time. This gives national ownership a concrete financial dimension without requiring immediate transfer of all donor resources. The emerging AMAN model in the social protection sector offers a useful domestic example of programme-based alignment, domestic co-financing and progressively greater State stewardship while external financing continues.

This transition also requires a shift in donor practice. Donors should move from an approach centred primarily on avoiding fiduciary risk towards progressively sharing and managing risk with national institutions. Where agreed safeguards are met, renewed financing arrangements should create opportunities for greater use of national procedures and further transfer of functions rather than automatically reproducing existing external-management arrangements. This should also shape the design of project-based financing and technical assistance. Where external resources finance functions that should ultimately be exercised by national institutions, financing arrangements should specify how those functions will be jointly exercised, institutionalised or transferred over time rather than assuming their continued external provision.

At the same time, greater State authority must be matched by stronger obligations for transparency, implementation, audit and public accountability. National ownership should therefore be understood as a progressive and safeguarded transfer of both authority and responsibility.

Conclusion and call to action

Lebanon's current education-financing architecture has emerged under conditions of repeated crisis. It has helped sustain education and has strengthened financial assurance in important areas. But an architecture developed to manage crisis and fiduciary risk should not become the permanent settlement for financing a national education system.

The objective should not be to transfer all external resources to the State immediately. Nor should Lebanon accept an indefinite separation between responsibility for public education and authority over the resources needed to provide it.

A more realistic pathway starts with visibility and national planning, moves through permanent institutional capacity and co-financing, and progressively expands the financial-management responsibilities exercised by national institutions.

This transition cannot be technical alone. It requires political commitment from the Lebanese State to finance and rebuild the institutions responsible for public education, and willingness from donors and international agencies to support the progressive use of national systems and accept managed risk where credible safeguards are established. Reform depends on both sides being willing to shift authority, resources and accountability over time.

External financing is likely to remain important to Lebanese education for the foreseeable future. The policy question is whether that financing continues to substitute for national financial governance, or becomes part of a deliberate transition towards a State increasingly able to plan, finance, manage and publicly account for education as a whole.

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