



# Financial lives of Lebanese and Syrian Refugees in Lebanon

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## Abbreviations

AQAH: Al-Qard Al Hassan  
ATM: Automated Teller Machine  
CGAP: Consultative Group to Assist the Poor  
FGD: Focus Group Discussion  
FSP: Financial Service Provider  
GSO: Government Security Office  
IDI: In-Depth Interview  
IDP: Internally Displaced People  
ILO: International Labor Organization  
IMC: International Medical Corps  
IRC: International Rescue Committee  
JD: Jordanian Dinar  
KES: Kenyan Shilling  
KYC: Know Your Customer  
LBP: Lebanese Pound  
LOUISE: Lebanon One Unified Inter-organizational System for E-cards  
MFW: MicroFund for Women  
MoPH: Ministry of Public Health  
NGO: Non-Governmental Organization  
NSSF: National Social Security Fund  
OMT: Online Money Transfer  
PHC: Primary Healthcare Center  
SMEB: Survival Minimum Expenditure Basket  
SYP: Syrian Pound  
UN: United Nations  
UNHCR: United National High Commissioner for Refugees  
UNICEF: United Nations International Children's Emergency Fund  
USD: United States Dollar  
VASyR: Vulnerability Assessment of Syrian Refugees  
VSLA: Village Savings and Loans Association  
WBG: World Bank Group  
WFP: World Food Program  
WWB: Women's World Banking

*Note: All financial amounts are expressed in USD unless specified otherwise. Amounts initially expressed in LBP have therefore been converted<sup>1</sup>.*

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<sup>1</sup> As sums were often rounded, exchange rate was set at 1 USD = 1,500 LBP

## Executive Summary

At least a million Syrian refugees are believed to currently reside in Lebanon. They now represent close to a quarter of the country's population. This situation has placed a lot of strain on the country's economy, infrastructure and public services. In a context of persisting crisis in Syria and decreasing funding for aid, new solutions need to be put forward to improve the resilience of affected communities both Lebanese and Syrian.

Financial services have a key role to play in building resilience in crisis contexts by providing tools to build assets and mitigate risks. To understand how to provide these tools in the Lebanese context, this research seeks to better understand how these communities manage their financial lives, cope with shocks and make use of formal and informal services.

To do so, data was collected through Focus Group Discussions (FGD) and In-depth Interviews (IDIs) with Syrian Refugees and Lebanese households living in districts with strong concentrations of Syrian refugees. This qualitative approach enabled the research to deep-dive on the behaviors of households in these communities and identify behavior patterns, needs and current solutions used. To fine-tune the analysis, Syrian refugees were segmented by vulnerability (Vulnerable, Developing<sup>2</sup>) and Affected Lebanese were segmented by level of income (Low-income, Middle-income).<sup>3</sup>

The data confirms – for the Lebanese context – previous research on financial needs in crisis contexts conducted by CGAP<sup>4</sup>: crisis-affected communities are in huge need of financial solutions as they are dealing with uncertainty and irregular cash flows, but they generally rely on informal solutions (buying on credit, borrowing from friends and family, savings groups). Households also struggle to mitigate risks, particularly related to health issues.

This report puts particular emphasis on how households manage their income and expenses and how they cope with external shocks such as illness, accidents or loss of/damage to assets.

The analysis of income and expenses reveals affected communities are most often in one of three situations:

- **Surviving:** Vulnerable Refugee households generally have a low income and a negative net income. They are likely to rely on daily labor and seasonal work for income. They are also likely to struggle to make ends meet despite being more likely to receive aid (only a minority of Syrian respondents currently receive aid).
- **Struggling:** Developing Refugees and Low-income Lebanese are likely to alternate between positive and negative net incomes, especially as they are also subject to seasonal variations in income. Both categories of interviewees mostly do not receive any aid.
- **Managing:** Middle-income Lebanese households usually have more stable income sources and higher income (by definition). They are mostly able to finance their expenses without any financial tools.

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<sup>2</sup> This segmentation is based Making Cents International's study: *Microfinance for Syrian refugees: the Lebanese and Jordanian market* (Dec. 2017). Further detail provided in the Introduction

<sup>3</sup> For more information see Introduction section of the report and Annex 1

<sup>4</sup> El-Zoghbi, Mayada, Nadine Chehade, Peter McConaghy and Matthew Soursourian. 2017. "The Role of Financial Services in Humanitarian Crises." Forum 12. Washington, D.C.: CGAP, SPF, and World Bank

Apart from Middle-income Lebanese households, most respondents rely on loans to finance their expenditure, at least in winter. This is mainly done through informal solutions such as buying products and services on credit.

The analysis of external shocks clearly identifies health-related issues as the most frequent and impactful type of shocks for all households. As one Lebanese respondent said: *“In Lebanon we are all afraid of health expenditure”*. Other shocks mentioned usually related to assets such as accommodation, cars, household appliances, productive assets or crops but were a lot less of a concern for most households.

Beyond car insurance, which is mandatory for car owners, levels of coverage for risks was extremely uneven within the sample. Middle-income Lebanese were more likely to benefit from coverage including public Social Security accessible to all employees and private insurance schemes. Low-income Lebanese either had access to Social Security or were uncovered, notably because they work informally, in which case they could try to reach out to the Ministry of Public Health for assistance. The majority of interviewed Syrian Refugees were registered with the UNHCR and had access to the UNHCR health coverage for primary health care and hospitalization (including childbirth). Despite these mechanisms, many respondents in all categories remained without any formal form of coverage when facing health-related shocks. Debt remained the most common form of coping mechanism for households facing unexpected expenses. Loans were mostly contracted through friends and family, although savings groups were prevalent.

Access to formal financial services was extremely low in the sample. Several reasons can explain this, and most are applicable to both Lebanese and Syrians:

- Income-level: most respondents considered they could not open a bank account or get insurance because they do not have enough money. This could point to a lack of adapted products for low-income household or a lack of information leading to self-censorship. Many interviewees, mainly Lebanese, mentioned interest rates and insurance plans are particularly expensive;
- Financial management and awareness: most respondents do not manage their budget but spend their income when available. They have an uneven understanding of and lack of experience with financial services;
- Religious beliefs: a smaller proportion of respondents mentioned their discomfort with interest rates (considered *Haram*).

Additionally, Syrian Refugees seem to have an even lower access to formal services, and many believe these services are not accessible to Syrians despite the absence of legal barriers.

Overall, the research identifies addressable financial needs of crisis-affected communities in Lebanon and analyzes barriers to access to formal financial solutions that meet these needs. It also provides insights into enablers that can be leveraged in the Lebanese context. These enablers include a developed financial services sector (banks, insurance companies, money transfer services, and microfinance institutions) but also the infrastructure put in place by the aid community to deliver cash assistance to refugees including use of biometric identification and plastic cards. They also include digital enablers with relatively high smartphone and Internet penetration in the country compared to other crisis-affected countries around the world.

Several areas could be addressed to improve the financial inclusion of Syrian Refugees and Affected Lebanese and will require the coordination of donors, local authorities, and market players:

- Regulation
- Infrastructure
- Product development
- Digital enablers

## I. Introduction

### A. Context

Ongoing conflict in Syria since 2011 has led to the displacement of more than 11 million people.<sup>5</sup> Among them, 6.2 million are internally displaced (IDPs) and 5.7 million are refugees. **1 to 1.5 million Syrian refugees are believed to currently reside in Lebanon**, including approximately one million<sup>6</sup> registered with the United Nations High Commissioner for Refugees (UNHCR).

This latest wave of migration has put pressure on an already fragile country. Syrian refugees add themselves to around 250,000 Palestinian Refugees in Lebanon.<sup>7</sup> **Refugees now represent close to a quarter of the country's resident population**, estimated at six million.<sup>8</sup> This situation puts **a lot of strain on a country with a recent history of civil war, external conflicts and political instability**. Even before the arrival of the Syrian Refugees, Lebanon was facing challenges in tackling poverty and unemployment. **25%<sup>9</sup> of Lebanese citizens and 76%<sup>10</sup> of Syrian Refugees in Lebanon live below the poverty line**. The arrival of the Syrian population has raised fears of increased competition at the lower echelons of the largely informal economy driving a decrease in wages and of pressure on social protection affecting the livelihoods of Lebanese households. Previous World Bank research estimates that an additional 200,000 Lebanese have been pushed into poverty as a result of the crisis.<sup>11</sup>

**The duration of the crisis and decrease in aid funding mean the living conditions for displaced Syrians in Lebanon are not improving**. Lebanon needs to shift from a humanitarian response to a more sustainable development approach that can improve the resilience of affected communities both Lebanese and Syrian.

This is all the more true as the crisis has strongly impacted Lebanon's economic situation and has widened the country's socio-economic imbalances. The influx of Syrian refugees in Lebanon has had significant economic impact on the country's labor market, infrastructure needs and public services, benefitting a few landlords and larger companies, but challenging many less affluent.

Since 2011, when the Lebanese economy was already unable to meet the job needs of its new labor market entries, the labor force has soared and 250,000 to 300,000 Lebanese citizens are estimated to have become unemployed, most of them unskilled youth<sup>12</sup>. Syrian refugees tend to work in low-skills jobs in the informal labor market competing with low-income Lebanese and migrant workers. The cost of labor has been impacted by the increased competition from Syrians who accept to work for wages 25% to 50% lower than those demanded by Lebanese.<sup>13</sup>

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<sup>5</sup> UNHCR records 6.2 million IDPs in Syria <https://www.unhcr.org/sy/internally-displaced-people>. UNHCR records 5.7 million registered Syrian Refugees worldwide, <https://data2.unhcr.org/en/situations/syria>

<sup>6</sup> UNHCR records 948,849 registered Syrian Refugees in Lebanon as of December 31<sup>st</sup> 2018

<sup>7</sup> Government of Lebanon and United Nations. 2017. "Lebanon Crisis Response Plan 2017-2020" (2019 update)

<sup>8</sup> World Bank Data: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=LB>

<sup>9</sup> World Bank.2014. "Lebanon: Economic and Social Impact Assessment of the Syrian Conflict", Report No. 81098-LB

<sup>10</sup> UNHCR, UNICEF, WFP. 2017. "Vulnerability Assessment for Syrian Refugees", Lebanon

<sup>11</sup> <https://www.worldbank.org/en/country/lebanon/overview>

<sup>12</sup> <https://www.worldbank.org/en/country/lebanon/overview>

<sup>13</sup> Trickle Up. 2018. "Feasibility study for piloting graduation programs in Lebanon: A report to the World Bank"

Living below the poverty line and relying on informal and often irregular labor means many households in affected communities are particularly vulnerable and have fragile financial lives which are highly susceptible to shocks.

**Financial inclusion is an enabler of resilience and financial services have a key role to play in crisis contexts.** It enables affected households to build assets, including productive assets and it allows them to cope with shocks through mitigation mechanisms.<sup>14</sup> Financial services facilitate several solutions for crisis affected populations. First, **remittances can help support consumption in times of crisis** when revenues are unavailable or uncertain. **Second, savings can act as a self-insurance system** reducing the odds that households will resolve to negative coping mechanisms such as selling household equipment, productive assets, land or removing children from school.<sup>15</sup> Finally, the possibility to **cumulate more than one financial tool** increases the ability of households to **mitigate risks**.<sup>16</sup>

Yet, **more than 75% of adults living in countries with humanitarian crises are excluded from the formal financial system**.<sup>17</sup> Financial inclusion of Syrians in Lebanon is particularly low. Indeed, the majority of Syrian Refugees interviewed for this research said they were barred from access to financial services may it be banking or insurance because they were Syrians. This situation is likely linked to broad international sanctions that have led FSPs to enforce de-risking policies. There are however no regulatory barriers from the Banque du Liban to FSPs providing services to Syrians. Money transfer services such as OMT/ Western Union or Cash United/MoneyGram are accessible to Syrians in the same way they are accessible to Lebanese.

Syrian Refugees and Lebanese alike could benefit from better financial services to help them cope with the challenges they face in managing their financial lives. Managing expenses with irregular income cash flows could be facilitated by access to savings and loans. Insurance solutions could play a key role in mitigating risks, especially health related costs, which are high in Lebanon.

In this context, **the World Bank Group (WBG) and the Consultative Group to Assist the Poor (CGAP)** launched a project in January 2017 to conduct **analytical work examining the role of financial services to manage the Syrian refugee crisis in Lebanon**.<sup>18</sup> **The objective is to improve the capacity of policymakers, market players and regulators to make informed and evidence-based programming decisions.** This report is the output of the fourth of five activities:

1. Framing paper providing analysis of international evidence and lessons in leveraging financial services in crisis contexts;
2. Diagnostic on piloting livelihood programs linked to financial inclusion interventions in Lebanon (not for publication);
3. Assessment of the legal/regulatory framework, infrastructure, and institutional setup in Lebanon for emergency cash transfers, with comparison to Jordan and particular attention to innovative linkages between cash transfers and financial services;

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<sup>14</sup> El-Zoghbi, Mayada, Nadine Chehade, Peter McConaghy and Matthew Soursourian. 2017. "The Role of Financial Services in Humanitarian Crises". Washington, D.C.: CGAP

<sup>15</sup> *ibid*

<sup>16</sup> World Bank. 2013. "World Development Report 2014: Risk and Opportunity—Managing Risk for Development." Washington, D.C.: World Bank.

<sup>17</sup> Chehade, Nadine. 2017. "Humanitarian Crises: Understanding Demand for Financial Services". Washington, D.C.: CGAP. <https://www.cgap.org/blog/humanitarian-crises-understanding-demand-financial-services>

<sup>18</sup> The project is financed by the State and Peace-Building Fund, the World Bank's largest multi-donor trust fund designed to finance innovative approaches to development solutions in regions affected by fragility, conflict, and violence

4. Demand-side assessment of access and usage of financial services amongst vulnerable communities;
5. A learning event targeting senior policymakers and financial sector actors in Arab States.

This study is a qualitative demand-side assessment of refugees and affected communities' access to and usage of financial services in Lebanon, with a focus on their financial behavior. **The objective is to gain a deeper understanding of how these communities manage their economic and financial lives, mitigate risks, access, and make use of formal and informal services.** Better knowledge of the financial lives of these households is paramount for financial institutions, donors, and organizations working towards financial inclusion to be able to **focus their efforts on helping public and private actors provide the necessary tools to build resilience** in crisis-affected communities in Lebanon. **More resilient communities mean less pressure on public services** and less reliance on aid. For financial service providers, this research also provides **insights into the needs of untapped markets:** low-income households and refugee households.

## B. Approach and methodology

The study leveraged existing secondary research and qualitative data collection to understand the financial behavior of Syrian refugees and affected Lebanese communities. The full details of the methodology are provided in Annex 1 and the questionnaire is in Annex 2.

Data collection was carried out through **focus group discussions (FGDs)** and **in-depth interviews (IDIs) with individuals or entire households.** FGDs are effective in eliciting the cultural norms and in generating a broad overview of issues of concern to the subgroups represented while IDIs are optimal for collecting data on individuals' personal histories, perspectives and experiences – particularly when sensitive topics are explored.

### Segmentation

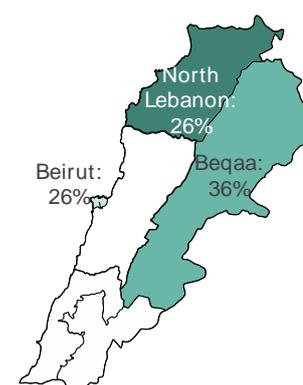
Two populations were studied for this research: **Affected Lebanese and Syrian Refugees.**

The study focused on **three regions accounting for 88% of registered Syrian refugees in the country: Beqaa, Beirut/Mount Lebanon, and North Lebanon.**<sup>19</sup>

#### *Affected Lebanese*

Affected Lebanese are members of households that due to their residing in geographic locations where large numbers of Syrian Refugees have settled are likely to have been relatively more impacted by the Syrian Refugee crisis.

Affected Lebanese were **selected based on the presence of Syrian Refugees in their area.** The selection of geographies was **based on the 242 most vulnerable cadastres**<sup>20</sup> identified by UNICEF (see



<sup>19</sup> UNHCR: <https://data2.unhcr.org/en/situations/syria/location/71>

<sup>20</sup> Cadastres are an official geographic division of Lebanon below the district level. There are 1,623 cadastral zones in Lebanon. Each may contain one or more villages/municipalities or one municipality may consist of more than one cadastral zone

map in Annex 1).<sup>21</sup> The vulnerability assessment takes into account the distribution of Syrian refugees registered with UNHCR and the number of households living with less than \$4 per day in each cadastre. Interviews with Lebanese individuals and households were conducted in those cadastres identified as vulnerable within the three key regions previously mentioned. The cadastres were chosen through random selection.

Affected Lebanese were further **segmented into lower- and middle-income**.

### *Syrian Refugees*

Syrian refugees were divided into two categories based on their accommodation. Accommodation was used as a proxy for their economic situation as it is easily assessed on the field by interviewers. The objective was to approximate the segmentation defined by Making Cents International in their study *Microfinance for Syrian refugees: the Lebanese and Jordanian market* (Dec. 2017). Their research defined three segments by comparing them to the minimum wage in Lebanon (\$446)<sup>22</sup>:

- Vulnerable Refugee households (HH income lower than 75% the local minimum wages) accounting for 48% of households
- Developing Refugee households (HH income between 75% and 100% of the local minimum wages) accounting for 38% of households
- Stable Refugee households (income equal or greater than the local minimum wages) accounting for 14% of households

This study looks at Vulnerable and Developing Refugees. Therefore, the focus of this study is on low-income Syrian households. Middle-income Syrian households are also present in Lebanon but were not within the scope of this study. For the purpose of this study, proxies were used to identify target households:

- Vulnerable Syrian Refugees: Informal accommodation (including tents) or residential? (formal) accommodation but no official electricity bill<sup>23</sup>
- Developing Syrian Refugees: Formal accommodation and an official electricity bill

### C. Sample overview

Within each subcategory of the segmentation, quotas were set for IDIs with male heads of households; female heads of households or wives of male heads; and households. Overall, 72 interviews were conducted in the timeframe including 37 with Affected Lebanese (17 men, 9 women, 11 households) and 35 with Syrian Refugees (15 men, 9 women, 11 households).<sup>24</sup>

The following table provides a brief overview of interviewee socio-demographics based on data collected at the beginning of interviews. This data is part of a qualitative research process and cannot be considered to be representative of a larger population than the sample.

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<sup>21</sup> UNICEF, OCHA and REACH. 2015. "Defining Community Vulnerabilities in Lebanon"

<sup>22</sup> For Lebanese, the national extreme poverty line is \$2.90 per person per day and the national poverty line is \$4.00. The poverty line for Syrians living in Lebanon is \$3.84 per person per day while the Survival Minimum Expenditure Basket is \$435 per household per month and the Minimum Expenditure Basket is \$565 per household per month

<sup>23</sup> Please note, none of the interviewees were located in Palestinian camps

<sup>24</sup> Details in Annex 1

	Affected Lebanese		Syrian Refugees	
Average household (HH) size		4.6		6.7
Average number of adults per HH		3.2		3.1
Average number of children per HH		1.4		3.5
Average age of interviewee		44		32
Distribution by level of education	None/primary	50%	None/primary	71%
	Secondary	20%	Secondary	8%
	University/vocational	30%	University/vocational	21%
Share of HH where one or more members has legal residency				50%

Overall, Lebanese interviewees tended to be older and belong to smaller household mostly because there were more households with few or no children (in several cases, older household where children had moved out). The Lebanese interviewees were also more likely to have been educated beyond primary school.<sup>25</sup>

Finally, it should be noted that about half of the Syrian household interviewed had at least one member with a legal residency status. Further analysis on this topic is provided within this report.

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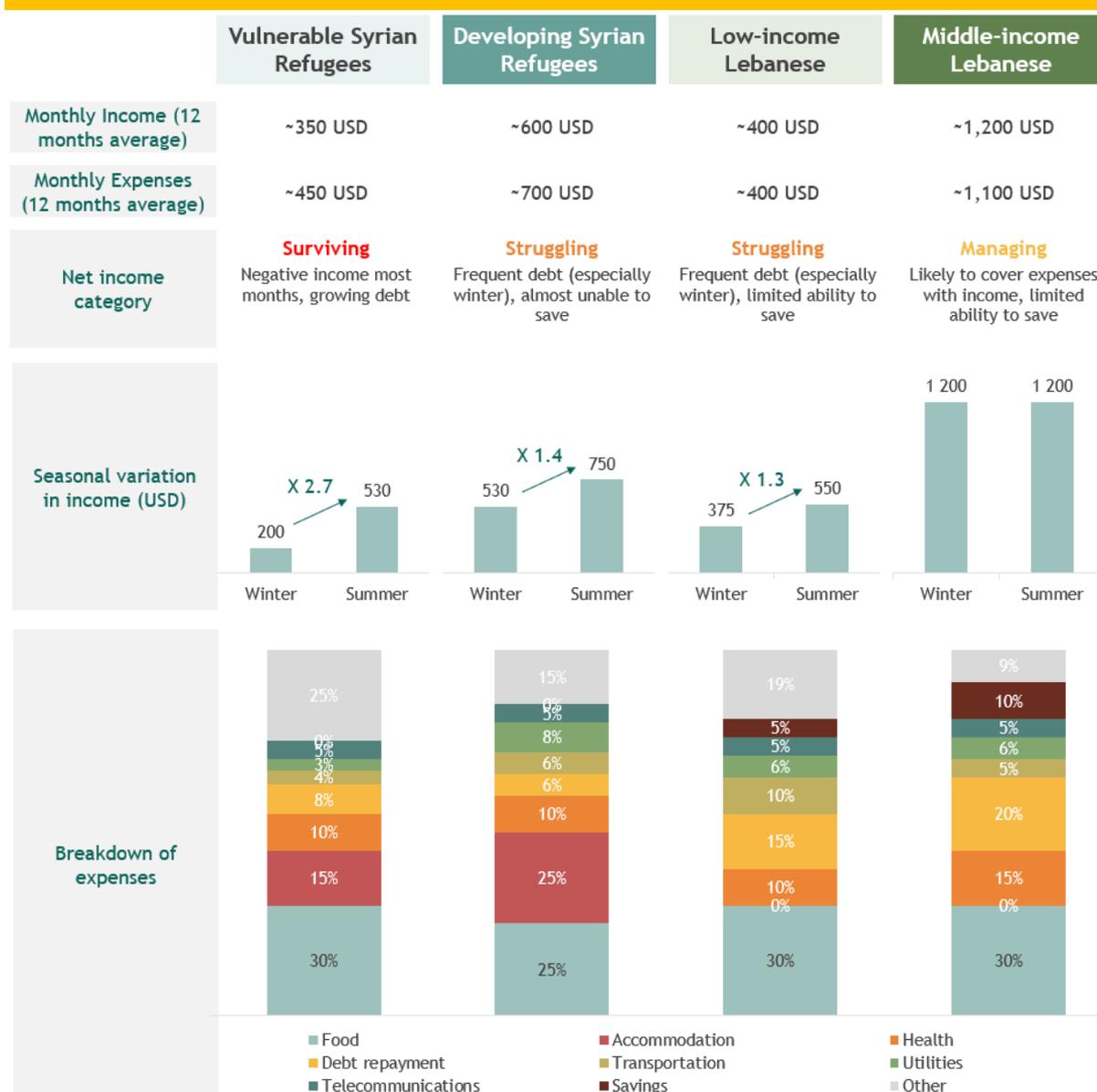
<sup>25</sup> Data on religion was not collected in this research

## II. Management of household finances

### A. Income and expenses

The methodology made it possible to reach a broad variety of profiles in terms of age, gender, household size, employment status, etc. Where relevant these differences are highlighted in this report. The main focus however is on **understanding and comparing the financial needs and behaviors of Syrian Refugees and Affected Lebanese communities.**

**Charts below present results for one household in each category that showed several key characteristics emerging from the research. Figures are not category averages and, in some cases, may mask strong disparities**



The charts above present four typical households from each segment based on their income and expenses. However, it should be noted that due to the qualitative nature of the data, these elements

serve an illustrative purpose and cannot be considered to be representative of a broader population than the sample. Also, in some cases, limited financial literacy and knowledge of what other household members may have done with their income means the data presented should be considered with caution. These charts should be seen as typical profiles and as insights into key characteristics of the financial lives of affected communities in Lebanon. Additionally, some results are linked to the methodology: Low-income Lebanese necessarily earned less than \$450 by segment definition and accommodation type was used as a proxy to segment Syrian interviewees.

Not all households in a category meet the income and expense profile in the chart. The breakdown of expenses hides strong disparities within categories. For example, the chosen Vulnerable Syrian Refugee household spends a similar share on food than other population categories. However, the sub-sample also includes households who receive WFP food cards, now only available to households in severe food insecurity which, by definition, includes a food expenditure share above 75%.<sup>26</sup> Although these households should have reported food expenses in excess of 75%, this is not necessarily reflected in the expenditure data collected. Similarly, not all Lebanese households are able to save, and most Low-income households struggle to make ends meet.

Middle-income Lebanese households stand out due to significantly higher income and a higher ability to finance their expenses without relying on debt. In general, their income is likely to be more regular due to members being more likely to work in the formal sector. The expense profile highlights the fact that they are more likely to own their accommodation, to have access to formal debt and to save. Additionally, the “other” category is more likely to include expenses linked to assets such as a car or to include university fees but there is no clear pattern as each household may have different expenses.

All other categories have more irregular income cash-flows. Many households rely on daily labor as a primary source of income and it is common for them to rely on seasonal work in the summer which can lead to significant variations in cash-flows depending on the time of the year.

Looking at the expenditure profiles, Low-income Lebanese are also more likely to own their accommodation or have built it. Here again, the “other” category can cover a broad variety of expenses from helping family to going out with friends or buying stock for a store.

Among Syrians, the main difference is that Developing households spend more on accommodation but also have better accommodation for which they pay official rent and utility bills (this is a reflection of the category definition). For Syrian Refugees the “other” category is likely to include remittances sent to Syria.

Looking at vulnerability, based on the profiles above and average household sizes provided in the introduction, Low-income Lebanese and Syrian Refugees in this sample are likely to be below the poverty line used by the UNHCR (US\$3.84/PPP/per capita per day). This is in line with previous World Bank research that found 64% of refugees in Lebanon to be poor by this measure and 93% when looking at the national poverty line<sup>27</sup>.

Further analyses of household finances are provided in the following sections diving into the patterns identified in the interviews with Affected Lebanese and Syrian Refugee households.

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<sup>26</sup> UNHCR, UNICEF, WFP. 2017. “Vulnerability Assessment for Syrian Refugees”, Lebanon

<sup>27</sup> Verme, Paolo, Chiara Gigliarano, Christina Wieser, Kerren Hedlund, Marc Petzoldt, and Marco Santacroce. 2016. The Welfare of Syrian Refugees: Evidence from Jordan and Lebanon. Washington, DC: World Bank. doi:10.1596/978-1-4648-0770-1. License: Creative Commons Attribution CC BY 3.0 IGO World Bank. 2014. “Lebanon: Economic and Social Impact Assessment of the Syrian Conflict”, Report No. 81098-LB. Washington, D.C.: World Bank.

## 1. Affected Lebanese

### Household expenditure

For a majority of households, **the biggest area of expenditure is generally food**. This is all the more true that many Lebanese do not pay rent because they own their accommodation or built it on their family land. Not only does this mean many Lebanese have one fewer area of expenditure than Syrian Refugees, they also have an asset they can leverage<sup>28</sup>.

*“We live rent-free as we reside on the family land and do not pay rent. I contribute to the electricity bill when it arrives if I have the money. I don’t pay for other utilities as we do not have a generator and we use the water well on our land.”* - Middle-income Affected Lebanese, Female [70], North Lebanon

However, this is not the case of every respondent’s household and those who pay rent have noticed that these have gone up. Three interviewees mentioned that rents had spiked up because of the refugee crisis putting pressure on the housing market.

*“Because of the Syrians, rent became much higher. I used to pay \$270 in Dahye and then the landlord increased it bit by bit until it reached \$400 and that’s when I left Dahye and came to this town.”* – Low-income Affected Lebanese, Male [36], Beirut/Mount Lebanon



Figure 1 - House of Lebanese household in Beqaa

For Lebanese respondents, especially Middle-income households, **a larger share of their budget is set for other expenses such as repaying debt, transportation, savings, and health**. Already, these areas of expenditure highlight differences in living conditions between the two communities. **Lebanese respondents are more likely to save money, have access to financial services and own their means of transportation.**

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<sup>28</sup> No Lebanese interviewees mentioned receiving rent from Syrian Refugees

Lebanese interviewees conduct **almost all transactions in cash**. However due to Lebanese interviewees being more likely to be employed in the formal sector, **several receive their salary on a bank account** and, although they mostly withdraw it immediately, some have bank loan payments taken straight off their account.

*“I pay in cash, but my loan payment is deducted automatically from my salary and I deposit money in my son’s college fund through the ATM at Byblos Bank.”* - Middle-income Affected Lebanese, Female [28], North Lebanon

Furthermore, **specific fees** such as the car registration fee or university fees tend to be **paid through money transfer via the post office**.

*“I choose to pay the majority of my expenses in cash, with the exception of my car’s yearly registration fee which I pay through Liban Post by money transfer.”* - Middle-income Affected Lebanese, Male [66], North Lebanon

### Management of household finances

Looking at the decision process within households when it comes to the budget, multiple decision-taking dynamics exist. The main difference with Syrian households in the sample is that due to more households being composed of several significant earners, **the financial independence of individuals within households tends to be slightly higher**. Especially, it is common for the older children who still live at home not to contribute to the household budget.

*“No one interferes with my salary. I have total autonomy over it. My mother keeps asking me to save but I don’t do it. All household expenditure decisions go to my father.”* - Low-income Affected Lebanese, Male [22], Beqaa

This independence also entails that **more decisions regarding money are made without consultation of other members**.

*“I buy gifts sometimes, for our friends in social occasions. It’s not necessary that the family know everything. My husband will prefer that I don’t spend money on gifts while we need the money for more urgent stuff, yet there are social duties you cannot ignore.”* - Middle-income Affected Lebanese, Female [54], Beirut/Mount Lebanon



Figure 2 - Lebanese household with accounting book, Tripoli

## 2. Syrian Refugees

### Household expenditure

As mentioned previously, Vulnerable Syrian Refugee households have lower income levels than Developing households, and **although food is one of the most important areas of expenditure for both groups**, Developing households tend to have better living conditions and therefore higher rent and higher utilities expenses.

**Regardless of their income level though, respondents are mostly unable to save. Many refugee households, especially Vulnerable households, rely on debt for their consumption.** It is quite common for interviewees to have **debt at their grocers or retailers. These loans are without interest<sup>29</sup> and based on trust.**

*“I have access to debt from the two food stores that I buy from: one my account is \$120, the second \$80.” - Vulnerable Syrian Refugee, Male [29], Beirut/Mount Lebanon*

This system enables most households to cope with short term lack of income due to insufficient resources or due to delayed payment of their income but leads to constant debt and, in some cases, increasing amounts of debt. This revolving debt rarely exceeds \$500. This seems consistent with data from VaSYR 2018 stating that 86% of Syrian refugee households had informal debt, but only 43% had debt in excess of USD 600.

### **Management of household finances**

As with Lebanese households, male household heads are not necessarily the only providers or deciders. Some households remain patriarchal, but many households have lost members or struggle to get-by and have a more pragmatic approach to income generation with as many members as possible providing for the group.

*“I work in sanitation construction. My son works with his other brother who is married in clay decoration. My daughter cleans in the school though she has an art institute diploma.” - Vulnerable Syrian Refugee, Male [50], Beirut/Mount Lebanon*

This is also true for the management of household expenditure. **Households in which the male head is the only person involved in deciding the usage of the household revenue are a minority.** Due to the composition of households, multiple configurations exist. No general rule can be clearly established, but a slight discrepancy appears between Vulnerable and Developing households.

**In Vulnerable households,** it's more likely that **all income be centralized in the head's hands,** generally a man. In which case this person is the main decision-maker. However, in most cases, the **needs of the household in terms of food and childcare are decided by the female head.** Expenses are generally **not tracked or poorly tracked** as expenses go to daily necessities straight away.

*“My husband decides, and he gives me the money for food and home groceries, and I spend it and decide how because he is at work the whole day. We don't track our expenses or debts, or we just do so mentally. Nothing is written down.” - Vulnerable Syrian Refugee, Female [33], Beirut/Mount Lebanon*

**Developing households** are likely to give **more independence to family members.** All income is not necessarily centralized, especially as there are often multiple earners such as older children. To some extent this independence can also be attributed to a cultural influence of life in exile.

*“Her husband works from eight am to eight pm, so she takes care of most of the household decision-making. She does not track anything on paper and pen. Everything that is earned is managed at the household level. The children use what they earn to have an allowance.” - Developing Syrian Refugee, Female [48], Beirut/Mount Lebanon*

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<sup>29</sup> Prices at grocers may actually integrate a form of interest

## Aid

While almost no Lebanese respondents mentioned aid, it is another source of income for several Syrian respondents. Many households **have received some form of aid in the past while fewer still do**. They mostly mention cash transfers through an array of words: “food cards”, “UN cards”, “red cards”, “UN health coverage”, “heating” or “winterization support” (see box on aid received by refugees).

Many of the interviewed households have been in Lebanon for several years. The bulk arrived between 2011 and 2013. Therefore, **many have benefited from different schemes over the years** and seen amounts and modalities evolve over time. These changes are best explained by one of the refugees himself:

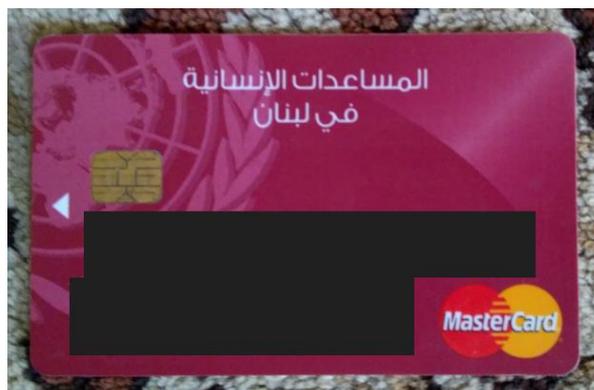


Figure 3 - Interviewee's Red Card

*“I registered with UNHCR in 2014 and was given a blue card with around \$200. The card only worked in certain supermarkets where I bought food by swiping at specially designated machines. In 2016, the UNHCR issued a new card, a red card which could be used to withdraw the money and buy food. I went to Byblos bank, took the amount and used the money to pay for rent. The card held \$160 for food and \$27 of winterization assistance. In 2018 the card was changed again and could only be used to buy food in certain supermarkets as was the case with the blue card but could also be used to withdraw authorized amounts of money by the UNHCR for the winterization assistance. I am still receiving assistance in the form of \$200 for food and, during the four months of winter, \$27 per month for mazut.” - Vulnerable Syrian Refugee, Male [40], North Lebanon*

Only a **minority of households said they were currently receiving aid - with the exception of the UN health coverage**. Reasons for this situation are multiple. Certain households have never registered with the UNHCR, others have asked to receive aid but have never received it or have not received it yet and accepting aid can also come with a certain social stigma.

*“I don't like to take aid from agencies mainly because of the stigma of asking others for help.” - Developing Syrian Refugee, Male [35], Beirut/Mount Lebanon*

More commonly, **interviewees previously received aid but are no longer beneficiaries**. This situation can be explained by the reduction of funds available to the UN/WFP for their cash assistance programs. According to the UNHCR<sup>30</sup>, 2018 funding requirements for Syrian Refugees in Lebanon exceeded \$2.2 billion but funding received only amounted to \$0.9 billion, a decrease from \$1.1 billion in 2017. The WFP has significantly reduced the number of households defined as vulnerable enough to benefit from their assistance program. Previously, household for which 66% of their expenses or more were dedicated to food were assisted. The threshold has moved up to 75%.

*“I used to take food, and heating and they stopped giving us any aid in 2012 and I don't know why.” - Vulnerable Syrian Refugee, Female [37], Beqaa*

<sup>30</sup> <https://data2.unhcr.org/en/situations/syria/location/71>

*“We used to have a UN card but then it was discontinued in 2014 when one of our older girls got married because the UN said there are now families that are more in need.”* - Developing Syrian Refugee, Female [48], Beirut/Mount Lebanon

Additionally, it should be noted that in a few cases, restrictions (or the lack thereof) on the use of UN cards are not always clear to users. Some say blue cards were for food in UN sanctioned shops only while red cards came with no restrictions while others say the red card could only be used in UN sanctioned stores to buy food or winterization kits. This confusion is linked to successive changes in policy over time.

Two Lebanese interviewees mentioned that the restrictions on where refugees can spend their money can become a business issue although this is secondary to challenging economic circumstances and may be due to failing to meet requirements to be approved by the UNHCR.

*“When I opened the minimarket in 2012, it was making a profit but over the years the increase in competition from 3 minimarkets to 12 minimarkets in the area without an accompanying significant increase in the population has made competition hard. The influx of Syrians did not help because they are only using the stores certified by the UNHCR as they provide assistance effectively taking business away from me.”* – Middle-income Affected Lebanese, Male [67], North Lebanon

**Beyond the UN, aid appears hard to come by for Syrian Refugee respondents.** Other organizations such as charities are only seldom mentioned (a handful of interviewees mention receiving material help from charities around Ramadan).

*“No other aid agencies would help me because I don’t have legal papers. No one would help me without an entry card because they would claim that I can come back frequently, take the assistance each time without them being able to track how much assistance I am receiving.”* - Developing Syrian Refugee, Female [48], Beirut/Mount Lebanon

When looking at income overall, the majority, especially income from work, is **received in physical cash**. Some individuals may exceptionally receive a cheque or use their plastic card to purchase food or withdraw cash. When aid is received on an account and can be withdrawn in cash, it systematically is.

*“The family benefits from \$187 support from UNHCR, so I have a card for this purpose that I use to withdraw cash mainly, because there are places cheaper than the supermarkets that have agreements with WFP.”* - Vulnerable Syrian Refugee, Male [44], Beqaa

## Aid received by refugees

In the study, refugee households refer to several forms of aid they have received since in Lebanon:

### UNHCR

UNHCR provides multi-purpose cash assistance to help the most vulnerable refugee families cope with daily expenses and challenges. UNHCR helps 33,000 families through a multi-purpose cash assistance (MCAP) of \$175 per household per month. During the winter months, as part of the Regional Winterization Assistance Plan, UNHCR supports over 160,000 families (i.e. 800,000 persons) with a one-off \$375 amount (or \$225 for those receiving MCAP). UNHCR launched iris scanning as a form of biometric validation to have access to cash assistance in selected pilot ATMs<sup>31</sup>.

### WFP Aid

The WFP relies on data from the VASyR and the UNHCR to establish a vulnerability score for each refugee household and rank them. A total of 113,000 households (i.e. 650,000 refugees) below the Survival Minimum Expenditure Basket (SMEB) have received cash assistance from the WFP. This cash assistance is divided in three categories. For 345,000 refugees it took the form of a prepaid \$27 food plastic card, redeemable at contracted shops. Another 170,000 persons were provided \$27 food-cards that could also be used to withdraw cash at ATMs. The most vulnerable receive \$27 per person per month for food (which can be used in all contracted shops), in addition to a monthly top up of \$175 for the family.<sup>32</sup>

### UNICEF Aid

In a partnership with WFP, UNICEF Lebanon pilots the “No Lost Generation / Min Ila” program. It provides unconditional cash to socio-economically vulnerable Syrian children - children between five and fourteen are concerned - and families through two cash-based programs. For the 2017-2018 school year UNICEF, with WFP and the Ministry of Education, gave Syrian families financial support of \$13.50 to \$40 per child, depending on the child’s age (a decrease from \$20 to \$65 the previous year).<sup>33</sup>

Additionally, refugees often refer to the aid they receive as a card, whether they call it food card, UN card, blue card or red card.

The Common Card was introduced in late 2016 by UNICEF, UNHCR and WFP. It uses the Lebanon One Unified Inter-Organizational System for E-cards (LOUISE). Assistance is tailored to each household according to their vulnerability, and those eligible may receive restricted food assistance redeemable at WFP-contracted shops, multi-purpose cash assistance, an unrestricted cash-for-education grant for children enrolled in primary school, or a combination thereof. As of November 2018, there were 204,045 active cards<sup>34</sup>.

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<sup>31</sup> UNHCR. 2017. “Regional Multi-Purpose Cash Assistance Update”

<sup>32</sup> UNHCR. 2018. “Vulnerability Assessment of Syrian Refugees in Lebanon”

<sup>33</sup> UNICEF and WFP. 2018. “‘Min Ila’ Cash Transfer Program for Displaced Syrian Children in Lebanon”

<sup>34</sup> [www.iamlouise.com](http://www.iamlouise.com)

## B. Coping with short term financial needs

	Vulnerable Syrian Refugees	Developing Syrian Refugees	Low-income Lebanese	Middle-income Lebanese
Net income category	<b>Surviving</b> Negative income most months, growing debt	<b>Struggling</b> Frequent debt (especially winter), almost unable to save	<b>Struggling</b> Frequent debt (especially winter), limited ability to save	<b>Managing</b> Likely to cover expenses with income, limited ability to save
Main mechanisms to finance expenses	Buying on credit Borrowing from F&F	Buying on credit Borrowing from F&F	Borrowing from F&F Assistance from F&F Buying on credit	Sufficient income Savings Borrowing from F&F
Access to formal financial solutions	Access to money transfers Limited access to MFIs No access to other formal institutions	Access to money transfers Limited access to MFIs No access to other formal institutions	Access to all formal institutions Limited usage	Access to all formal institutions More likely to use
Barriers to usage	Access Income level/ cost Financial literacy Lack of information/ self-censorship Religion	Access Income level/ cost Financial literacy Lack of information/ self-censorship Religion	Income level Financial literacy Lack of information/ self-censorship Religion	Lack of information Interest rates

Syrian Refugees and Low-income Affected Lebanese rely on similar mechanisms to face their consumption needs due to insufficient or often irregular income. Middle-income Lebanese households are mostly able to cover their expenses without relying on any tools beyond their income.

A common behavior among Low-Income Lebanese and Syrian Refugees is buying from grocers and other retailers (clothes, etc.) on credit. The terms of the credit depend on the relationship the owner has with the customer. Another common recourse is borrowing from friends and family, but this solution is considered as particularly difficult as it can be humiliating or put pressure on relationships. These findings are coherent with FINDEX data which found that among the poorest 40%, 23% borrowed by buying from a store on credit (2014) and 18% from friends and family (2017).<sup>35</sup>

Some interviewed households, including among the poorest have been able to save money informally. Several interviewees, both Lebanese and Syrian mention participating in saving groups. According to FINDEX, among the poorest 40% of the population, 40% were able to save money in the last 12 months (2017) and 11% saved through a savings group or a person outside the household (2017) a sharp increase from 2014 when this method was only employed by 4.5% of the population<sup>36</sup>.

When it comes to access to formal financial services, Syrian respondents overwhelmingly claim they are barred from them due to banks' unwillingness to serve them. The only exceptions are money transfer services and certain MFIs. A key barrier mentioned by Syrians and Low-income Lebanese is not having enough money which leads to self-censorship. This is also the main reason not to have an

<sup>35</sup> World Bank. Global Financial Inclusion

<sup>36</sup> Ibid

account according to FINDEX (30% in 2017).<sup>37</sup> Also, in both groups, a minority of respondents mentioned religious beliefs on interest as a reason to stay clear of secular borrowing.

Further analysis of the different mechanisms, both formal and informal, used by both groups is provided in the following sections on Affected Lebanese and Syrian Refugees.

## 1. Affected Lebanese

### Informal financial solutions

When it comes to coping with short term financial needs, Low-income and Middle-income Affected Lebanese households do not rely on the same mechanisms.

#### Low-income households are mostly unable to generate savings.

*“We are unable to sustain ourselves, how will we save for the future?”* - Low-income Affected Lebanese, Male [40], Beqaa

**Middle-income Affected Lebanese are more likely to be able to cover their expenses with their income.** However, few households mention having accumulated savings. Most often any available extra income goes either to extra consumption or debt repayment.

*“The loan payments are high and consume the remaining income”* - Middle-income Affected Lebanese, Female [49], Beirut/Mount Lebanon

*“We manage to save \$100-\$150 per month, but we mostly spend it the month after. We end up spending it on something like a speeding ticket, electricity tickets<sup>38</sup>, or just to buy things.”* - Middle-income Affected Lebanese, Male [32], Beqaa

Lebanese households have resorted to *Sunduqs* (informal saving groups) in the past. Each month participants to the group bring a fix amount of money. Each week a different person goes away with the total amount. Most of the time *Sunduqs* only seem to go around all participants once.

*“Three years ago, I was a part of a saving group. We were around 10 people. Each month we made \$66 payments, we’d gather \$660 each month. That year I used it to book my son a seat in University.”* - Middle-income Affected Lebanese, Male [54], Beirut/Mount Lebanon

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<sup>37</sup> World Bank. Global Financial Inclusion

<sup>38</sup> The household steals electricity and therefore ends up paying fines.

**With limited savings ability, Low-income households often rely on debt to meet their consumption needs:** buying goods on credit, delaying paying rent, borrowing from friends and family. They are also a little more likely to mention asking charities or NGOs for help.

*“I have monthly debt to the minimarket in the village. It started three years ago. I borrow groceries every month for around \$66 each month and, each month, I repay when I get my salary.”* - Low-income Affected Lebanese, Male [40], Beqaa



Figure 4 - Lebanese interviewee with his cart

### Formal financial solutions

Overall, **Lebanese households are a lot more likely to have had access to formal finance.** Many households, especially in Beirut and Mount Lebanon, have bank accounts. These are mostly checking accounts used to receive their salary which is most often withdrawn entirely.

*“I have one. I only use it to withdraw money with my debit card from the ATM.”* - Middle-income Affected Lebanese, Female [39], Beqaa

*“I have a savings account. I have it only because I get my payments on it. I have followed this procedure for the purpose of having a statement that you need to show to get visas when you want to travel.”* - Middle-income Affected Lebanese, Male [32], Beirut/North Lebanon

Several respondents mention they had bank accounts in the past but have closed them because their economic situation has deteriorated.

*“I used to leave some of my salary on it, so I wouldn’t spend it all. I used to work as a valet and I had a bank account for my salary, so I would keep the money in the account and withdraw from the ATM the amounts I needed.”* - Middle-income Affected Lebanese, Male [23], Beirut/Mount Lebanon

### Savings account case study

Even among Middle-Income Lebanese households, consistent saving strategies appear to be quite rare. One household stood out with a term savings account:

*“I have a frozen savings account with my son as my beneficiary once he turns 18. I deposit a minimum of \$25 per month or sometimes I deposit in bulk \$100 to cover around four months depending on how much I have left at the end of the month. I have not checked the balance of the account in years as I deposit the money through the ATM and then leave. Because of this account, my son also benefits from medical insurance through the Arope insurance company. I have had this account since 2009 but it was suspended after my ex-husband failed to meet the \$25 minimum payment required. After I discovered that my Social Security did not cover my child, I reinstated the account again and made sure that it would not be closed or accessed by my ex-husband.”* - Middle-income Affected Lebanese, Female [38], North Lebanon

Despite high penetration rates in Lebanon, access to microfinance institutions was not mentioned often by interviewees. Awareness of these institutions is quite high with almost all Lebanese interviewees naming at least one. The most frequently named institutions were Al-Majmoua, Al-Qard Al-Hassan (AQAH), and Vitas. Others mentioned Ibdaa and Emkan Finance.

Al-Qard Al-Hassan is well known among respondents, yet none ever took a loan from them. AQAH is a microfinance NGO affiliated to Hezbollah. They take gold and jewelry deposits as collateral and charge a 10-12% administration fee.<sup>39</sup> Some respondents claim their practices are unfair as the loan is significantly inferior to the value of the gold.

*“I tried Al-Qard Al-Hassan before. I had gold worth \$2,000 after I broke off my engagement. They wanted to give me \$1,200 in exchange for it. In the end I decided not to take it because if I happened to default, I would have lost way more gold than the money I would have taken.”*  
– Middle-income Affected Lebanese, Male [32], Beqaa

Among those who did take a loan, three did so from Al-Majmoua, two from Vitas and one from Ibdaa. The use of these loans varies. Two women mentioned loans for shops, and, in other cases, the loan served for expenses whether planned or unplanned.

Among those who have not had access to a banking services, there are three different profiles:

- **Households with insufficient financial literacy to understand how formal financial services work** and therefore struggled to express their opinion on the matter
- **Households that would be interested in an account** but have no use for it because they are unable to generate savings or would like to have an account to help them save or borrow but do not have enough money to be able to open an account.

*“I would like to have a bank account to take a loan to help the growth of our store or buy a car to work. I don’t have the amount needed to open a bank account or return any loan I may borrow from the bank. I would rather depend on the Sunduq as it is easy to access and deposit money in.”* - Low-income Affected Lebanese, Female [28], North Lebanon

- **A smaller group of households that consider banks to be immoral because interest is forbidden.** This is especially true among Low-income and rural households.

*“I wouldn’t want one because interest rates are contrary to Islamic principles and I think financial services are Haram.”* - Low-income Affected Lebanese, Male [59], North Lebanon

Overall, awareness of banks in Lebanon is high among Affected Lebanese interviewees. Opinions expressed about these institutions are ambivalent. Some believe they have a good reputation but overall, negative sentiment is slightly more common. The main reason is the cost of borrowing, but some also mention that the fact these institutions practice interest is unethical.

*“They take high interests from people, that’s why they are harmful.”* - Middle-income Affected Lebanese, Female [28], Beirut/Mount Lebanon

*“They charge high interest when they give you money and when you put your own money, they give you less interests.”* - Middle-income Affected Lebanese, Female [49], Beirut/Mount Lebanon

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<sup>39</sup> SANAD, SANABEL, Microfinance Centre and CGAP. 2017. “Are Microfinance Borrowers in Lebanon Over-Indebted?” [http://www.findevgateway.org/sites/default/files/publication\\_files/sanad-cgap-lebanon-indebtedness\\_study-20180208\\_dis.pdf](http://www.findevgateway.org/sites/default/files/publication_files/sanad-cgap-lebanon-indebtedness_study-20180208_dis.pdf)

## 2. Syrian Refugees

### Informal financial solutions

As mentioned previously **almost no Syrian household interviewed has been able to build up savings since in Lebanon** as expenses are often higher than income. Even when they do have extra cash left after their necessary expenses, it is often used to pay back debt. A common situation is using **additional income in the summer to pay back debts built up during the winter.**

*“We have \$133 debt from the harsh winter season. We pay back a little bit whenever we can during the rest of the year.”* - Vulnerable Syrian Refugee, Female [21], Beqaa

*“We have been in Lebanon for seven years, and every winter months (November, December, January, February, March) my husband’s work stops because its cold and snowy in this area. So, we borrow food from a neighborhood supermarket for \$300 every month, then in the summer we start repaying.”* - Developing Syrian Refugee, Female [33], Beqaa

Some households mention having been able to save in Lebanon in the past when the economic situation was more favorable<sup>40</sup> and a rare few have been able to save recently. **Savings were primarily built through informal mechanisms. A few households store cash but they often prefer to convert it into gold.** This preference for gold has several possible explanations, from its cultural importance, especially for weddings, to the fact it can be used as a safe-haven currency as it is transportable and may have a more stable value than national currencies in a crisis context.

*“I try to save or buy gold, but I can’t do it either.”* - Developing Syrian Refugee, Female [32], North Lebanon

Another option available to save money is joining a **Sunduq** or **Jamaiya**. Monthly amounts mentioned by respondents vary from \$20 to \$100 per month. Most groups mentioned comprise 10-15 participants. Therefore, the pay-out to individual members can be significant.

*“I took part in a \$500 saving group last year, where 10 members each paid \$50 each month.”*  
- Vulnerable Syrian Refugee, Male [37], Beirut/Mount Lebanon

However, the saved amount is often used by respondents to pay back existing debt. Also, most groups described by respondents are usually quite short lived. Each participant gets one turn and the group ends its collaboration. This seems to be due to participants joining to meet a short-term saving goal that they can meet more easily through the Sunduq rather than building up savings. These groups are completely informal and rarely keep any form of record rather relying on trust and a memory of who has already collected money.

*“I’m participating in an all-women group: I pay \$33 per week and there are 10 participants. When it was my turn to take the money, I used it to repay the bread guy for our debt.”* - Vulnerable Syrian Refugee, Female [38], Beirut/Mount Lebanon

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<sup>40</sup> This includes households who had some form of economic activity and presence in Lebanon prior to the crisis

## Saving Goals

Given their situation, many Syrian Refugee households have no clear saving goals and live one day at a time. Among those who do mention saving goals, two categories emerge:

- On the one hand are those who have **short or medium-term goals that relate to their life in Lebanon** such as buying assets or improving their accommodation.

*“We hope to save enough money to buy a car as transportation in Lebanon is expensive.” - Vulnerable Syrian Refugee, Male [28], North Lebanon*

- On the other hand, are those who have **long terms goals linked to their return to Syria:** clearing all their debts in Lebanon before leaving, buying land and/or building a house in Syria.

*“We hope to save enough to buy a house in Syria. Once I am debt free, I plan on diverting the allocated funds for the debt to savings.” - Vulnerable Syrian Refugee, Male [40], North Lebanon*

Although many Syrian respondents mention a desire to one day return to Syria or leave to another country, only one interviewee had a concrete plan to do so. Additionally, among those with a will to return to Syria, several mentioned they would not be able to or at least not unless the conscription for the army is lifted.<sup>41</sup>

**The main way in which Syrians household finance their consumption needs is through debt.** This debt can take on several forms.

The most common is **purchasing on credit** from grocery stores, pharmacies, etc. Modalities of the credit vary depending on how integrated the household is in Lebanon and on the type of help they receive from aid agencies.

For households which have been in Lebanon longer, they may have built the necessary trust to borrow **without any collateral or interest.**

*“We borrow for food. We always borrow from the bakery and from the grocery store. The most we’ve borrowed from the baker was \$464. Currently, we owe him \$245. He does not charge us interest even though sometimes we go three months without paying him anything. Sometimes he gets frustrated with us, so we repay him a little bit. For the grocery store, we have a revolving balance of around \$133. They trust us to pay when we have more money.” - Vulnerable Syrian Refugee, Female [38], Beirut/Mount Lebanon*

Additional research would be required to understand how stores manage these credits. Interest may be built-in to the price of the products allowing the store owner to build-up a sufficient cash-flow.

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<sup>41</sup> Yahya, Maha et al. 2018. “Unheard voices : what Syrian refugees need to return home”. [https://carnegieendowment.org/files/Yahya\\_UnheardVoices\\_INT\\_final.pdf](https://carnegieendowment.org/files/Yahya_UnheardVoices_INT_final.pdf)

Others have to leave some sort of surety, e.g. depositing their **identity card as a guarantee that they will come to repay the debt**. Most of the time no interest payment is required.

*“For instance, we would take the medicine from the pharmacy without paying, and they would keep our ID as a guarantee, and we would pay the price back later.”* - Vulnerable Syrian Refugee, Male [19], Beirut/Mount Lebanon

Finally, another solution observed among a few respondents registered with the UNHCR and benefiting from aid programs is providing their **Common Card as collateral and as an interest payment**. Refugees leave their card at the grocers in exchange for groceries amounting to a value which is inferior to the aid money which will be available on the card at a later date.

*“We also repay monthly by giving the owner of the Supermarket the UNHCR card as a way of repayment. So, each card is considered as a \$133 payment.”* - Developing Syrian Refugee, Female [33], Beqaa

The other source of debt to finance consumption is **borrowing from friends and family or requesting cash advances from employers**. The latter is less common. Many households have had to borrow from friends or relatives to finance consumption needs. Sometimes these loans turn into gifts as the lenders may not ask for repayment.

*“I keep borrowing from my mother for consumption. Right now, I owe her \$33. I owe my sister \$66. I usually borrow from her for food. [...] I often borrow from my mother and sister in the winter, but very rarely in the summer. Last year they covered my rent once and would not take the money back. They offered it. Usually, I would repay them little by little.”* - Vulnerable Syrian Refugee, Female [21], Beqaa

Almost none of the interviewees mentioned taking a loan from **informal private lenders**. When asked about this solution, respondents overwhelmingly expressed **negative sentiments** for these actors. The two dominating sentiments were that this activity was **haram** (proscribed by Islamic law) because private lenders charge interest and that they were **thieves** because interest rates charged were extremely high.

*“I would never deal with them, interest is haram, and they cannot be trusted.”* - Vulnerable Syrian Refugee, Male [45], Beqaa

*“I would not go to these offices as the rates are incredibly high and the payments are not regulated so there is a risk of being overcharged.”* - Vulnerable Syrian Refugee, Male [25], North Lebanon

## Islamic Finance

Despite several respondents both Lebanese and Syrian mentioning religious opposition to interest as an issue in accessing conventional formal finance. None mentioned Islamic finance institutions as a solution.

The Islamic finance sector is still new in Lebanon, where the conventional banking system is already well-developed and highly competitive. Five Islamic banks currently operate in Lebanon: the Lebanese Islamic Bank, Al Baraka Bank, Arab Finance Bank, Bloom Bank for Development, and Al Bilad Islamic Bank for Investment and Finance<sup>42</sup>.

In December 2015, those five banks represented a total of \$507 million in assets and accounted for less than 1% of the whole Lebanese banking sector<sup>43</sup>. The deposits in Islamic banks amounted to about a billion dollars against a total of \$152 billion for the whole banking sector<sup>44</sup>.

The development of Islamic Finance in Lebanon is governed by the 2004 Law No 575 on *Establishing Islamic banks in Lebanon*. Since then, the laws in force did not facilitate the operations of Islamic banks.

Islamic banks are subject to double taxation of their financing operations because they operate on sales and purchase contracts. They also have to abide by an initial capital requirement of \$100 million. Moreover, Islamic banks are not allowed to accept deposits with a term of less than six months, although the majority of deposits are of shorter duration. Islamic banks thus struggle to attract clients, all the more so as Lebanese clients are not used to non-guaranteed deposits<sup>45</sup>.

### Formal financial solutions

**None of the Syrian Refugee households has access to a bank account. The only interactions they may have with banks come from usage of the Common Card. The only financial institution to provide Syrian Refugees in the sample with loans seems to be Al-Qard Al-Hassan.** However, it should be noted that this is not representative as there are over 8,000 Syrians among microfinance borrowers in Lebanon.

*"I can either cover it myself or borrow from Al-Qard Al Hassan. If I'm struggling for a very small amount, I would borrow it from some friends."* - Developing Syrian Refugee, Female [28], Beqaa

Beyond AQAH, households mention they would be interested in a bank account to deposit savings or in having access to formal loans with the caveat that several consider interest to be immoral.

*"I would definitely be interested in a bank account. I would then save and, when I need to, I would withdraw the amounts I need."* - Vulnerable Syrian Refugee, Male [49], Beirut/Mount Lebanon

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<sup>42</sup> Sujud, H., & Hachem, B. 2018. Reality and Future of Islamic Banking in Lebanon. *European Journal of Scientific Research*, 149(4), 410–422. Retrieved from [https://www.researchgate.net/publication/327248769\\_Reality\\_and\\_future\\_of\\_islamic\\_banking\\_in\\_lebanon](https://www.researchgate.net/publication/327248769_Reality_and_future_of_islamic_banking_in_lebanon)

<sup>43</sup> Ibid

<sup>44</sup> Global Finance Magazine. 2015, June 12. Islamic Finance 2015: Growth Strategies In Lebanon. Retrieved January 23, 2019, from <https://www.gfmag.com/magazine/june-2015/islamic-finance-lebanon>

<sup>45</sup> Al Bawaba. 2014. Why Islamic Finance is failing in Lebanon. Retrieved January 23, 2019, from <https://www.albawaba.com/business/lebanon-islamic-finance-545264>

*“I wish I could have one because I have a dream of opening my own barber’s shop. I would like to use this account to borrow the amount and make this shop happen.” - Developing Syrian Refugee, Female [28], Beqaa*

Among those interested in a bank account, **the main obstacles are the lack of money**, meaning there are no formal financial solutions for the most vulnerable, and, most of all, the fact that **banks do not serve Syrian Refugees**.

*“I would like to have a bank account, but I can’t because I don’t have enough money to open one in Lebanon. Any money I have to spare is transferred to Syria to cover for my children and mother’s expenses. I have not explored how to open a bank account thoroughly because I don’t want to be embarrassed in front them.” - Vulnerable Syrian Refugee, Male [43], North Lebanon*

*“If I had a bank account, I would know that each month I had to pay a certain amount and as such put it aside as I do for the house bills and my mother’s expenses. Banks however do not give access to Syrian nationals.” - Vulnerable Syrian Refugee, Male [28], North Lebanon*

Self-exclusion appears commonplace. Many interviewees say they do not have enough money or that they are not allowed to open an account but very few have tried or sought information. This self-exclusion is likely exacerbated by lack of experience with financial institutions, distrust, and perceived ineligibility, as most respondents did not have a bank account in Syria.

Those who are not interested in bank accounts are generally **opposed to interest** and do not want to be caught up with institutions who apply interest rates whether it is on loans or on deposits. **They would prefer to save in other ways if they had money: mostly through purchasing gold, buying land or building a house.**

Despite lack of access, a majority of respondents were aware of at least some of the main banks in Lebanon. Among those named most frequently were Audi Bank, Byblos Bank, and Fransabank<sup>46</sup>. None of the interviewees were able to give an informed opinion of the banks. Some mention they have a good reputation and the rare few that have had interactions with the bank, through work or through use of the UN card, mostly express positive sentiments.

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<sup>46</sup> Only one respondent mentioned Banque Libano-Française despite the bank providing the red card. This is probably due to the absence of the bank’s name or logo on the card

## Savings and debt in Syria

Before the crisis, in Syria, most interviewed household were in a much better financial situation. Their sources of income were more stable (some were well-off), healthcare and education were free, they were tightly integrated in the social and economic fabric. Therefore, **most respondents claim they never had any debt in Syria.**

*“We were never in debt in Syria. The government has a number of assistance programs that helped even the most vulnerable of Syrians to stay out of major debt.”* - Developing Syrian Refugee, Female [31], North Lebanon

*“My husband had a barbershop there, he did not borrow. Our family was well off.”* - Vulnerable Syrian Refugee, Female [21], Beqaa

Moreover, these households were **often able to save**. However, **almost none ever had an account in a formal financial institution**. The **preferred methods of savings were buying land and building a house, investing in their business and purchasing assets**, including, but not limited to, gold. Several households mention selling these assets to get by since they arrived in Lebanon.

*“We saved the money in the house and would use take cash when necessary. From our savings in Syria, we were able to build a three-room house on our land.”* - Developing Syrian Refugee, Male [29], North Lebanon

*“In Syria my parents were able to save five to six million SYP (approx. 10,000 USD) per season before the crisis, which is a very big sum. We used this money to buy land, gold jewelry and save money at the house. Once the war started, the SYP depreciated a lot, and drained our savings. We took the gold and left Syria. When we got to Lebanon, we sold the jewelry to pay for rent and for food.”* - Vulnerable Syrian Refugee, Male [19], Beirut/Mount Lebanon

## Transferring money

One of the financial services Syrians do have access to are money transfer services. Most interviewed households know such services, and many have used them.

**Transfers within Lebanon are quite rare**, but a few respondents mention transfers to or from friends and family within the country.

*“My brother sends me money through OMT. He would lend me \$66 to \$166. Sometimes he delivers it personally. It would cost him around \$2 or \$3 to send it. I borrowed this amount from him around five times per year.”* - Vulnerable Syrian Refugee, Male [45], Beqaa

A handful of refugees have received transfers from relatives who have moved to other countries.

*“We received \$100 from Denmark as a gift via Western Union from my husband’s sister when I gave birth”* - Vulnerable Syrian Refugee, Female [33], Beirut/Mount Lebanon

**The majority of households have transferred money to or from Syria.** However, formal transfer services are not available in all areas of the country. Most Syrian refugees from insecure areas have to use informal solutions. One way, when possible, is to **entrust the money to people who still travel back and forth seasonally.** This solution is risky.

*“We send money through people not through OMT because these do not work in our region in Syria. We prefer to send it with people who travel back and forth. Some people in our community come here during summer and go back to Syria during winter. But once my brother was almost robbed and sometimes there are incidents at the checkpoints because US dollars are forbidden in principle in Syria.”* - Developing Syrian Refugee, Male [42], Beirut/Mount Lebanon

Another way is to **transfer the money through a family that has members on both sides of the border.**

*“I used to send money to my family in Syria when they were there through a villager that lives in Lebanon. I gave the money to the family here and his family in Syria gave it to my family there. He took \$3.3 for every \$100.”* - Vulnerable Syrian Refugee, Male [49], Beirut/Mount Lebanon

Finally, one household mentioned wiring the money through Turkey.

*“We transfer money to my mother in law in Idlib. To do so we have to go through Turkey because we cannot transfer the money to Idlib for lack of services there. We transfer the money to Turkey and our relatives drive it to them in Idlib.”* - Vulnerable Syrian Refugee, Female [38], Beirut/Mount Lebanon

Several respondents mention working with **Al Haram<sup>47</sup>**, the Syrian money transfer service, through **brokers present in Lebanon.**

*“I transfer money through Syrian brokers for the Syrian money transfer office Al Haram. We give the money to the broker in addition of a \$5 commission for every \$100 sent.”* - Vulnerable Syrian Refugee, Male [28], North Lebanon

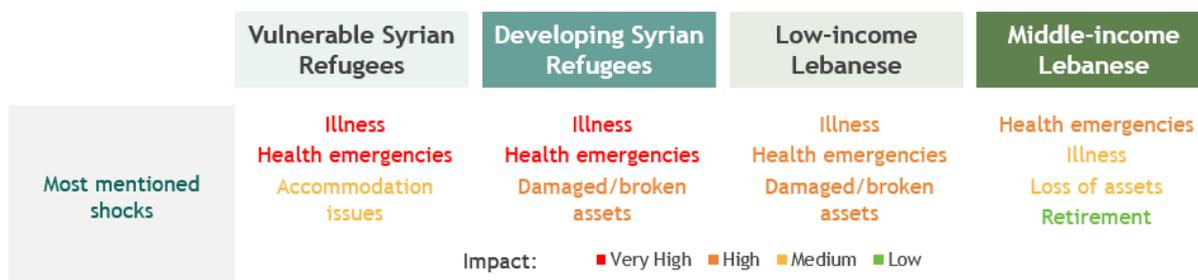
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<sup>47</sup> <http://haram-transfer.com/en/page>.

Please note Al Haram translates as Pyramid, not to be confused with Haram which translates as forbidden.

### III. Coping with shocks

#### A. External Shocks



With almost all Syrian households and many Lebanese households in the sample struggling to make ends meet on a weekly or monthly basis, external shocks have critical consequences on their living conditions. Among other things, external shocks can include illness, death, accidents, loss of property, crops, livestock or theft.

The most common and impactful shocks are health related regardless of the household’s citizenship or economic situation. However, the more vulnerable the household is and the more financially excluded, the worse the impact is. Health issues are frequent, they can often take a strong emotional toll on families and very often they have a significant economic impact as respondents are ill-prepared to mitigate the risks.

Households also worry about their assets being damaged or lost (car, household appliances, carts...) as this can have a strong financial impact and pile debt on already burdened household finances.

#### 1. Affected Lebanese

##### Health

**Affected Lebanese worry most about health**, regardless of their income due to the high cost of healthcare and loss of income if unable to keep on working.

*“Illness, of course. In Lebanon we are all afraid of health expenditure.”* - Middle-income Affected Lebanese, Male [58], Beirut/Mount Lebanon

*“I always ask my god to keep me in my health. If I get incapacitated, I will be a burden while the family still need me to be productive, there is no one else at the moment to help”* - Middle-income Affected Lebanese, Male [54], Beirut/Mount Lebanon

However, beyond this common concern, the situation is quite different between Middle-income and Low-income households.

For **Low-income households**, **health issues**, even rather moderate, can quickly become a major financial burden as many do not have any health coverage, not even the National Social Security Fund (NSSF), known colloquially as *Daman*.

*“My wife underwent a sinus surgery two years ago and, due to a medical mistake, she began having complications two months ago. So, we had a medical examination by the doctor for \$50. She needed four tablets of medicine that cost \$160 and as I don’t have a car, transportation to the hospital cost \$33. So, the total cost for that visit to the doctor was \$243.”* - Low-income Affected Lebanese, Male [40], Beqaa



Figure 5 - Lebanese man holding up his medicine, Akkar district

Due to a higher share of respondents being included in the formal economy and having **access to social protection (NSSF) and/or financial services**, **Middle-income Lebanese households** are more likely to have access to health coverage. Therefore, they are less likely to worry about health expenditure and tend to see health issues mostly as an emotional pressure.

#### **Living conditions and assets**

Beyond health which is a central concern for low-income households in Lebanon – whether Lebanese or Syrian – interviewees from Low-income Lebanese households worry about **productive assets** be it the effect of weather on crops, the loss of livestock in rural areas or carts in urban settings.

*“The cold worries me, it causes sicknesses, and accidents, and the goats we have might die.”* - Low-income Affected Lebanese, Female [62], Beqaa

*“I worry my cart might break down because it requires at least \$133 to get it fixed. Last time I had to fix it was three years ago. One wheel fell off, and the axle broke. I had to pay \$133. I had to borrow it from a guy who owns a grocery shop in the food market. I repaid it bit by bit, \$33 per month or so.”* - Low-income Affected Lebanese, Male [53], Beirut/Mount Lebanon

Middle-income households are likely to worry about issues with **assets** such as a car or home appliances that can generate unexpected expenses.

*“I worry about car troubles as my government insurance is not reliable.”* - Middle-income Affected Lebanese, Female [28], North Lebanon

*“Car accidents have a big financial toll because we had to borrow \$6,000 to pay for the car repair. Health issues are mostly covered by social security, they mainly have an emotional toll on me.”* - Middle-income Affected Lebanese, Female [57], Beqaa

Middle-income households where some of the providers are ageing also worry about **retirement**.

*“I also worry about my retirement in seven years. Even though social security gives me one month for every year I’ve worked, I am sure I will need more. Also, I wish could get this money over monthly instalments rather than one big sum because as a lump sum I will spend it all.”* - Middle-income Affected Lebanese, Female [57], Beqaa

## 2. Syrian Refugees

With many households already relying on debt for consumption, many household heads are **constantly worrying that they will no longer be able to pay their bills or pay back their debt and will no longer be able to cope**. In an often already precarious situation, Syrian refugees **worry about a wide array of external shocks** that can affect them financially and emotionally.

### Health

**The number one concern is health issues:** illness or accidents. Depending on the gravity of the health issue experienced or considered, this is an emotional and/or financial concern. Medical fees and medication are **very expensive** and, often, an **ill or injured family member means one less productive person and a dip in income**.

*“I’m worried about sickness, if any of the children is sick here medication and doctor fees are expensive” - Vulnerable Syrian Refugee, Male [50], Beirut/Mount Lebanon*

*“I worry about health issues because I don’t have any insurance and the resulting financial impact would be high. Nothing major happened in the past two years because I keep a check on them. My son gets a monthly medical check-up and my wife, and I get quarterly ones.” - Vulnerable Syrian Refugee, Male [30], Beqaa*

**In Syria, medical healthcare was free** and health issues were never a concern.

*“We never worried about anything in Syria. We had free education and free healthcare. Here, they want insurance and social security before they even admit you to the hospital.” - Vulnerable Syrian Refugee, Male [45], Beqaa*

Many respondents have the **UNHCR health coverage** which gives them access to primary care and good coverage for emergencies or certain interventions in hospitals such as childbirth, but respondents report it does not cover medication or follow-up appointments.

*“We get health coverage from the UN. For instance, I was hit by a car once and had to get a surgery. I paid 50% of the cost which was \$66. [...] After this surgery I had to change my stitches seven times over two months for a total of \$116.” - Developing Syrian Refugee, Female [28], Beqaa*

In certain cases, families still have to spend large sums of money despite the UN assistance.

*“We had an incident with my child. He was behind me on the motorbike. We had to operate him. The cost was \$2,700. The UN paid \$1,500 and I had to pay \$1,200 excluding the treatment afterwards” - Vulnerable Syrian Refugee, Male [36], Beirut/Mount Lebanon*

Due to poor living conditions, **refugees are particularly susceptible to falling ill** especially during the winter. Therefore, **many households are constantly spending money on health issues ranging from a cold to serious diseases and work or traffic related accidents**.

*“I worry about harsh winters which translates into more diesel and more expenses, the lack of work and my daughter getting sick.” -Vulnerable Syrian Refugee, Male [30], Beqaa*

*“Illnesses constitutes a big concern, one thing I have noticed is that there is always a member of the family sick throughout the year. Now I worry about my husband’s injury as he won’t be able to use his leg for the coming four months.” - Developing Syrian Refugee, Female [33], Beqaa*

### **Living conditions and assets**

Beyond illness, **harsh winters** worry many interviewed households especially in Beqaa. Living conditions worsen and the cost of living soars. This is due to rising energy costs to heat often poorly insulated accommodations using fuel. To Syrians, used to subsidized fuel prices, the cost of energy in Lebanon is extremely high.

*“I also worry about strong winters because we live in a tent, and my sheep are also in a tent. Strong wind would break the tents, and harsh rain and snow would leak into the tent.” - Vulnerable Syrian Refugee, Male [45], Beqaa*

*“When the winters were harsh before, our diesel expenses increased a lot because we needed it more frequently for the heating. It led us into a spiral of debt.” - Vulnerable Syrian Refugee, Female [21], Beqaa*

Syrian Refugee households often worry about issues with their **accommodation**. Respondents mention experiencing leaks and other damage. The most mentioned source of concern is unsafe electric installations. This is in line with the fact that three in ten refugee households were residing in substandard shelters according to the 2018 vulnerability assessment.<sup>48</sup>

*“I also worry about electric shocks inside the house because the wires are exposed.” - Vulnerable Syrian Refugee, Male [19], Beirut/Mount Lebanon*

Households living in a **tent** mention their tent flying off or being damaged as a concern.

*“Ever since we moved here and lived in a tent, it flew off twice. It costs me \$333 to replace it: nylon for \$66 and drapes for \$267.” - Vulnerable Syrian Refugee, Male [45], Beqaa*



*Figure 6 - Tent of Syrian Refugee household in Akkar district*

<sup>48</sup> UNHCR, UNICEF, WFP. 2018. “Vulnerability Assessment for Syrian Refugees”, Lebanon

The accommodations of Developing households are generally better but may still be a concern. They are **more likely to own more assets** and are concerned about those too.

*“The appliances at the house keep breaking down, notably the washing machine that was down the whole summer and we had to wait until we found a cheap one.”* - Developing Syrian Refugee, Female [31], Beqaa

*“I have a car. Two years ago, I had to spend about \$700 to repair the motor.”* - Developing Syrian Refugee, Male [42], Beirut/Mount Lebanon

**Rural households**, although they do not own the land they work on, **worry about losing crops** as their livelihood depends on them.

*“We worry the most about anything that can ruin our crops, such as the weather or insects. The effect is financial and emotional.”* - Vulnerable Syrian Refugee, Female [38], Beirut/Mount Lebanon

### **Relatives in Syria**

Those who have **family that stayed in Syria** worry about them. This is mostly an emotional concern but can also become a source of financial stress as **those who stayed behind may ask for assistance** from those who left.

*“I worry about my parents in Idlib, they are under siege, and that happened all of a sudden. I had to borrow \$350 with interest to send it to them.”* - Vulnerable Syrian Refugee, Male [32], Beqaa

## B. Coping mechanisms

	Vulnerable Syrian Refugees	Developing Syrian Refugees	Low-income Lebanese	Middle-income Lebanese
Most mentioned shocks	Illness Health emergencies Accommodation issues	Illness Health emergencies Damaged/broken assets	Illness Health emergencies Damaged/broken assets	Health emergencies Illness Loss of assets Retirement
Coping mechanisms used	Debt UNHCR health coverage Selling assets	Debt UNHCR coverage Selling assets	Debt Community assistance Social Security Selling assets	Social Security Savings Insurance Debt
Formal financial services	No access	No access	Limited access to social security and Ministry of Public Health (MoPH)	Social Security Private insurance (rare)

As demonstrated in the previous section. Households often face high unexpected expenses due to external shocks they are not protected from.

Low-income Lebanese may have access to Social Security if they have a formal form of employment, but many have no coverage. In that case they usually resort to asking money from friends or family which may be borrowed or given to them. Other options are to reach out to their broader community such as religious organizations or political parties or to sell assets.

Middle-income Lebanese, due to their overall better economic situation, are more likely to have sufficient coverage although this is not true for all the respondents in this category. Beyond Social Security or mandatory car insurance, very few respondents have access to private insurance of any kind. Customers are less familiar with these products and they perceive them as very expensive.

This situation is all the more true for Syrian refugees who are often excluded from formal services. The public Social Security is not available to Syrians, and private insurance can be very costly. Most Syrian interviewees have access to UNHCR health coverage for hospitalization and childbirth in approved hospitals. The UNHCR provides a partial coverage for certain emergencies but not for all issues nor for medication. Therefore, the main coping mechanism used is debt, mostly from friends and family. In some cases, Syrian Refugees resort to negative coping mechanisms (e.g. asset sales or reduced consumption). Many Syrian Refugees resorted to selling their assets brought over from Syria, mainly gold, soon after their arrival in Lebanon to finance their settlement, face early shocks or purchase safe passage into Lebanon for family members and therefore no longer have assets as a back-up.

Further analysis of the external shocks faced by crisis-affected communities and how they affect them is provided in the following sections on Affected Lebanese and Syrian Refugees.

### 1. Affected Lebanese

#### Informal financial solutions

Better social and financial inclusion means Lebanese households have access to a broader set of solutions to cope with external shocks.

Lebanese households, especially Middle-Income households, are **more likely to have sufficient savings to cope with shocks**.

*“I save a little bit each month and buy gold so that I can sell it in case of an emergency. I prefer to sell my gold than to ask anyone for help.”* - Middle-income Affected Lebanese, Female [40], Beqaa

Also, interviewed Lebanese households are slightly **less likely to reach out to friends and family to borrow money than Syrian respondents**, especially as they perceive this as particularly **hard and humiliating**. However, this may not be representative of behaviors in the broader population as more than a third of the population borrowed in the last 12 months according to FINDEX<sup>49</sup>.

*“I don’t like to borrow because I think it is embarrassing. Besides, what if people tell you that they do not have money or that they choose not to lend you? It would be even more of an embarrassment.”* - Middle-income Affected Lebanese, Male [32], Beqaa

In some cases, they would even rather sell possessions than ask for money. This is also possible because interviewed Lebanese households are likely to own more assets than refugee households.

*“I prefer that we sell our livestock rather than we borrow money from anyone because it’s humiliating, and I don’t know how we will repay.”* - Low-income Affected Lebanese, Female [62], Beqaa

Lebanese households can rely on their broader community. Several households mention they could get help from **local organizations**.

*“In 2017, my husband was suffering from diabetes and visited the doctor who asked him to take general tests that cost around \$227 which we paid in cash. A month later he was told that his liver had a problem and he was sent to a hospital in Tripoli where he underwent another test for \$333. Our sons took care of those expenses. After the exam my husband was diagnosed with a virus that would cost \$20,000 in treatment. We went to an NGO for assistance. We managed to save \$13,333 with the help of our children in Beirut who asked for advances on their salaries and the rest of the amount was given in assistance by the NGO.”* - Low-income Affected Lebanese, Female [43], North Lebanon

Another pattern displayed among Lebanese households is the possibility to seek **help from influential individuals or political parties**.

*“Seven years ago, we took my mother to the hospital and she had to stay there for eight days. The hospital bill was \$1,200. We went around asking politicians and men in power to help us. We finally got help from a politician in another governorate. We cannot even vote for him.”* - Middle-income Affected Lebanese, Female [40], Beqaa

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<sup>49</sup> World Bank. Global Financial Inclusion

### The importance of political allegiances (*wasta*)

Several testimonies from interviewees show **the importance of political allegiances in economic and financial inclusion**. Political allegiances and patronage relationships are also community-based. Therefore, not following these allegiances can cause rifts within a community.

*“My husband used to work as a gardener and concierge in one of the village’s villas before he got fired because of our political orientation. Then my husband had an accident. I got aid from a philanthropic organization that belongs to a politician. I remember that it was during the last election period. They paid my husband’s hospital bill and medicines which cost around \$1,000. This caused us a lot of problems with the other villagers who support a competing political party”* - Low-income Affected Lebanese, Female [56], Beqaa

*“In 2006, my husband was diagnosed with lung cancer due to his work in the factory in Chekka. The hospital requested a daily fee between \$200 and \$300. After a month, he passed away from his illness and I was left with a \$26,500 debt to the hospital. I sought assistance from a political party who paid instalments directly to the hospital for the amount of \$17,300. Because this party was not supported in my area, I was accused of seeking help from strangers to the community.”* - Middle-income Affected Lebanese, Female [55], Beirut/Mount Lebanon

The responses from a couple of Syrian households indicate some of them are also resort to this system.

*“I will ask powerful people that have political influence that I know to help.”* - Vulnerable Syrian Refugee, Female [37], Beqaa

### Formal financial solutions

In effect, political allegiance or connections can be the only way to benefit from the Ministry of Public Health’s assistance (see box on “Health coverage in Lebanon”).

Middle-income Lebanese households are more likely to be part of the formal economy and therefore to have access to **social security**. For many households this health coverage is key to their ability to cope with health-related shocks.

*“I’m covered by the social security through my work and I have full coverage car insurance for accidents. I believe that provides me with the security to deal with sudden emergencies.”* - Middle-Income Affected Lebanese, Male [29], North Lebanon

However, this coverage has its limits. Mostly it **does not cover all hospitals and getting reimbursed can take a long time**.

*“I have the governmental medical coverage. However, despite these precautions, I was still faced with unexpected health expenses given that the social security does not cover certain hospitals.”* - Middle-Income Affected Lebanese, Male [66], North Lebanon

## Health Coverage in Lebanon

The health system in Lebanon is **highly fragmented with multiple sources of funding and channels of delivery**.

**About half of the population has health coverage through social or private insurance schemes<sup>50</sup>.**

**All Lebanese employers and employees from any sector are required to contribute to the National Social Security Fund (NSSF).** Registration is made by the employer. Non-Lebanese employees can only benefit if their country of origin offers the same treatment to Lebanese citizens.<sup>51</sup> It provides health national insurance, reimbursing hospital care as well as ambulatory care up to 90%. However, the health system is highly privatized, with 86% of hospital beds privately owned. Many Lebanese people chose private insurance.

**For uninsured Lebanese citizens, upon request, the Ministry of Public Health (MoPH) provides services as the last resort<sup>52</sup>,** either through public hospitals or contracted private hospitals, and covers between 85% and 95% of hospital care costs. Primary healthcare is provided through a network of primary healthcare centers (PHC), supported by the Ministry of Public Health and the Ministry of Social Affairs. The PHCs are predominately run by NGOs through contractual agreements with the MoPH. The MoPH supports the PHCs with medicines, vaccines, equipment, incentives and, in exchange, the PHCs commit to provide a comprehensive package of services.

**Refugees can get subsidized services at some public or private institutions: the UNHCR pays 85% of their primary health care costs and 75% of the total cost of some hospital services** (life-saving emergencies, giving birth, care for new-born babies).<sup>53</sup> Support also comes from local and foreign NGOs, the World Bank<sup>54</sup>, and others. However, the costs of secondary and tertiary health care remain a significant barrier for refugees.

Additionally, it should be noted that the health sector has also been impacted since the beginning of the Syrian crisis. The growing demand for public services exceeds the capacity of institutions which lack resources to meet needs. The public health sector is lacking staff, equipment, and medication: the medical services are thus overcrowded, and quality of service is suffering. Since 2011, tuberculosis rates have risen by 27%<sup>55</sup>. In addition, the sector is facing financial issues as displaced patients are often unable to pay their part of the bill. The World Bank estimates that at least 70% of Syrian refugees and 28% of Lebanese may need financial support to access health care<sup>56</sup>.

A handful of interviewees have **private insurances** going beyond the national Social Security.

*"I have taken steps to ensure that I do not have to worry about medical care. On top of social security, my company offers me grade A insurance that covers me 100 % for \$25 per month taken automatically from my salary. I also receive life insurance through my company*

<sup>50</sup> Blanchet, Karl et al. 2016. "Syrian refugees in Lebanon: the search for universal health coverage". *Conflict and Health*.

<sup>51</sup> Investment Development Authority of Lebanon. [https://investinlebanon.gov.lb/en/doing\\_business/employment](https://investinlebanon.gov.lb/en/doing_business/employment)

<sup>52</sup> Ammar W, Kdouh O, Hammoud R, et al. Health system resilience: Lebanon and the Syrian refugee crisis. *J Glob Health*. 2016;6(2):020704. 10.7189/jogh.06.020704

<sup>53</sup> Brookings. 2018. "The challenges in providing health care to Syrian refugees".

<sup>54</sup> World Bank. Lebanese Health Resilience.

<http://documents.worldbank.org/curated/en/616901498701694043/pdf/Lebanon-Health-PAD-PAD2358-06152017.pdf>

<sup>55</sup> Arcos González, P., Cherri, Z., & Castro Delgado, R. (2016). The Lebanese–Syrian crisis: impact of influx of Syrian refugees to an already weak state. "Risk Management and Healthcare Policy", Volume 9, 165–172.

<https://doi.org/10.2147/rmhp.s106068>

<sup>56</sup> Government of Lebanon and United Nations. 2017. "Lebanon Crisis Response Plan 2017-2020"

*guaranteeing my family payment in the event of my death. These services are provided by AXA insurance. I also have comprehensive car insurance through Audi Bank as part of their car loan agreement.” - Middle-income Affected Lebanese, Male [30], North Lebanon*

Most Middle-Income Lebanese do not have private insurance. This is in part due to **limited knowledge of insurance products among respondents**. Most interviewees were mainly aware of car insurance. It is also due to the **price of insurance** which limits access for many households.

*“It’s hard to get an insurance plan because they are very expensive, but they are necessary for these types of situations.” - Middle-income Affected Lebanese, Male [30], North Lebanon*



Figure 7 - Interview in Rachaya, Bekaa

Despite many households mentioning relying on debt to pay unexpected expenses, no respondent mentioned banking or MFI services as part of their coping mechanisms to absorb shocks. One interviewee did mention having car insurance from Audi Bank as part of their car loan. Similarly, MFIs may offer insurance as part of certain loan products, but no interviewee mentioned having had access to such solutions.

### Money Transfers

Where most Syrian respondent mainly sent money to Syria, Lebanese respondents were mostly the **beneficiaries of transfers from their relatives in the diaspora** in Europe, North America or Australia to name a few.

*“I have a daughter in the United States, she sent \$500 to her brother to pay his university expenses. Sometimes she sends around \$200 as a gift, mainly for Christmas and special occasions. She uses Western Union, and my son goes to collect it.” - Middle-income Affected Lebanese, Male [54], Beirut/Mount Lebanon*

*“Every month, I receive \$400 from my two brothers in Germany, they send it as one payment to my name via Western Union and I deliver it to my parents or buy them what they need using it.” - Middle-income Affected Lebanese, Male [32], Beirut/Mount Lebanon*

## 2. Syrian Refugees

### Informal financial solutions

Due to their fragile financial situation, refugees are hit particularly hard by external shocks. To face these shocks, they rely on several informal mechanisms.

Borrowing money from friends and family is the **most mentioned solution**. These loans are **usually interest free and repayment schedules are flexible**. Borrowers pay back when they can.

*“After suffering an accident in 2016 and not being able to work, I borrowed \$400 from my sister and a friend in Lebanon. After recovering from the accident, I paid back the amount in a matter of few weeks. I did not pay any interest given the lenders and I made sure to devote every spare lira to the debt to avoid embarrassment and harassment.” - Vulnerable Syrian Refugee, Male [43], North Lebanon*

However, these loans come with a **strong emotional strain**. Many Syrian Refugees interviewed perceive asking people for money as the hardest coping mechanism to carry out because it is perceived as **humiliating** and the pressure of paying back or degrading family relationships is hard to carry.

*“Borrowing from people, the worst thing is humiliation. I would go to the bank even if there is interest, at least you have one front to repay to, not so many lenders.” - Vulnerable Syrian Refugee, Male [37], Beirut/Mount Lebanon*

*“It’s definitely hard to ask friends and family. I used to give people money so it’s so shameful now to take debt.” - Vulnerable Syrian Refugee, Male [50], Beirut/Mount Lebanon*

Some households, **due to lack of solutions or pride may prefer to sacrifice household expenditure rather than to borrow**. In the least harmful cases, they delay paying rent to cover the expense and agree with the owner that they will pay back the missed rent in instalments in addition to new rents. If the option is available, they may also prefer to sell assets such as gold. According to the 2018 VaSYR, 22% of households sold household goods and 5% sold productive assets as part of coping mechanisms.

*“Sometimes we don’t pay the rent the month it is due. Sometimes it’s one month or two months late. We’ve also had to delay part of the school bus payments.” - Vulnerable Syrian Refugee, Female [37], Beqaa*

In the most harmful cases, families cut back on food. The 2018 VaSYR points out that 51% of Syrian households reduce portion sizes and 57% reduce the number of meals per day as a coping strategy.

*“My husband suffered kidney stones in 2014 and we were forced to seek medical attention at the hospital for two days. He needed laser surgery to remove the kidney stones resulting in a \$266 hospital bill. This unexpected cost put a lot of pressure on the family despite having a better income at the time. The added expenses forced us to resort to a strict diet of legumes as they are cheap, and we had to borrow money from relatives. It took almost a year to reimburse the money in instalments of \$10 to \$15 per month” - Developing Syrian Refugee, Female [32], North Lebanon*

## Selling possessions

Very few Syrian refugees mentioned selling assets recently as many interviewees have been in Lebanon for a number of years. However, many households mention selling assets in the past, mainly gold that they were able to bring when they fled Syria.

*"I had an accident once a while back for which I had to pay \$66 to get checked-up. I ended up selling my gold to cover for it."* - Vulnerable Syrian Refugee, Female [21], Beqaa

Respondents mention that they would convert savings into gold as a saving mechanisms in order to cope with shocks if they could. This option is generally mentioned by women where men are more likely to mention they would ideally invest savings in land, building a house, or buying a vehicle.

*"I had intentions to save to buy gold jewelry that I can sell if we need money in emergencies, but I am never able to do so."* - Developing Syrian Refugee, Female [33], Beqaa

## Free healthcare across the border

A few refugees, particularly in North Lebanon and Beqaa mentioned the possibility to **drive across the border to receive free healthcare in Syria**. This option is not available for unplanned emergencies but can be used for foreseeable hospitalizations such as giving birth. However, it should be noted that this can be a risky endeavor for households as the border is de facto closed to Syrians entering Lebanon since 2014 except for extreme humanitarian cases.

*"If the matter can wait, I would send my wife to my family in Qamishli, Syria where she will have free medical care. I'm planning on doing exactly that next month when my wife is due. I'll send her with a smuggler where she can give birth and register the child."* - Vulnerable Syrian Refugee, Male [28], North Lebanon

## Formal financial solutions

Many households, especially Vulnerable Syrian Refugee households struggle to mention any formal tool that could help them face external shocks. When asked specifically about insurance, **awareness and understanding is uneven**. Developing households and urban households are more likely to have a good understanding of insurance. Additionally, as **most Syrian households have received information about insurance through Lebanese friends**, the more economically and socially integrated the household is in Lebanon, the more likely it is to understand insurance.

*"You pay a small amount, and if you have an accident, they cover for you."* - Developing Syrian Refugee, Female [30], Beirut/Mount Lebanon

*"I never really understood what insurance was until I heard about it from Lebanese friends."* - Vulnerable Syrian Refugee, Male [32], Beirut/Mount Lebanon

Even among households that are able to explain how insurances work, most only mention car insurance (which is mandatory for car owners in Lebanon and in Syria) and a few mention health insurance too.

Only two respondents had some form of insurance and it was the mandatory car insurance. None of the interviewees were able to mention the name of an insurance company.

*“I have insurance for the car, \$60 per year. I have to. I thought of doing a more comprehensive insurance, but I don’t know how.”* - Developing Syrian Refugee, Male [42], Beirut/Mount Lebanon

As mentioned previously, Syrian respondents say they do not have access to banking services for savings and therefore cannot use them as a form of insurance for shocks. Furthermore, **they also believe they cannot access insurance plans from private companies.**

*“I would like to have insurance, but I know as Syrian I’m not eligible.”* - Vulnerable Syrian Refugee, Male [43], North Lebanon

*“We’re barred from having insurance. I asked a lawyer and he said we can’t have insurance because we are Syrians.”* - Vulnerable Syrian Refugee, Female [38], Beirut/Mount Lebanon

### Insurance in Syria

Most Syrian refugees were **not insured in Syria** either since **healthcare was free**. The only exception were car owners as car insurance was mandatory there too.

This situation also explains the very low awareness among Syrian Refugees of the formal insurance institutions in Lebanon.

*“In Syria, I never thought about it. Healthcare is free for everyone in Syria, and I never thought of any other insurance.”* - Developing Syrian Refugee, Female [30], Beirut/Mount Lebanon

Despite all the barriers, **many Syrian refugees mention insurance**, especially health insurance as a financial service they wish they had access to. However, many of them wish there could be **free healthcare like in Syria or very cheap insurance that they could afford.**

*“We did not have to pay for services like medical services or in Syria and I believe that if these services were free in Lebanon, our situation would be much better.”* - Developing Syrian Refugee, Female [32], North Lebanon

## IV. Enablers of financial inclusion

### A. Economic activity

The types of economic activity households are able to access, its degree of formality, and the regularity of the income it generates play a role in determining access to formal financial services. Overall, Lebanese interviewees had access to broader job opportunities than Syrian Refugees, but low-income households find themselves competing on the informal labor market for employment with Syrians Refugees. For Syrian Refugees, access to formal employment does not only depend on their skill or ability to compete for a job but also on key enablers including registration with the UNHCR and acquiring a residency permit.

#### 1. Affected Lebanese

Interviewees and their families work in a wide variety of jobs ranging from daily labor in construction to working for large public or private entities. However, slow economic growth over the last few years in Lebanon has put pressure on many households.

**Middle-income households** are more likely than low-income households to have **one or more member working in the formal sector with a stable job and revenue**. However, other household members may well have an informal job and many Lebanese also have seasonal activities.

*“The main provider of the house is my sister Fatima. She is a nurse at a local hospital. She has been working there for the past 15 years and makes \$600 per month. I’m a school bus driver. My cousin owns the bus and I drive it. I get \$400 per month. I work as a farmer in the summer. My other sister Sarah and my mother work at the convenience store they own right underneath the house. They make about \$250 per month.”* - Middle-income Affected Lebanese, Male [32], Beqaa

Some **low-income households are integrated in the formal economy while others are not** giving them less ability to anticipate income and plan expenses.

*“I work as a cleaning lady in a school. I don’t have a contract. I get a salary each month, but it’s based on the number of days they call me in to work. It’s not fixed. During the summer, when the school is closed, I work in agriculture.”* - Low-income Affected Lebanese, Female [62], Beqaa

**Most interviewed Lebanese household feel their economic situation has deteriorated in recent years and a majority believe the Syrian Refugee crisis is at least partly to blame.** Among respondents, a few say the refugees have had no impact on their situation. Two recognized positive impacts.

*“Syrians buy a lot of meat and other products in the market. Their presence is good. I do not feel they threaten my work, or that they pose a competition of any form. I don’t mind taking side jobs that would generate very little money like \$5 to clean carpets but other people charge less, and they are both Lebanese and Syrians.”* – Low-income Affected Lebanese, Male [22], Beqaa

Beyond these exceptions, Affected Lebanese respondents only mention negative impacts caused by the influx of Syrian Refugees. These impacts are almost strictly economic. Interviewees report that Syrians compete with Lebanese for livelihoods and accept lower wages or provide cheaper products and services.

*“After working for years as an electrician and a tiler I had to change careers as I could not afford to compete with the Syrian prices. I used to charge \$5 for one meter of tiling where Syrian workers take \$2 and I used to take \$7 for a meter of electric installations while Syrians took \$1.5.” - Low-Income Affected Lebanese, Male [42], North Lebanon*

*“They are a competition, especially in construction. Last year I wanted to take a project from the Municipality, my bid was \$35 yet the Syrians came and brought in material from Syria and their bid was 18 USD, so they took the deal.” - Middle-Income Affected Lebanese, Male [54], Beirut/Mount Lebanon*

Some interviewees also mentioned an indirect effect where the presence of Syrian Refugees having put pressure on wages and led to higher unemployment, people can no longer afford to consume like they did before.

*“The rapid drop in my shoe sales was due to the increase of the Syrian population in Lebanon. It has affected the employment rate for Lebanese so they could no longer pay for luxury items like fashion shoes and the Syrian population who had the jobs did not spend their money on things like shoes in Lebanon when they could buy them much cheaper in the Sunday market.” - Middle-Income Affected Lebanese, Male [66], North Lebanon*

Other adverse effects are mentioned by a more limited number of interviewees among which are a hike in rents and increased insecurity.

## 2. Syrian Refugees

On top of the Vulnerable or Developing distinction, strong disparities also exist regarding the date of arrival of interviewed refugee households. Some respondents have had a presence in Lebanon since before 2011 while the last family to arrive only came in April 2018. Several male interviewees had been coming to Lebanon for work before the crisis. A few had been living and working in Lebanon, only occasionally returning to Syria, but most often they had been working seasonally in Lebanon. Most households in this study **rely primarily on work for their income** but generally have multiple sources of income which for a minority includes aid.

The types of economic activities in which displaced Syrians can work in Lebanon are **legally limited**.<sup>57</sup> Households interviewed for this study mainly relied on income from construction, agriculture and services (especially retail and hospitality/restaurants<sup>58</sup>). This is in line with the United Nations' 2017 Vulnerability Assessment for Syrian Refugees which reported 32% of working men were in construction, 21% in agriculture and 11% in occasional work while 38% of employed women worked in agriculture and 10% in occasional work.<sup>59</sup> These areas of employments match sectors in which

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<sup>57</sup> UNHCR, UNICEF, WFP. 2018. “Vulnerability Assessment for Syrian Refugees”, Lebanon

<sup>58</sup> Mainly seasonal work

<sup>59</sup> UNHCR, UNICEF, WFP. 2018. “Vulnerability Assessment for Syrian Refugees”, Lebanon

Syrians were already frequently active in Lebanon before the beginning of the crisis. Several typical scenarios emerge:

- In **rural areas** such as Akkar (North Lebanon) or Rachaya (Beqaa), **Syrian refugees often work in agriculture, mostly daily labor**. These households were generally **rural households in Syria** as well.

*“I came to Lebanon before the crisis. I was searching for a job and I found the owner for whom I am working. I was a worker in Syria too, also a farmer. I am still working for the same person since I came. [...] The main source of income is our work in agriculture. It is not a monthly income. It is a matter of production and selling.”* - Vulnerable Syrian Refugee, Male [36], Beirut/Mount Lebanon

Furthermore, **seasonal agricultural work** for other household members can help increase the household’s overall income.

*“During the olive season, my mother and my sister-in-law assist the income by working as olive pickers for around \$10 per day. They hand their wages to me and I add it to the house income.”* - Developing Syrian Refugee, Male [29], North Lebanon

- In urban or semi-urban areas, a lot of Syrian households mainly rely on **daily labor in construction** through-out the year. They typically earn \$10 to \$17 per day.

*“I work very irregularly as a laborer on construction sites, I take whatever I can find. This includes works in carpentry, painting, tiling, etc. I work as a daily laborer and get around \$13 per day. On average I work two weeks per month. Work is not regular at all.”* Vulnerable Syrian Refugee, Male [19], Beirut/Mount Lebanon

Again, many households depend on **seasonal work**. This seasonal work can be agricultural, as mentioned previously or, for refugees in Mount Lebanon or North Lebanon, it can be in the hospitality sector on the coast. In many cases, respondents who had these types of activities before the crisis still do.

*“In 2016, I began working seasonally in a beach resort from the month of June until October for \$300 per month and I manage to collect tips of up to around \$50 per month. During the months of November to May I join the harvest season or work as daily laborer for \$10 per day.”*- Vulnerable Syrian Refugee, Male [28], North Lebanon

- **A minority of households are able to find more stable sources of income year-round** working in services. A few households mention monthly fixed income from work in retail. Two respondents work in assistance of their community through aid agencies or education.

*“I am a social volunteer with the IRC and the IMC for which I’m paid \$400. I have a yearly contract from each of them. I put people in need in contact with the organizations. I’m paid monthly and I’ve been working for the IRC for three years and for the IMC for two years”* - Developing Syrian Refugee, Female [28], Beqaa

Registration with the UNHCR provides refugee with identification – for those who did not have ID - and protection. Formal identification is a necessary step to accessing financial services. In Lebanon, it is also one of two paths to a residency card (see “Residency” box below) and therefore to legal mobility and legal access to services in Lebanon, as well as formal employment if combined with a work permit.

Moreover, registration with the UNHCR gives Refugees access to aid from several programs by the UNHCR and other organizations (UNICEF, WFP, etc.).

## Residency

According to the UNHCR, UNICEF and the WFP, 73% of Syrian refugees over 15 years old did not have a residency permit in 2018. In 61% of Syrian households, none of the members had sought or been granted legal residency, compared with 29% in 2016 and 20% in 2015<sup>60</sup>. Among interviewees, this figure is 50%. Residency permits enable legal mobility within Lebanon. Lacking it may mean giving up on economic opportunities such as seasonal work or lacking access to public services. In 2015, 67% of interviewed Syrian refugees said their main issue with not having a permit was restrictions on freedom of movement<sup>61</sup>.

*“My husband’s paper loss constrains him from moving outside of Baalbeck in order to avoid checkpoints. If he is to be caught, he has to pay \$600 which he does not have.”* - Developing Syrian Refugee, Female [21], Beqaa

Women seem to be able to move around more freely than men. Lebanese security services show a certain tolerance towards women and children.

*“No problems whatsoever. We go to Beirut and all, nobody asks women for anything.”* - Developing Syrian Refugee, Female [28], Beqaa

Access to residency permit depends on whether refugees are registered with UNHCR (approx. one million individuals) or not (approx. 0.5 million).

Before 2017, to the main barriers to getting a permit were that Syrian Refugees had to pay a \$200 fee and follow a complex process<sup>62</sup> and many choose to stay illegally despite the risks. In March 2017, the General Security Office (GSO) announced a decision by the Lebanese Government to waive the overstay and residency renewal fees for Syrian refugees registered with the UNHCR prior to January 1, 2015 and who had not renewed their permit based on tourism, sponsorship, property owner or tenancy in 2015 or 2016.

Many respondents are unaware of this evolution and still consider the fee and additional costs as the main barrier.

*“I have no residency permit as I cannot afford to pay the renewal and the outstanding fees. I was asked for my ID card and detained for having an invalid situation. I was detained for 17 days in Rhaniyeh prison, 13 days by the military police and four days at the GSO in Beirut.”*  
- Vulnerable Syrian Refugee, Male [23], North Lebanon

Those who are not registered with the UNHCR, need sponsorship (Kafala) by a Lebanese citizen or entity. Sponsors sometimes ask for informal “fees” or may exert strict control over the refugees. The system places refugees in a weak position and creates risk of abuses<sup>63</sup>.

Syrian refugees who have obtained their permit through the sponsorship system cannot apply for a residency permit based on a UNHCR registration certificate<sup>64</sup> and still need to cover renewal and overstay fees for residency.

<sup>60</sup> UNHCR, UNICEF, WFP. 2018. “Vulnerability Assessment for Syrian Refugees”, Lebanon

<sup>61</sup> Janmyr, M. 2016. Precarity in Exile: The Legal Status of Syrian Refugees in Lebanon. Refugee Survey Quarterly, 35(4), 58–78. <https://doi.org/10.1093/rsq/hdw016>

<sup>62</sup> For details of the process, please refer to Annex 3

<sup>63</sup> [https://www.ilo.org/beirut/areasofwork/labour-migration/WCMS\\_514910/lang--en/index.htm](https://www.ilo.org/beirut/areasofwork/labour-migration/WCMS_514910/lang--en/index.htm)

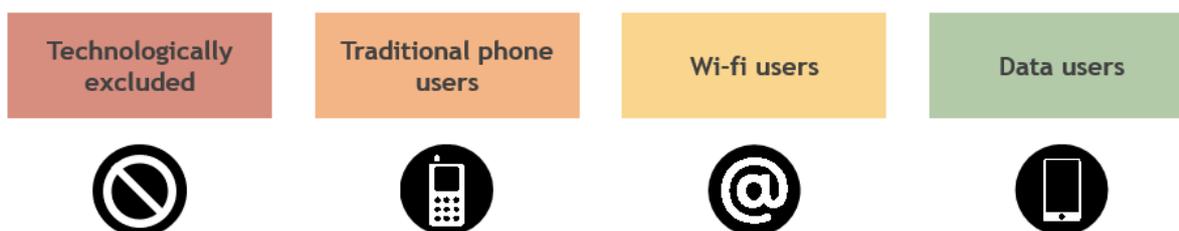
<sup>64</sup> Government of Lebanon and United Nations. 2017. “Lebanon Crisis Response Plan 2017-2020”

## B. Digital enablers

### Mobile phones and Internet access

Crisis-affected populations in Lebanon are mostly excluded from formal financial services. Yet they have access to many digital enablers. First and foremost, a strong majority of Lebanese and Syrians interviewed in this research have access to mobile phones and the Internet. This is in line with GSMA Intelligence data: smartphone adoption rate above 60% and a 3G market penetration above 50%.<sup>65</sup>

The interviewees can be broadly divided into four categories:



- **Technologically excluded:** These interviewees have no access to Internet and no phone. They are likely to be older, but some simply cannot afford it. This is the smallest group.
- **Traditional phone users:** These respondents have a landline or a cellphone without Internet access. Their usage of their device is limited. Despite not using Internet, their expenses tend to be high as airtime in Lebanon tends to be expensive. This is also a rather small group.
- **Wi-fi users:** Many respondents have a smartphone, may have voice and text but do not pay for data because it is too expensive. They use Wi-fi when available either at home or outside. Their main usages are social networks and apps that allow to place calls. The most popular app is WhatsApp. This is the largest group of interviewees, especially among Syrian Refugees.
- **Data users:** These users are similar to the previous category except they are able and willing to pay at least some money for data. They generally complain about how expensive it is.

Overall, most interviewees had access to Internet via Wi-fi. The Wi-fi may be paid for by the household or shared. The main differences between Lebanese and Syrians are that Syrians are less likely to be data users and many have a phone but no line as they only use the device through Wi-fi. Additionally, Syrians are more likely to share phones across several household members and share Wi-fi with other households.

It should however be noted that the quality of service experienced by users is uneven and the regularity with which they may be able to access the Internet is likely to vary a lot from one person to another. Furthermore, technologically excluded or traditional phone users should be taken into account when designing potential solutions for financial inclusion.

### Digital identification for refugees

Looking at displaced populations more specifically, access to digital enablers can also come from the aid and development sector. In Lebanon, this is notably the case for Syrian refugees registered with

<sup>65</sup> GSMA Intelligence 2017 (Q4)

the UNHCR as the process includes iris scans which can then be used to confirm their identity to use cash cards.

Furthermore, in some cases, Syrian refugees are provided with plastic cards to receive cash assistance (see “Aid” box below). The infrastructure for WFP cash assistance in Lebanon is largely channeled through the banking system and relies on pre-paid cards that can be used in certain stores and/or ATMs. Additionally, since 2017 these cards have begun using iris and face recognition to validate a beneficiary’s ID.

## V. Conclusions

The situations and behaviors identified through this research indicate that financial resilience in crisis-affected communities in Lebanon is low. In a highly constrained economic context, households both Syrian and Lebanese struggle to meet their needs and stabilize their financial lives.

### **Financial needs**

#### Savings

The study of household finances and how they are managed highlights that a major issue for many households is managing their budget with irregular cash flows due to irregular employment from one month to another (daily labor) and between seasons. For certain Vulnerable Syrian Refugees, income is simply not enough to meet basic needs, sometimes even despite aid. This is also true among Low-income Lebanese households. However, in many cases, households could possibly save money, even if irregularly, as is shown by the use of *Sunduqs*. Respondents who took part in *Sunduqs* mentioned these informal savings groups were often short-lived and so were their saving efforts. Communities could benefit from better structured schemes such as Village Savings & Loans Associations or equivalents to begin to build savings. Additionally, the existing offer of affordable savings accounts could be further developed to increase financial inclusion of lower income households both Syrian and Lebanese.

#### Debt

The interviews showed that affected communities are heavy borrowers but through informal channels. A few interviewed Syrians mentioned loans through *Al-Qard Al-Hassan*, some Lebanese respondents mentioned microcredit or bank loans.

For many Syrian Refugee and Low-Income Lebanese households, three similar debt patterns emerge and may coexist. The first is monthly debt contracted to finance consumption needs and is mostly contracted through shops or friends and family. The second is seasonal debt contracted during the winter when income, e.g. from agriculture, is lower and repaid during the summer when work in construction and in hospitality on the coast is available. The third is linked to frequent shocks, mainly health shocks that households are unable to mitigate. Although not all household face health shocks, there is a pattern of several households facing recurrent health expenses linked to illness or accidents which can be in part attributed to the vulnerability of their living conditions.

An expanded offer of affordable loans may help improve financial inclusion although access to interest free debt from friends and family and, for a minority of respondents, religious beliefs may be a barrier to uptake. Cooperation between financial service providers and humanitarian and development actors could also help bring services to target populations.

#### Coping with shocks

Precarious financial situations are often worsened by households' inability to mitigate risks. Shocks risk pushing households back into poverty and extreme poverty. Apart from a sub-set of Middle-income Lebanese respondents, the main coping mechanism used by respondents is debt.

Lebanese households working in the formal sector can - but do not necessarily have - access to Social Security and access to private insurance is often too expensive, especially for Low-income Lebanese. The Ministry of Public Health also provides assistance for those participating in the informal labor

market but obtaining this assistance can be a challenge and may require connections or political patronage.

Syrian households do not have access to the national Social Security. They do however have access to UNHCR health coverage for primary health care and hospitalization. This only provides them with partial coverage.

Beyond previous elements on access to debt, potential solutions to help financially excluded populations mitigate risk include expanding the very limited micro-insurance offer and helping financial service providers reach target populations (e.g. partnering with NGOs).



*Figure 8 - Lebanese household*

### **Barriers to financial inclusion**

Despite target populations having active financial lives, access to formal financial services remains low among all crisis affected communities sampled.

#### Income

Low-income households self-exclude from formal financial institutions. They claim their income level is too low to be potential customers.

#### Access to information

There is a lot of self-exclusion in access to formal financial institutions which can be in part explained by lack of awareness and lack of access to information on services. Many respondents, especially Syrians, have never sought nor received information from these institutions in Lebanon. Additionally, in the case of insurance products, there is a need for market education.

#### Religious beliefs

For a small proportion of respondents, both Lebanese and Syrian, the fact that interest is haram was mentioned as a reason not to borrow from banks or MFIs. However, this issue was mentioned less than the cost of borrowing. Islamic finance was not mentioned as a solution by interviewees.

In addition to the elements mentioned above, other areas require further exploration:

- **Regulation:** Tiered-KYC requirements can play a key role in giving access to basic financial services to excluded households including refugees. Additionally, current regulations regarding work and residency participate in the economic exclusion of Syrian Refugees
- **Leveraging existing infrastructure:** Lebanon has a sophisticated financial sector with a strong geographical reach. Structures put in place for cash transfer programs and food cards mean refugees are already using debit and payment cards and have access to banking infrastructure.
- **The potential of digital enablers within the Lebanese context needs to be better understood.** As in Jordan<sup>66</sup>, remittances, which can often be a point of entry, seem less central in this context. Mobile money and e-wallets have potential in Lebanon, but regulation remains a key barrier and adoption is a challenge.<sup>67</sup> Additionally, KYC requirements should once again be taken into consideration. Moreover, promising efforts in using iris scans or blockchain could strengthen the authentication of refugees and reduce challenges in access to financial services.

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<sup>66</sup> Chehade, Nadine, Antoine Navarro, and Danielle Sobol. 2017. "Remittances and Financial Inclusion: A Demand-Side Analysis of Low-Income Jordanians and Syrian Refugees in Jordan". <https://www.giz.de/en/downloads/Working-Paper-Remittances-and-Financial-Inclusion-Dec-2017.pdf>

<sup>67</sup> GSMA. 2018. "Recognising Urban Refugees in Jordan: Opportunities for mobile-enabled identity solutions"

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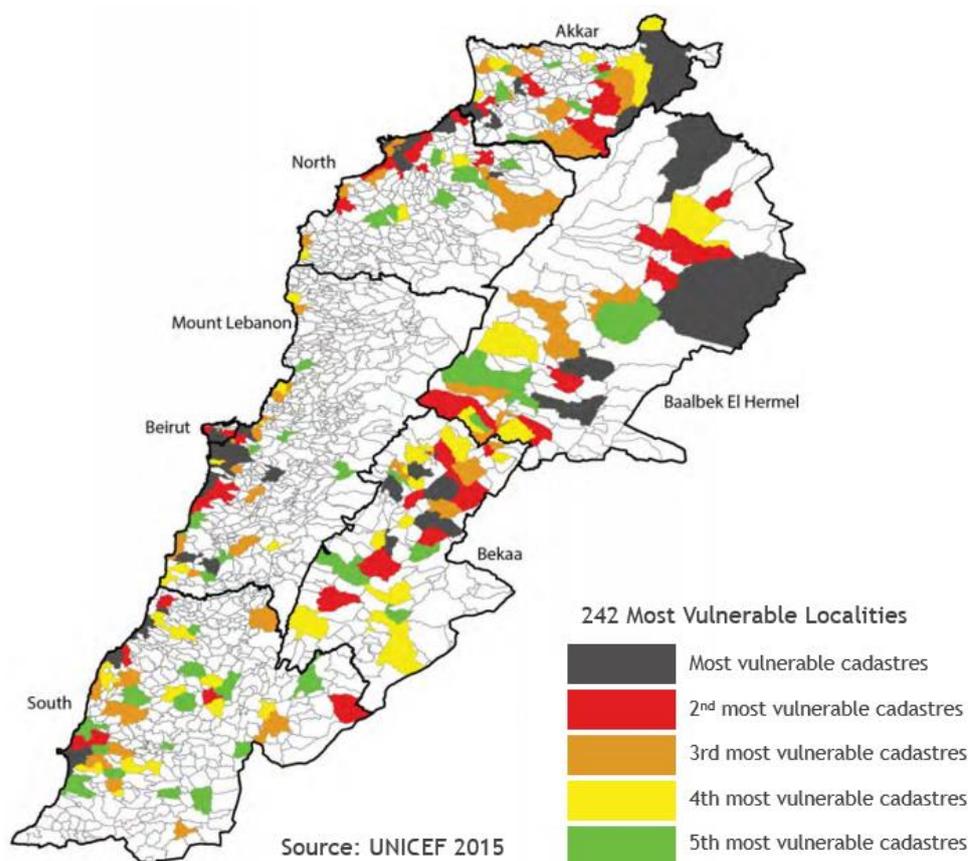
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World Bank Data: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=LB>

## Annex 1: Methodology

### Map of cadastres by vulnerability



### Recruitment process

To be able to meet the criteria above in the field, proxies were defined to pre-select individuals and households before validating income levels as described above:

In order to avoid any bias in selection, respondents were chosen only based on fixers observations without being asked questions about their revenues prior to interviews. In some specific cases, local NGOs contacts knowing their beneficiaries advised local teams on neighborhoods to target in the selected city without providing personal recommendations.

Revenue levels and classifications between the different profiles were only assessed at the end of the interview based on both qualitative and quantitative information shared by interviewees regarding their revenues and living conditions.

This led to exclude some interviews from the results as people were not matching the criteria. This also explains overachievements in some areas: 72 interviews were conducted instead of 65 to reach targets within specific categories.

## Data collection

Pilot focus group discussions took place on October 29<sup>th</sup> and 30<sup>th</sup> 2018 to test the questionnaire<sup>68</sup> and gain early insights from the field.

In-depth interviews were then conducted between November 1<sup>st</sup> and November 14<sup>th</sup>, 2018 based on the methodology and selection process described above.

Final FGDs took place on November 30<sup>th</sup> to validate key findings and deep-dive on specific topics.

Table of interview quotas (objective/complete):

Target	Categories	Approach for recruitment
Syrian refugees	<ul style="list-style-type: none"> <li>The split between Vulnerable and Developing is based on accommodation:               <ul style="list-style-type: none"> <li>Vulnerable= informal accommodation (incl. tents) or formal accommodation without an official electricity bill</li> <li>Developing: formal accommodation for which they have an official electricity bill</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The team conducted a random selection of four districts in each of the three regions of the research</li> <li>Fixers were in charge of setting appointments in advance</li> </ul>
Affected Lebanese	<ul style="list-style-type: none"> <li>The objective was to cover both Low and Middle income at the household level               <ul style="list-style-type: none"> <li>Low income: &lt;=US\$450/month, the min. salary. 50% of the labour force operates in the informal sector and likely below it</li> <li>Middle income: US\$450 to US\$1,200 (i.e. twice the minimum salary)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The interviews with Affected Lebanese took place in the same randomly selected areas as for Syrian refugees</li> <li>Specific neighbourhoods (Low vs. Middle income) were target depending on quota completion</li> </ul>

Selected households or household members were interviewed by a team of local female consultants that were thus easily able to interview men and women alike.

Data collection did not meet any unexpected challenges. However, collecting accurate data on income and expenses through interviews (i.e. declarative) is always difficult, especially when interviewees do not necessarily rely on a single and fixed source of income but on multiple and irregular sources. In the specific context of this study, respondents may have been tempted to minimize their declared income to protect their right to aid.

To mitigate these risks, answers were triangulated several times along the questionnaire, asked in different questions and broken down each time in several manners for consistency checks. Besides, respondents were told during the interviewer's introduction and repeatedly during the interview that answers would not impact their level of support from UNHCR or any other actor in the field.

Overall, answers regarding income seemed genuine. Some respondents declared lower income than expenses every month, but this seemed mostly due to financial illiteracy and lack of knowledge regarding expenses of other family members rather than a genuine strategy to minimize their income. However, limited ability of household members to provide a comprehensive and accurate view of their household income and expenses means data on overall income and expenses or on the break-down of the household budget should be considered with care. Such data was collected through qualitative research and serves an illustrative purpose. It does not seek to be statistically representative.

<sup>68</sup> Available in Annex 2

## Data analysis

While the fieldwork was ongoing, data was systematically check for inconsistencies and learnings from each interview were identified.

At the end of the fieldwork, all transcripts were analyzed separately and aggregated into a database. This allowed to conduct a bottom-up analysis and segment the interviews to easily allow for comparative analysis. This analysis allowed to identify patterns that were valid either across the board or for subpopulations. The added-value of this approach is to focus on real findings rather than anecdotes.

## Data and privacy

Altai Consulting **strictly adheres** to the principles relating to the processing of Personal Data found in the **General Data Protection Regulation (GDPR)** which states that Personal Data have to be:

- Processed fairly and lawfully
- Processed for limited purposes and in an appropriate way
- Adequate, relevant and not excessive for the purpose
- Accurate
- Not kept longer than necessary for the purpose
- Processed in line with Data Subjects' rights
- Secured
- Not transferred to people or organizations without adequate protection

For any enquiry about data protection at Altai Consulting, please write us at: [dataprotection@altaiconsulting.com](mailto:dataprotection@altaiconsulting.com)

To further protect respondents' privacy, separate consent was required for participation, recording and photography.

Finally, quotes presented in the reported are attributed to interviewees according to their segment, citizenship, age, gender and district meaning an individual cannot be linked to a specific quote.

## Annex 2: Questionnaires

Please note only the questionnaires for the IDIs are provided as the FGD guidelines are almost identical to these. Also, the format of these questionnaires differs from those used in the field.

### Discussion Guide- IDI with Affected Lebanese

Introduction (5 minutes<sup>69</sup>)

*Before we begin, I would like to assure you that your responses will be completely anonymous. Your name will not be shared.*

*Under these conditions, do you accept to take part in this discussion?*

*To allow us to remember what we will talk about, we would like to record our conversation. This recording will then be deleted. Are you comfortable with this?*

*Would you also agree to have your picture taken? This is in no way an obligation and you can participate even if you refuse to be photographed.*

Date		
Interviewer name		
Name		
Gender	<input type="checkbox"/> M	<input type="checkbox"/> F
Age		
Citizenship	<input type="checkbox"/> Syrian	<input type="checkbox"/> Lebanese
Level of education	<input type="checkbox"/> None, Primary	<input type="checkbox"/> Secondary
	<input type="checkbox"/> University	<input type="checkbox"/> Vocational
Number of people in household		
Number of adults/ Number of children	Adults:	Children:
Region	<input type="checkbox"/> Beirut	<input type="checkbox"/> North Lebanon
	<input type="checkbox"/> Beqaa	
Cadastre		
Consent	<input type="checkbox"/> Participation	<input type="checkbox"/> Photography
	<input type="checkbox"/> Audio Recording	

*To begin, I will ask you about your opinion of mobile services in Lebanon*

1. What services do you use on your phone? What do you think about the quality of service of mobile operators?

Income and expenses (10 minutes)

*I'm now going to ask you a few very general questions about your income and expenses. This will help us better understand the dynamics and decision-making in your household.*

<sup>69</sup> Indicative times for IDIs with one person

<sup>70</sup> For Household IDIs always begin with head of household

## Income

2. What is your household's main source(s) of income? Is anyone in the household formally employed? Does anyone in the household run a business? What kind of business?
3. Looking at your sources of income, how regular are these? Has this changed over the last few years?
4. Which family members bring in the different income sources?
5. How do you usually receive your income (cash, bank transfer, etc.)? How frequently does your household receive cash? Has your cash been stolen before? How could you prevent this?

## Expenses

6. What are your main expense categories?
7. For each of the main expense types, who is in charge of the expenditure? How do you track expenses? Which members of the household are involved in expenditure decisions? Why? Are all financial resources managed at the household level or do some household members have individual resources? Why?
8. Do you ever spend money or put money aside without informing anyone in the household?
9. How do you pay for these expenses? What alternatives to cash do you have?

## Financial Services – Usage and Needs (25 minutes)

*The next questions will focus on your financial service needs.*

### Coping with shocks

10. What unexpected events do you worry about? (i.e. illness, accidents/injuries, bad weather that affects crops or livestock, other farming-related risks, death of a family member, damage to your house or other property, theft) Why? Which have the most severe impact on your household?
11. Which of these things have affected you? How?

Which occur most often?

12. Considering the top risks mentioned, how do or would you respond if they happen? And what could be done in advance? Of all the coping mechanisms you have mentioned, which is most difficult for you to do?
13. What else would help you to better manage these risks? (Identify inputs/tools)

### Bank accounts

14. Does anyone in your household have a bank account?
15. Who has one? In which bank? Why? What type of financial services does he/she use (withdrawal, transfer, checks, savings, credit, etc.)?
16. Would you like to have one? If yes, what prevents you from doing so? What would you want to use it for? If no, why?

## Savings

17. Does your household sometimes manage to save some money? If no, why? If yes, how do you manage this money? Have you or a household member considered opening a savings account? If no, why? How about informal savings solutions (sunduqs/village groups, etc.)?
18. Do you have any savings goals? For instance, are you trying to save money to purchase an expensive household item, a motor bike, or to start a business or pay for school fees? If yes, how do you hope to achieve this goal?

#### Credit

19. Have you or any other household members borrowed money in the last two years?
20. Who did you borrow from? Why? How much did you borrow? How much are you paying back each month? Over how long? What's the interest rate? How do you make sure you don't fall behind on payments? What happens if you are late on your payments? Have you ever sold an asset to repay your debt?

#### Transferring money

21. Do you or other household members ever need to transfer or receive money within Lebanon? How do you do it?
22. How about transferring/receiving money abroad/from abroad? How do you do it?

#### Insurance

23. Are you familiar with insurance plans? How would you explain how they work?
24. Do you or other household members have some form of insurance? Which type? Why? How much do you pay every month? Who provides the insurance to you? If no insurance, why?
25. How did you learn about insurance? (What efforts are there to get people to understand insurance? Who provides this information?)
26. Why do you think some people do not use insurance products?
27. Which (other) type of insurance would you/your household be interested in?
28. Do current financial services meet your household's needs? What kind of additional financial services would you need?

#### Financial services offer (10 minutes)

*To begin, I will ask you about your opinion of different services in Lebanon*

29. What means of payment beyond cash exist in Lebanon? Who provides them? Do you or other household members use them? Why?
30. Which institutions provide services for savings? How about for money transfers? How about for insurance?
31. Awareness and perception of:
  - Lebanese Banks
  - International banks in Lebanon
  - Micro-finance institutions

- Insurance companies
- Money transfer services (Western Union, etc.)
- Informal financial actors (informal lenders, hawala)

Typical monthly budget (10 minutes)

*Finally, I'd like us to go through what a typical month's budget looks like in your household. Let's go through your typical income and expenses for an average month:*

Income sources	Amounts	Usage types	Amounts
Work		Accommodation	
Transfer from F&F		Food	
Aid		Clothing	
Other, specify below		Education	
		Health	
		Household equipment	
		Savings	
		Debt repayment	
		Gas, electricity and water	
		Transport	
		Telecommunications	
		Other, specify below	

Conclusion (5 minutes)

32. How long have you been living in this area? How have things changed since the arrival of Syrian refugees?
33. Would you agree to be contacted again by our services if we need one or two additional elements?
34. Before we finish, do you have any questions you would like to ask me?

*We have now completed the discussion. Thank you very much for your time.*

## Discussion Guide- IDI with Syrian refugees

### Introduction (5 minutes<sup>71</sup>)

*Before we begin, I would like to assure you that your responses will be completely anonymous. Your name will not be shared. Furthermore, this study is totally uncorrelated from the activity of aid agencies. Taking part will not have any impact on the type of help you may receive or on the type of financial services they may offer.*

*Under these conditions, do you accept to take part in this discussion?*

*To allow us to remember what we will talk about, we would like to record our conversation. This recording will then be deleted. Are you comfortable with this?*

*Would you also agree to have your picture taken? This is in no way an obligation and you can participate even if you refuse to be photographed.*

Date		
Interviewer name		
Name		
Gender	<input type="checkbox"/> M	<input type="checkbox"/> F
Age		
Citizenship	<input type="checkbox"/> Syrian	<input type="checkbox"/> Lebanese
Level of education	<input type="checkbox"/> None, Primary	<input type="checkbox"/> Secondary
	<input type="checkbox"/> University	<input type="checkbox"/> Vocational
Number of people in household		
Number of adults/ Number of children	Adults:	Children:
Does a member of the household hold a residency card?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Region	<input type="checkbox"/> Beirut/Mt Lebanon	<input type="checkbox"/> North Lebanon
	<input type="checkbox"/> Beqaa	
Cadastre		
Type of accommodation	<input type="checkbox"/> Formal accommodation	
	<input type="checkbox"/> Informal accommodation	
Do you pay an official electricity bill?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Consent	<input type="checkbox"/> Participation	<input type="checkbox"/> Photography
	<input type="checkbox"/> Audio recording	

### Context (5 minutes)

*To begin, I will just ask you a few questions about your time in Lebanon:*

- 35.** When did you arrive in Lebanon? Have you always been in the same place since arriving in the country?
- 36.** What type of ID do household members have? Does it cause any issues?
- 37.** Do you have concrete plans of returning to Syria or going somewhere else?
- 38.** What services do you use on your phone? What do you think about the quality of service of mobile operators?

<sup>71</sup> Indicative times for IDIs with one person

<sup>72</sup> For Household IDIs, always begin with head of household

## Income and expenses (10 minutes)

*I'm now going to ask you a few very general questions about your income and expenses. This will help us better understand the dynamics and decision-making in your household.*

### Income

39. What is your household's main source(s) of income? Is anyone in the household formally employed? Does anyone in the household run a business? What kind of business?
40. Does your household receive support from aid agencies/NGOs (UNHCR, WFP)? What kind of support (cash, in-kind, etc.)? Are there any constraints on how this money can be used?
41. Looking at these sources of income, how regular are these? Has this changed since you arrived in Lebanon?
42. Which family members bring in the different income sources?
43. How do you usually receive your income (cash, bank transfer, etc.)? How frequently does your household receive cash? Has your cash been stolen before? How could you prevent this?

### Expenses

44. What are your household's main expense categories (rent, electricity, food, education, etc.)?
45. For each of the main expense types, who is in charge of the expenditure? How do you track expenses? Which members of the household are involved in expenditure decisions? Why? Are all financial resources managed at the household level or do some household members have individual resources? Why?
46. Do you ever spend money or put money aside without informing anyone in the household? Why?
47. How do you pay for these expenses? What means of payment do you have access to?

## Financial Services – Usage and Needs (25 minutes)

*The next questions will focus on your financial service needs.*

### Coping with shocks

48. What unexpected events do you worry about? (i.e. illness, accidents/injuries, bad weather that affects crops or livestock, other farming-related risks, death of a family member, damage to your house or other property, theft) Why? Which have the most severe impact on your household?
49. Which of these things have affected you? How?

Which occur most often here? In Syria?

50. Considering the top risks mentioned, how do or would you respond if they happen? And what could be done in advance? Of all the coping mechanisms you have mentioned, which is most difficult for you to do? How about when you were in Syria?
51. What else would help you to better manage these risks? (Identify inputs/tools)

### Bank accounts

- 52. Does anyone in your household have a bank account?
- 53. Who has one? What type of financial services does he/she use (withdrawal, transfer, checks, savings, credit, etc.)?
- 54. Would you like to have one? If yes, what prevents you from doing so? What would you want to use it for? If no, Why?
- 55. Did you have a bank account in Syria? What kind financial services did you use at the time?

### Savings

- 56. Does your household sometimes manage to save some money? If no, why? If yes, how do you manage this money? Have you or a household member considered opening a savings account? If no, why? How about informal savings solutions (sunduqs/village groups, etc.)?
- 57. Regarding savings, how has your situation changed compared to Syria?
- 58. Do you have any savings goals? For instance, are you trying to save money to purchase an expensive household item, a motor bike, or to start a business or pay for school fees? If yes, how do you hope to achieve this goal?

### Credit

- 59. Have you or any other household members borrowed money since you've been in Lebanon?
- 60. Why did you borrow money (consumption, investment, face an unexpected expenditure, etc.)? If consumption, are you in debt (almost) every month? Who did you borrow the money from? Why? How much did you borrow? How much are you paying back each month? Over how long? What's the interest rate? How do you track your debt? What happens if you are late on your payments? Have you ever sold an asset to repay your debt?
- 61. Regarding credit/debt, how has your situation changed compared to Syria?
- 62. Do you feel like you are asked for more documentation as refugees? Do loan groups keep you out? Are financial services too far for you?

### Transferring money

- 63. Do you or other household members ever need to transfer or receive money within Lebanon? How do you do it?
- 64. How about transferring/receiving money to from Syria? How do you do it? If not, what prevents you from doing it?
- 65. How about other countries?

### Insurance

- 66. Are you familiar with insurance plans? How would you explain how they work?
- 67. Do you or other household members have some form of insurance here in Lebanon? Which type? Why? How much do you pay every month? Who provides the insurance to you? If no insurance, why?
- 68. Did you or other household members have some form of insurance in Syria? What type of insurance?

69. How did you learn about insurance? (What efforts are there to get people to understand insurance? Who provides this information?)

70. What kind of additional financial services would you/your household need? Are you lacking services you had in Syria?

Financial services offer (10 minutes)

*To begin, I will ask you about your opinion of different services in Lebanon*

71. What means of payment beyond cash exist in Lebanon? Who provides them? Do you or other household members use them? Why?

72. Which institutions provide services for savings? How about for money transfers? How about for insurance?

73. Awareness and perception of:

- Lebanese Banks
- International banks in Lebanon
- Micro-finance institutions
- Insurance companies
- Money transfer services (Western Union, etc.)
- Informal financial actors (informal lenders, hawala)

Typical monthly budget (10 minutes)

*Finally, I'd like us to go through what a typical month's budget looks like in your household. Let's go through your typical income and expenses for an average month:*

Income sources	Amounts	Usage types	Amounts
Work		Accommodation	
Transfer from F&F		Food	
Aid		Clothing	
Other, specify below		Education	
		Health	
		Household equipment	
		Savings	
		Debt repayment	
		Gas, electricity and water	
		Transport	
		Telecommunications	
		Other, specify below	

Conclusion (5 minutes)

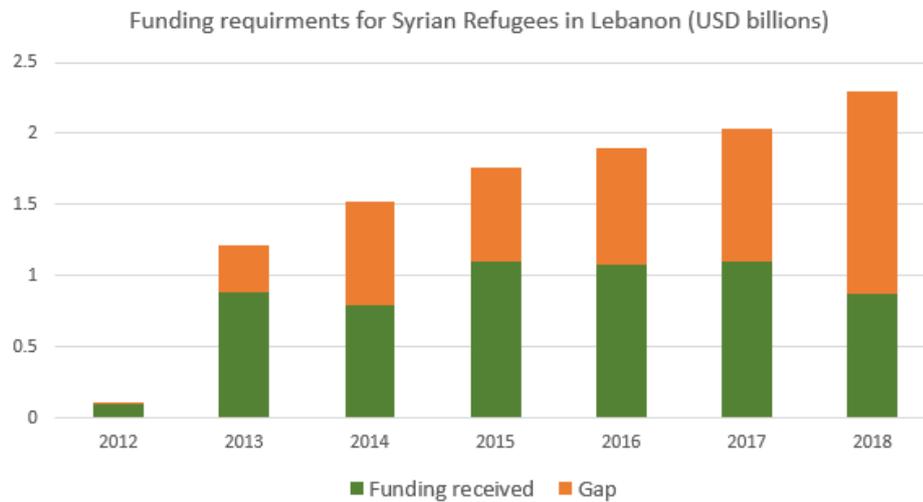
**74.** Would you agree to be contacted again by our services if we need one or two additional elements?

**75.** Before we finish, do you have any questions you would like to ask me?

*We have now completed the discussion. Thank you very much for your time.*

## Annex 3: Funding requirements

According to the UNHCR<sup>73</sup>, 2018 funding requirements for Syrian Refugees in Lebanon exceeded \$2.2 billion but funding received only amounted to \$0.9 billion, a decrease from \$1.1 billion in 2017.



<sup>73</sup> <https://data2.unhcr.org/en/situations/syria/location/71>