

Is Food Security in Lebanon under Threat?



Shared Prosperity Dignified Life



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Introduction

Civil unrest, sudden restrictions on access to foreign currencies, a reduction of financial flows since October 2019, and the outbreak of COVID-19 and its containment measures have raised concerns over food security in Lebanon. Given that the country relies heavily on food imports, the massive explosion that destroyed a significant part of the Port of Beirut on 4 August 2020 is expected to worsen the food security situation. The Port of Beirut is the main logistical point for the entry and exit of goods. The explosion destroyed the grain silos and severely damaged the central drug warehouse. Lebanon hosts the largest number of refugees per capita globally, which further strains its resources, while national social safety nets are overstretched.

Impact assessment

Over 50 per cent of the population in Lebanon might be at risk of failing to access basic food needs by the end of 2020. Poverty and

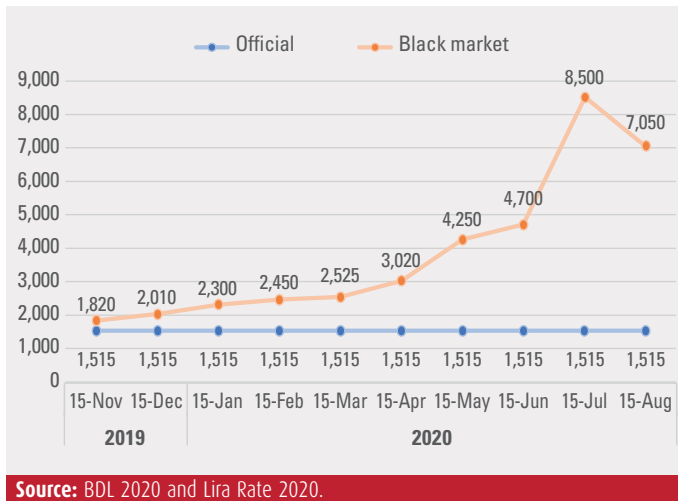


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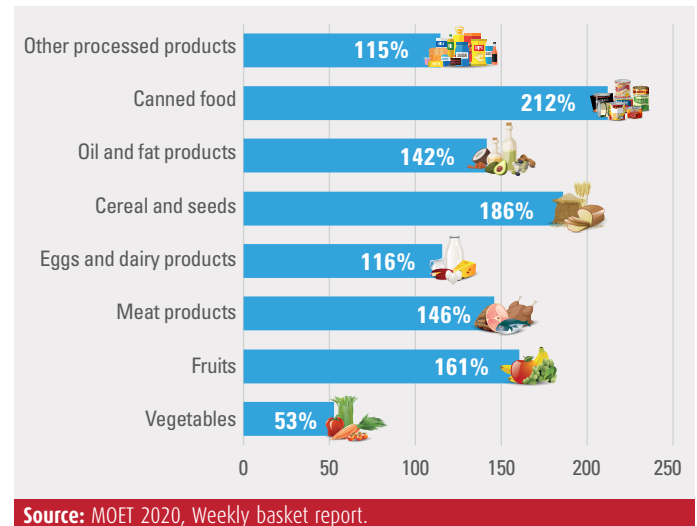
unemployment have sharply increased because of significant economic slowdown, the depreciation of the Lebanese pound (LBP) by 78 per cent, COVID-19 measures and economic impacts, and recently the explosion at the Port of Beirut. The explosion has made around 300,000 people homeless, and 50,000 residential and economic units have been heavily damaged. The large grain silos have been mostly destroyed, leaving Lebanon with flour reserves estimated to last between 4 to 6 weeks only. Lebanon imports around 85 per cent of its wheat consumption. The purchasing capacity of the middle class has been considerably eroded, and personal remittances, which amounted to \$7.4 billion in 2019 and constituted about 14 per cent of GDP, are expected to drop in 2020 by 23.4-36 per cent, based on the value-at-risk analysis conducted before the blast.

Figure 1. United States dollar to LBP exchange rate



Household food expenditure share is expected to reach over 85 per cent for the most vulnerable. The currency depreciation has sharply inflated food prices. The monthly inflation rate amounted to 25.3 per cent and 6.9 per cent in April and May 2020, respectively. The yearly average inflation rate is expected to be more than 50 per cent in 2020, compared with 2.9 per cent in 2019. In July 2020, the average price of food products increased by 141 per cent compared with July 2019. Despite that, the Lebanese

Figure 2. Average increase in food prices, July 2019-2020



currency showed an appreciation against the dollar after the port explosion. A slight increase in food prices is expected owing to the increase in the transaction cost of food imports and the lack of trust in the governance of securing food availability, which may increase panic buying. Total food imports in Lebanon constituted \$3.2 billion in 2019.

The cost of production increased by more than 50 per cent for various agricultural systems. The cost of basic agriculture inputs rose by 400 per cent based on a cash payment modality. The financial crisis changed the dynamics of doing business in agriculture for all farmers who need to cover farming expenses cash in advance. This is expected to reduce the land under production by over 30 per cent in the coming winter season. In 2020, agriculture received 0.36 per cent of the total government budget, although it contributes to around 3.5 per cent of GDP.

Lebanese farmers lose around 30 per cent of their perishable products owing to low post-harvest technical skills and lack of adequate infrastructure. Wholesale markets, a vital channel for around 90 per cent of perishable products, lack proper conditioning to maintain quality and increase shelf life. This in turn increases food waste at the retail level.

Policy response

The Lebanese Government must take immediate action to prevent a food crisis, while offering opportunities for local investment in the agriculture sector. The following are priority policy recommendations:

Rebuilt and rehabilitate food security national assets

1. Prioritizing the rebuilding of the grain silos at the Port of Beirut as a food security national asset. Ensuring the availability of temporary mobile grain

storage units and the supply of strategic stocks of wheat with the international community is necessary to avoid supply shortages and price inflation, affecting the most vulnerable;

2. Rehabilitating the central drug warehouse and ensuring continuous supply of chronic and essential medicines and vaccines for the most vulnerable through emergency assistance targeting primary and secondary health-care services.

Reduce food prices and target food assistance

1. Issuing electronic in-kind food assistance cards and expanding cash assistance programmes to facilitate access to basic food needs for the most vulnerable. This ensures that assistance covers high dietary energy food and prevents market price hikes;
2. Intensifying food price monitoring to curtail food inflation and ensuring basic food needs have a ceiling shelf price. Publishing weekly price lists reduces market abuse and facilitates access to food for the most vulnerable groups;
3. Encouraging direct sales from local producers to local consumers using digital technologies to connect them, while establishing a legal framework and standards for e-commerce of perishable products.

Strengthen local food systems

1. Exploring and promoting new business opportunities to encourage local production and processing, and replacing some imported agriculture inputs by locally produced ones such as seeds, compost and irrigation systems;
2. Accelerating the implementation of a farmers' registry as a tool to disburse any kind of assistance to farmers in the future;

3. Facilitating access to seeds and arable land that are not yet exploited, including abandoned land, and encouraging farmers to produce cereals and wheat (rainfed or supplementary irrigated);
4. Supporting cooperatives to initiate service centres that supply collective services to members through a social enterprise modality, making consumption and production more sustainable;
5. Developing youth-tailored agriculture programmes to facilitate the adoption and scale-up of digital and green technologies in the agriculture sector. National incentives for such programmes should be encouraged;
6. Revising the legal framework of wholesale market licensing to enforce conditioning (cooling, controlled atmosphere) in infrastructures as a core measure for reducing food waste;
7. Ensuring that the international community prioritizes and expands food security programmes targeting refugees and host communities to address growing levels of vulnerability for both communities and to diffuse potential social tension.

Review agricultural trade

1. Ensuring food trade is prioritized at the Port of Tripoli, the main operational port after the Port of Beirut. Subsidies to cover additional transaction costs of food trade or reduce import tariffs are essential to avoid price inflation;
2. Dedicating special credit line facilities for input suppliers to allow minimum imports based on official or subsidized exchange rates comparable to basic products, such as wheat and medicines;
3. Adjusting existing bilateral trade agreements to ensure more sustainable and resilient food supply chains.



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