



World Food  
Programme

# **WFP RAM & Retail/Supply Chain Unit Lebanon**

## **National FSSWG – Food Security and Markets Situation Analysis**

**FSSWG Meeting**

**9 March 2021**

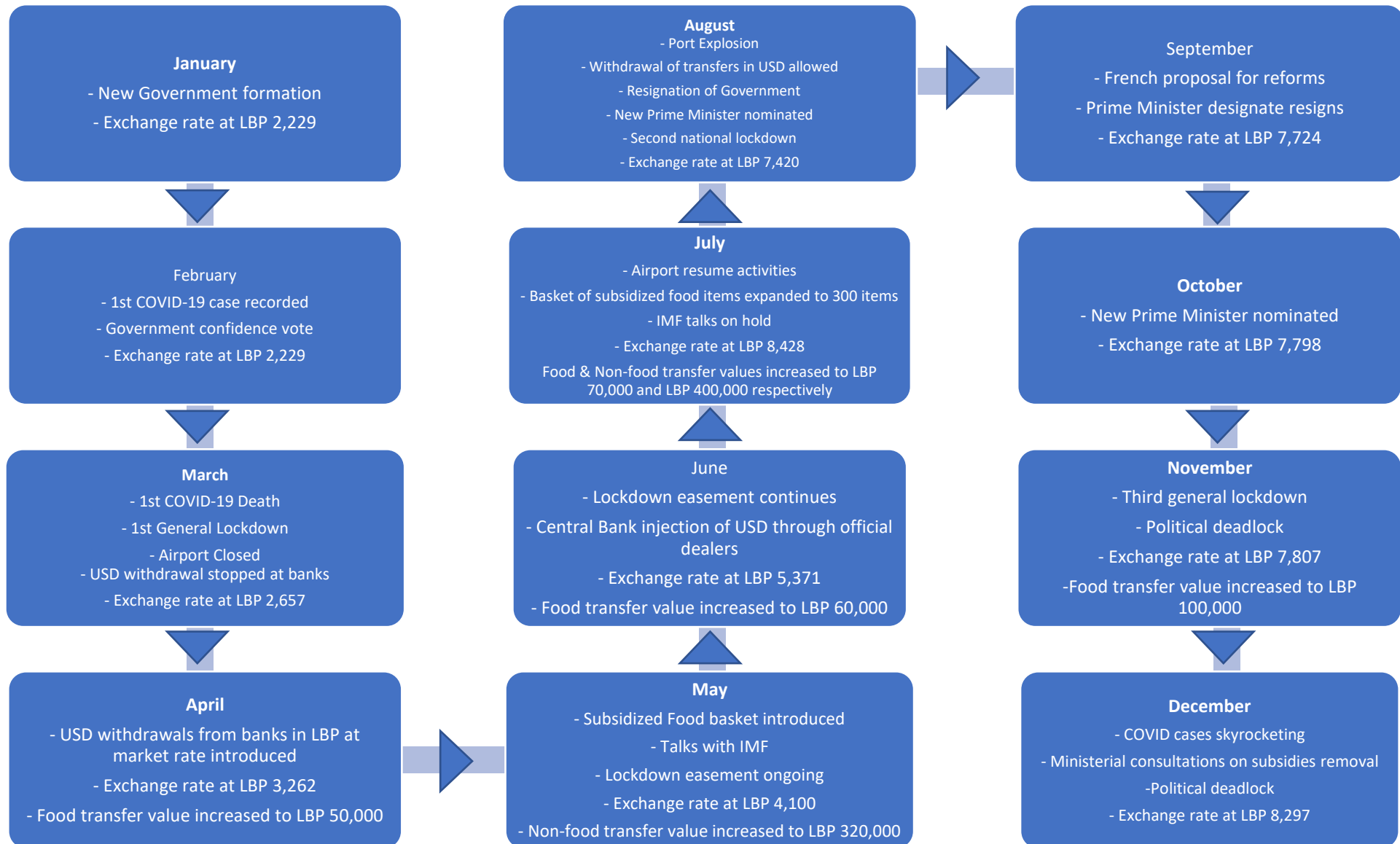
SAVING  
LIVES  
CHANGING  
LIVES

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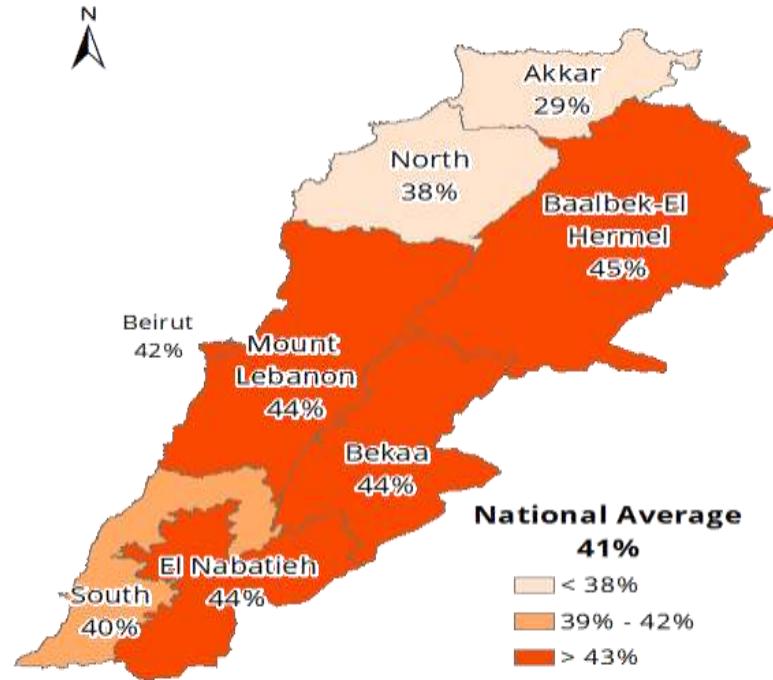
# Lebanon Key Developments Related to Food Security - 2020



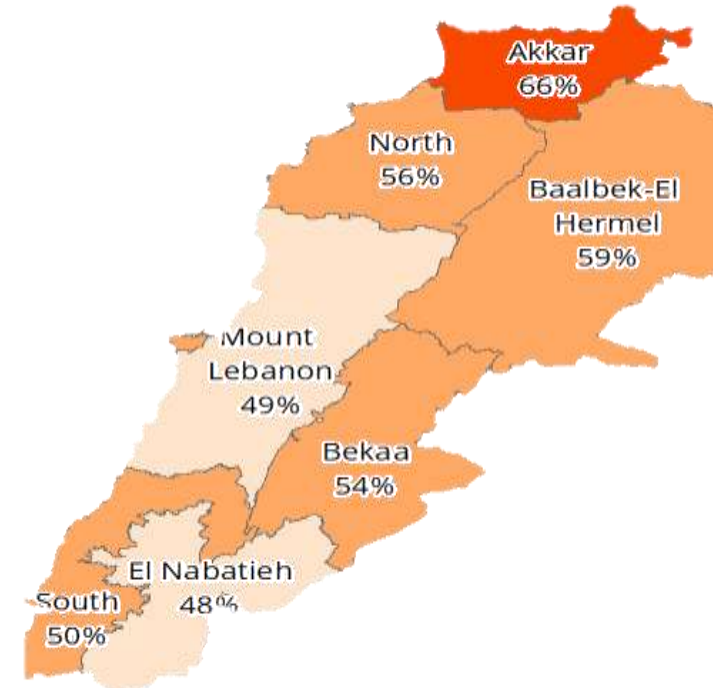
# What is the food security situation of residents in Lebanon?

Population	Inadequate food consumption	Governorate	Gender	Other details
Lebanese	One in five (poor and borderline food consumption)	Highest levels were reported in: <ul style="list-style-type: none"><li>• Akkar (40%)</li><li>• North (26%)</li><li>• Beirut (26%)</li><li>• Baalbek-El Hermel (25%)</li></ul>	Women (27%) more than men (23%).	Among unemployed (34%) more than those who work for others (22%)

# What is the food security situation of residents in Lebanon?



Prevalence of households stockpiling food, November-December 2020



Prevalence of households facing food shortage in the 14 days prior assessment, November-December 2020

# What is the food security situation of residents in Lebanon?

Population	Food Insecurity	Governorate	Gender	Other details
Syrian refugees	One in two	Highest levels were reported in: <ul style="list-style-type: none"> <li>• North (70%)</li> <li>• South (67%)</li> <li>• Bekaa (62%)</li> </ul>	Women-headed households (55%) more than men-headed ones (48%)	Households with non-residential (56%) and non-permanent shelters (54%) were more food insecure than those with residential shelters (46%)
Refugees of Other Nationalities (RON)	One in three	NA*	NA*	Refugees of other nationalities (40%) are more food insecure than Iraqi refugees (28%)

Source: VASyR 2020, VARON 2020

\*Analysis on the gender and governorate level was not conducted for VARON – dataset is not representative

# Food Security Determinant: Food Consumption

Population	Inadequate Food Consumption (%)	Details
Lebanese	One out of five Lebanese (6% poor and 16% borderline)	The highest levels were reported in Akkar, followed by North and Beirut then Baalbek – El-Hermel.
Syrian Refugees	One out of two households (19.5% poor and 30% borderline)	The highest levels were reported in the North, South and Bekaa governorate.
Refugees of Other Nationalities (RON)	Two out of five households (14% poor and 27% borderline)	Refugees of other nationalities had a higher level of inadequate food consumption (14% poor and 32% borderline) compared to Iraqi refugees (13% poor and 22% borderline)

# Food Security Determinant: Food Expenditure Share

Population	Share of households with food expenditure share greater than 50%	Source
Syrian Refugees	45% (up from 36% in 2019)	VASyR 2019 and 2020
Refugees of Other Nationalities (RON)	33% (up from 23% in 2019)	VARON 2019 and 2020



# Food Security Determinant: Livelihood Coping Strategies

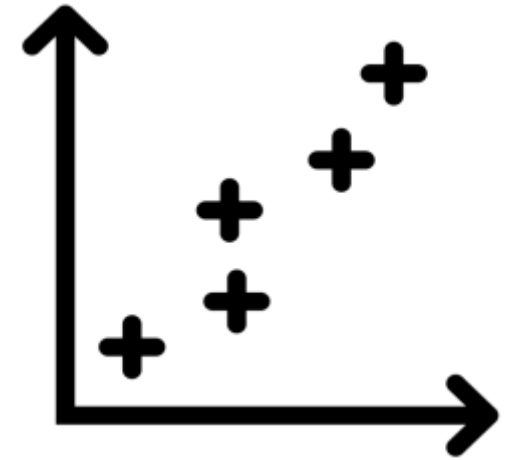
Population	Not adopting coping strategies	Stress coping strategies	Crisis coping strategies	Emergencies coping strategies
Lebanese	39%	34%	19%	8%
Syrian Refugees	4%	38%	49%	8%
RON	24%	41%	32%	4%

# What is the poverty situation in Lebanon?

Population	Poverty	Extreme Poverty	Source
Lebanese	More than half (55%), up by 27% compared to 2019	23% (increased by threefold, from 8% in 2019)	World Bank, 2020
Syrian Refugees	92%	89%, up from 55% in 2019 (or 1.3 million people)	VASyR 2020
Refugees of Other Nationalities (RON)	Seven out of ten (up by 17% compared to 2019)	NA	VARON 2020

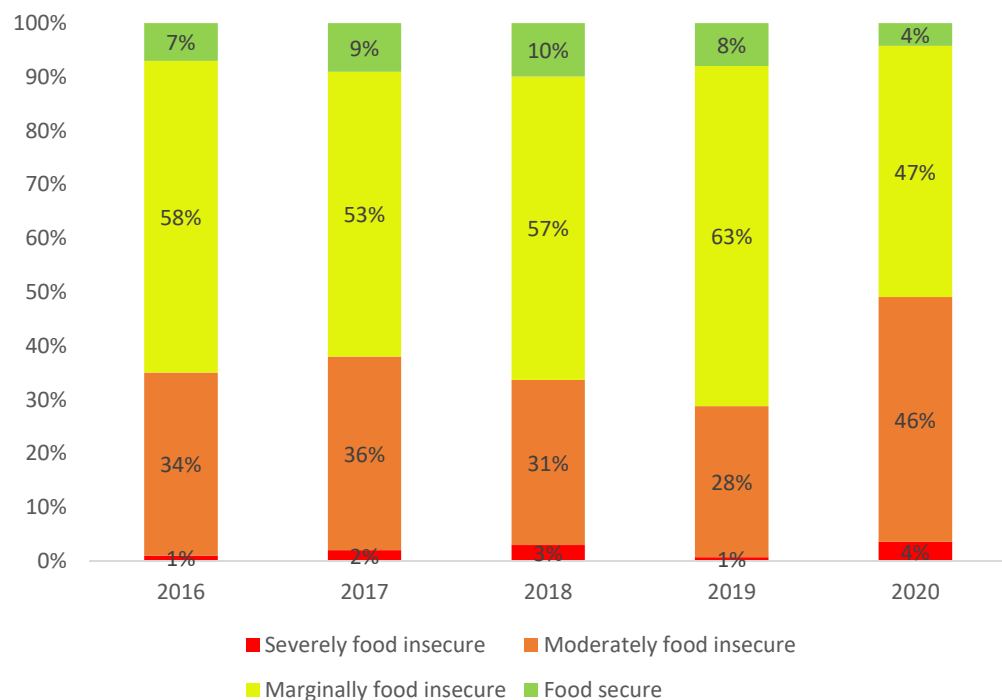
# How is poverty related to food insecurity? (1/3)

- Poverty is leading to further deterioration in the food security status across populations in Lebanon
- The association between extreme poverty and food insecurity is found to be positive. The increase in food insecurity goes in line with the increase in poverty (odds ratio equals to 0.74).



# How is poverty related to food insecurity? (2/3)

Food security trends for Syrian refugees (2016-2020)



Households across the different S/MEB categories disaggregated by food security categories

	S/MEB classification			
	$\geq 125\%$ MEB	MEB- 125% MEB	SMEB-MEB	< SMEB
Food Secure	0.6%	0.3%	0.3%	3%
Marginally Food Insecure	2.6%	2.1%	1.7%	40.4%
Severe/Moderate Food Insecure	1.8%	1.2%	0.8%	45.3%

# How is poverty related to food insecurity? (3/3)

- Food expenditure share demonstrates the linkage between poverty and food security.
- The more the households spend on food out of their total expenditures, the poorer they are.

Population	Food Expenditure Share	Source
Lebanese	48% in Q4 2020 PDM (up from 35% in baseline 2018/2019)	PDM for NPTP beneficiaries (2020)
Syrian Refugees	48% (up from 44% in 2019)	VASyR 2019 and 2020
RON	43% (up from 36% in 2019)	VARON 2019 and 2020

# What about the income sources of the residents in Lebanon?

Population	Unemployment rate	Other details	Source
Lebanese	39% (up by 12% compared to pre-lockdown)	<ul style="list-style-type: none"><li>• One in five Lebanese households completely lost their income and almost two-thirds witnessed decrease in their income compared to 1 year ago</li><li>• Households who are unemployed had the lowest food consumption score with a high rCSI</li></ul>	mVAM Nov/Dec 2020
Syrian Refugees	39% (up by 8% compared to 2019)	<ul style="list-style-type: none"><li>• The highest levels were reported in Bekaa (61%) and Beelbek-El Hermel (52%)</li><li>• The average per capita weekly income was LBP 97,600, down by 7% compared to 2019</li></ul>	VASyR 2019 and 2020
RON	37% (approximately similar to 2019)		VARON 2019 and 2020

# Why are the residents in Lebanon borrowing money?

Population	Debt level	Top reason to borrow money	Average debt per household (for households with debt)	Source
Lebanese	47% (up from 42% compared to first round)	Food expenses and shelter	NA	Web Survey (Aug/Sep 2020)
Syrian Refugees	92% (similar to 2019)	To buy food at 93% (up from 75% in 2019)	LBP 1,835,838	VASyR 2019 and 2020
RON	63% (up from 50% compared to 2019)	To buy food at 53% (up from 38% in 2019)	LBP 1,661,617	VARON 2019 and 2020

# How did the residents in Lebanon cope with the lack of food/means to access it?

Population	Reducing the number of meals consumed	Relying on less preferred, less expensive food	Source
Lebanese	35% in Nov/Dec (up from 29% in Jul/Aug)	85% in Nov/Dec (similar to previous rounds)	mVAM (Jul/Dec 2020)
Syrian Refugees	65% in 2020 (up from 60% in 2019)	88% in 2020 (down from 95% in 2019)	VASyR 2019 and 2020
RON	62% in 2020 (up from 37% in 2019)	80% in 2020 (up from 66% in 2019)	VARON 2019 and 2020



# How does the food security and poverty in Lebanon compare to other countries?

1

In 2009, the financial economic crisis pushed an additional 100 million people globally into hunger.

2

In 2019, UN named 10 countries at high risk of food insecurity, including Venezuela and Zimbabwe which witnessed hyperinflation and currency depreciation.

3

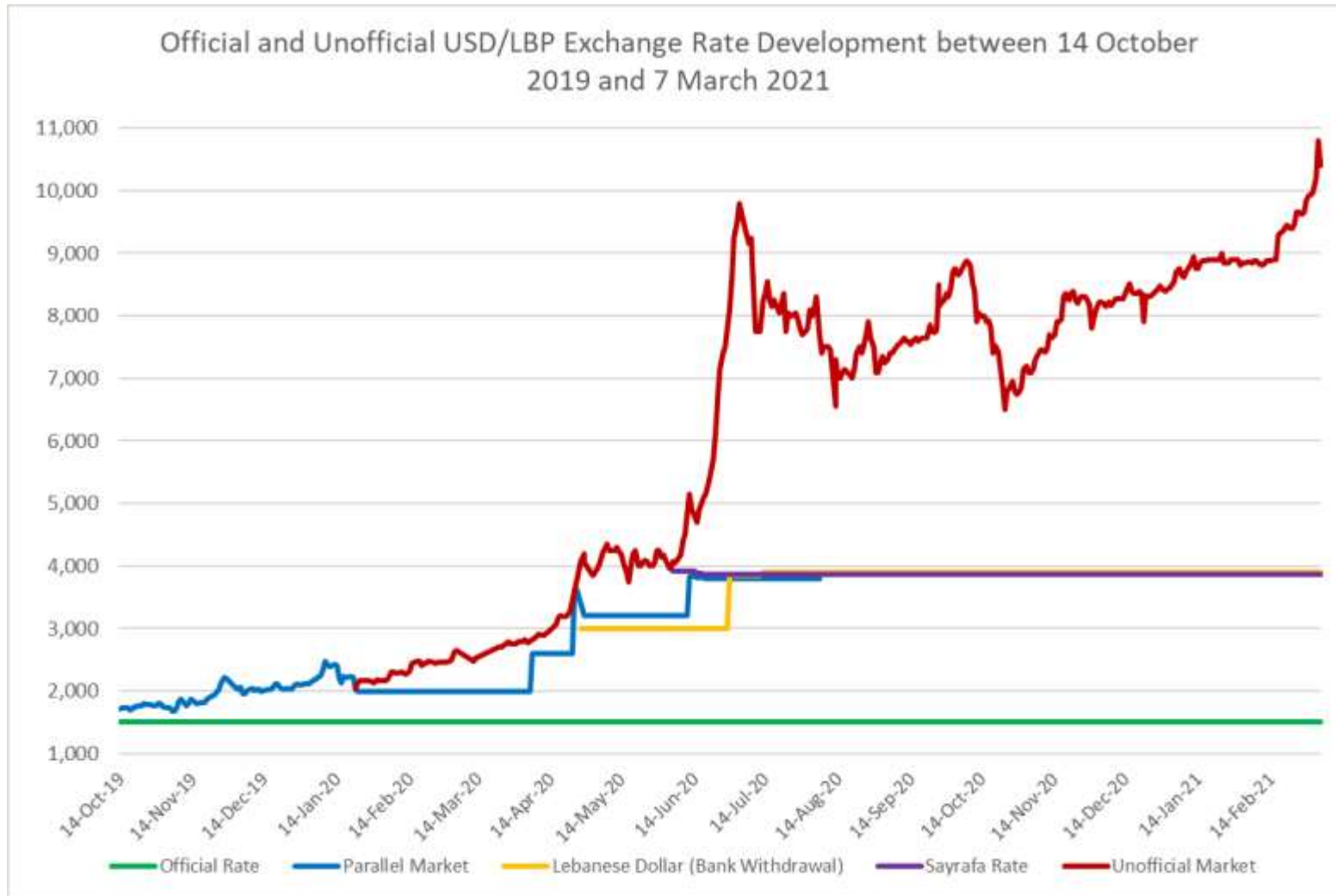
Lebanon joined Venezuela in being gripped by the steep inflation and became the first country in the MENA region to suffer from sharp increase in prices of commodities.

4

The same trend could also be observed in Lebanon. For these reasons WFP and FAO decided to add Lebanon to the Food Insecurity Hotspot list in 2021.

# **Markets Situation: Food Availability & Access Updates**

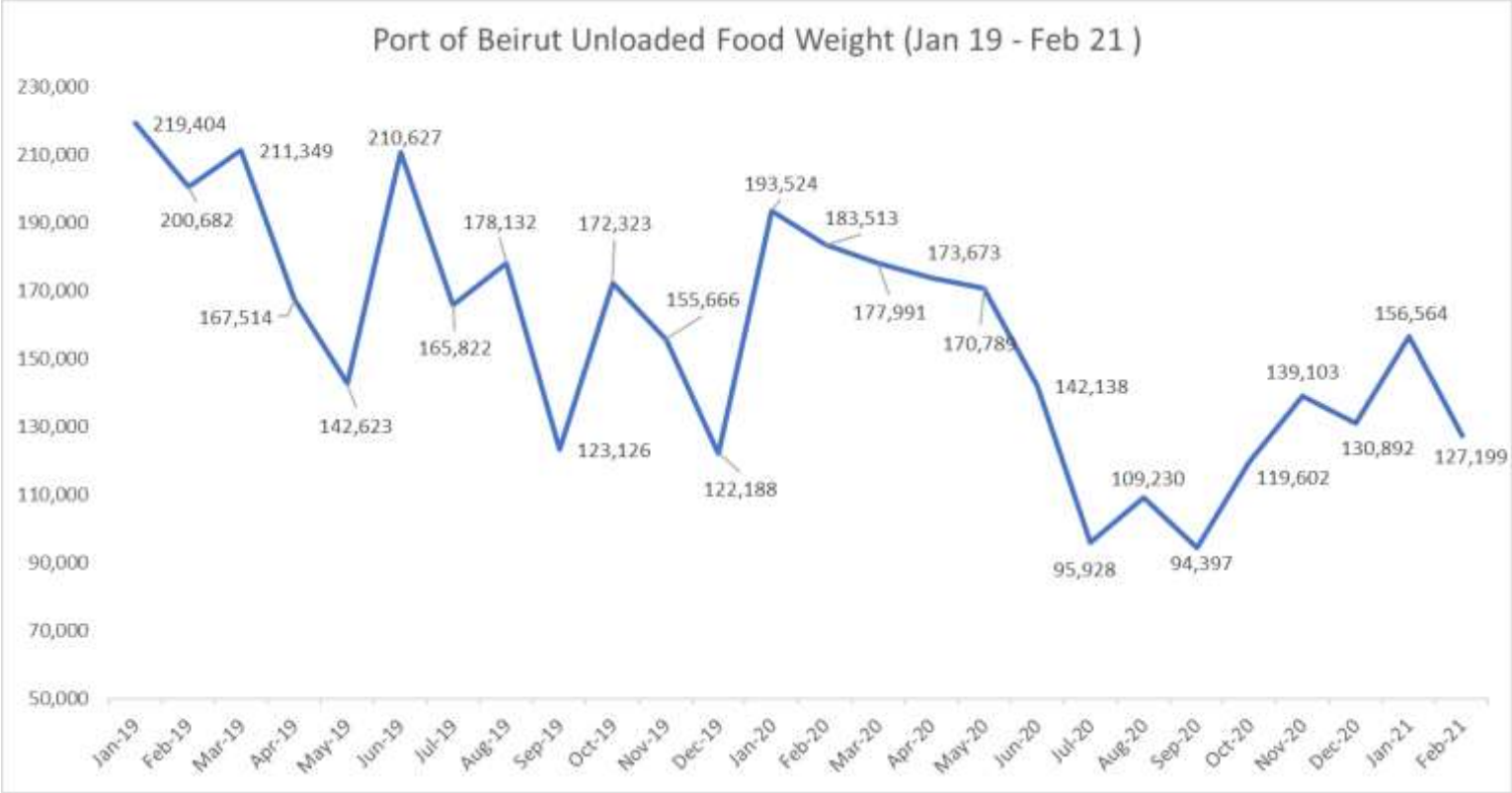
# Daily (official and unofficial) exchange rate development between mid October 2019 and March 7 2021



- Black market rate heavily affected by developments on the political scene (red line). Rate has been witnessing increases lately. Rate broke the LBP 10,000 level.
- Parallel market rate inactive following central bank decision on August 6 to resume paying incoming money transfer in US dollar notes for non-financial institutes. Last recorded rate was LBP 3,800 (blue line).
- Rate for withdrawal from non-fresh money dollar account in LBP currently set at LBP 3,900 by the central bank currency exchange platform. Circular allowing such withdrawals extended till March 31<sup>st</sup>, 2021 (yellow line).
- Official exchange houses rate as set by the central bank currency exchange platform (Sayrafa) is between LBP 3,850 & LBP 3,900 (purple line).

# **Supply chain and WFP contracted shops situation**

# Port of Beirut Good Movement from January 2019 till February 2021 (in mt)



- A decrease of 22% is noticed when comparing Aug 2020 - Feb 2021 figures against the same period the previous year.
- A decrease of 31% is registered when comparing Feb 2021 figures to Feb 2020 figures.

Source: Port of Beirut data, 2019-2021 as of March 5, 2021, subject to change



# Lebanese Customs Imports Statistics Periods Comparison

## – Net Weight (mt)

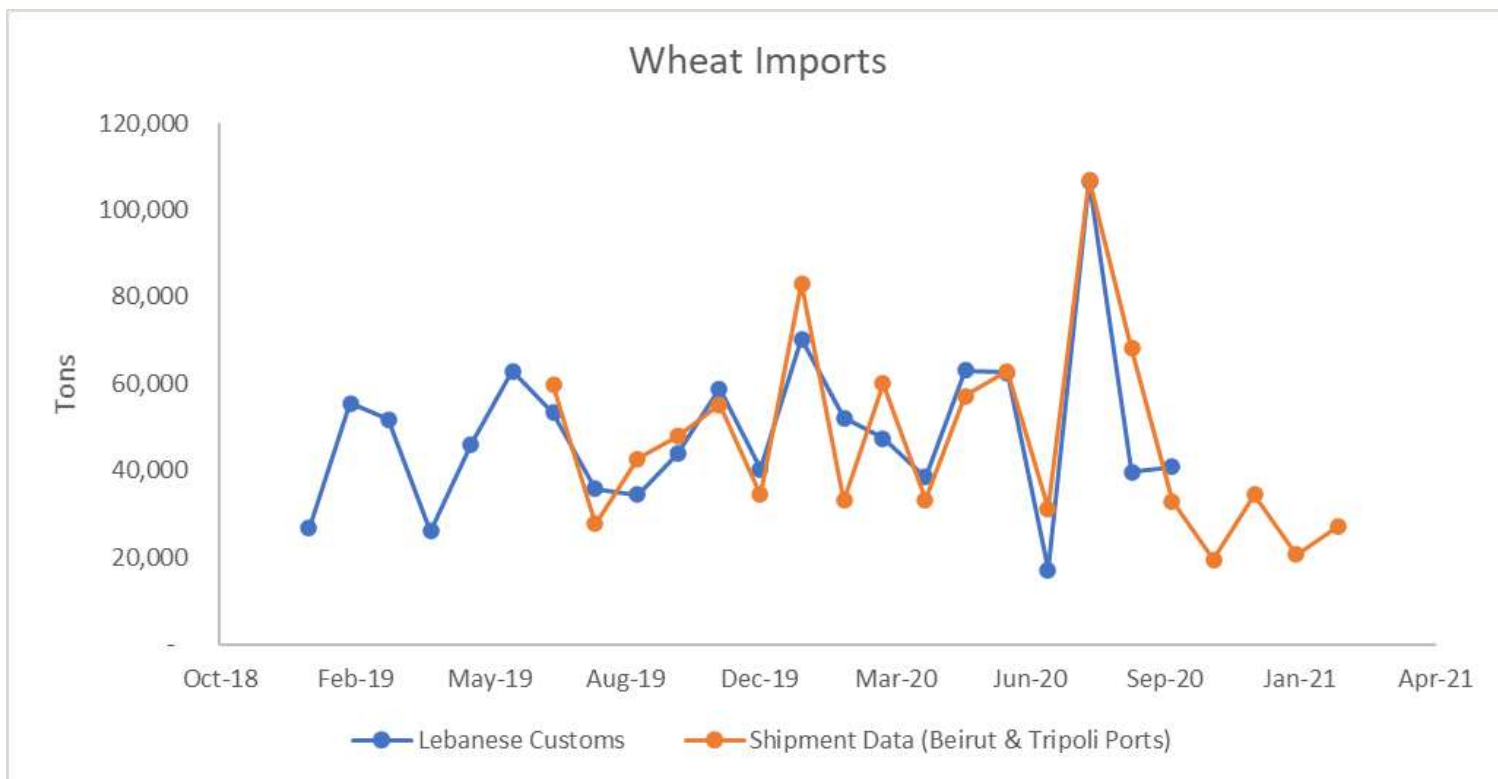
Imports	Jan – Oct 2019	Jan – Oct 2020	% Change
Cereal	1,034,040	1,096,503	6%
Total Food (excluding cereals)	1,411,386	1,195,302	-15.3%
Total Food	2,445,426	2,291,805	-6.3%
Total	17,014,414	11,035,763	-35.1%

Between January and October 2020, and in comparison, to the same period in 2019:

- Total imports decreased by 35%.
- Food Imports (excluding cereals) decreased by 15%.
- Food imports decreased by 6%.
- Cereal imports increased by 6%.

Source: Lebanese Customs Data

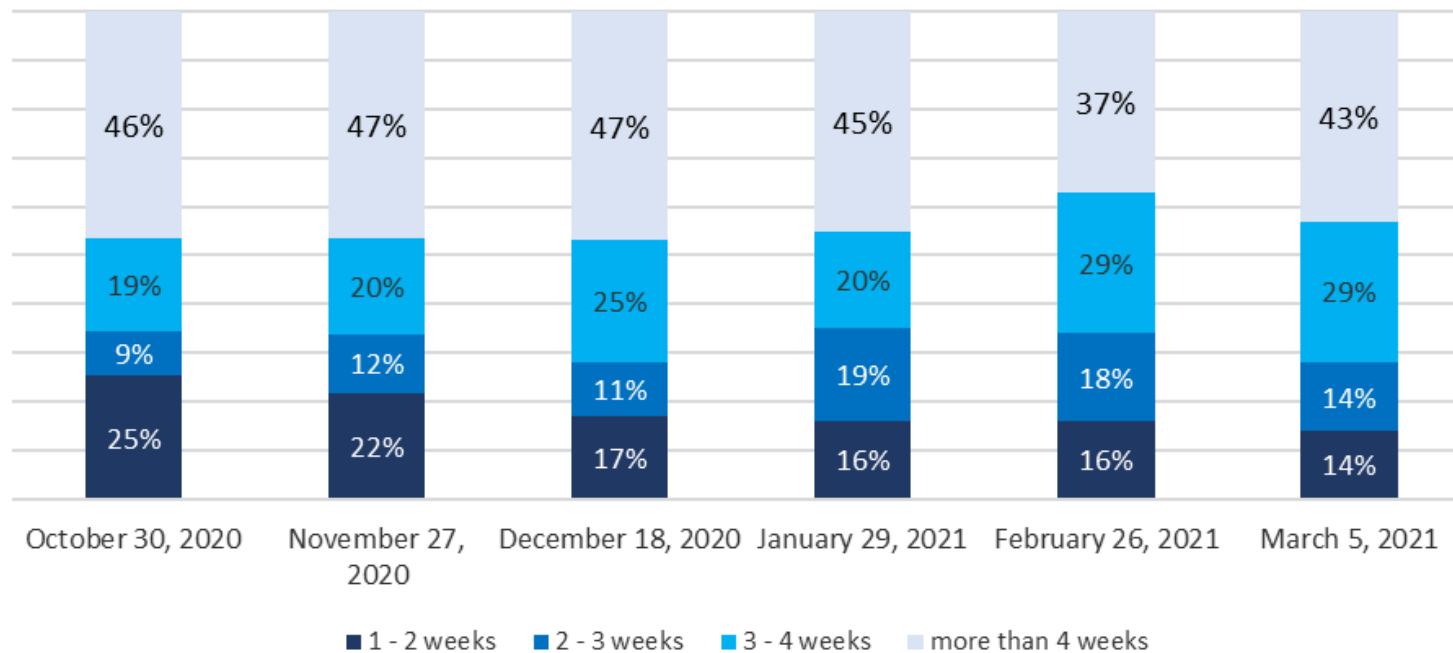
# Wheat Imports Evolution (in mt) – January 2019 to February 2021



- Between January and October 2020, Lebanon imported 537,993 tons of wheat, based on the Lebanese Customs published data, 23% higher than the same period in 2019 (see blue line).
- Based on WFP shipment data, Lebanon imported 622,443 tons of wheat in 2020 through its Beirut & Tripoli ports (see orange line).
- Between August 2020 and February 2021, Lebanon imported 309,571 tons of wheat, 4% less than same period the previous year (323,913), through Beirut and Tripoli ports (Source: WFP shipment data).
- In February 2021, Lebanon imported 20,550 tons of wheat, versus 33,005 tons in February 2020 (down 59%).

# Stock coverage evolution of WFP contracted shops (as of March 5<sup>th</sup> 2021)

Stock coverage of WFP contracted shops



86% of WFP-contracted shops reported to have more than 2 weeks of stocks.

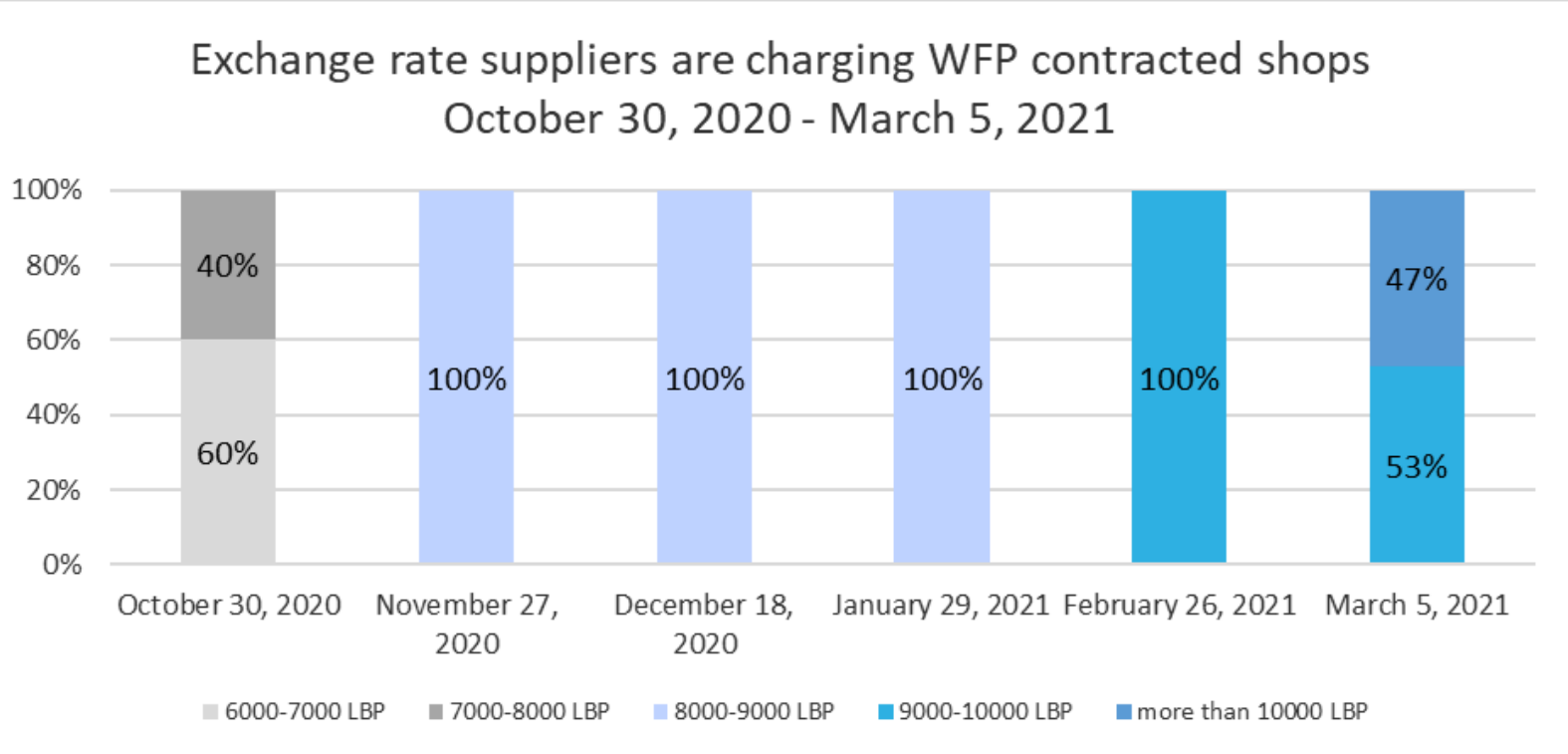
Based on March 5<sup>th</sup> weekly shops assessment survey results:

- 68% (57% first week of Feb) of WFP contracted shops reported scarcity in certain products, such as grains, oil & fats, fresh products and sugar.
- 38% (63% first week of Feb) of shops reported scarcity in the subsidized products.
- 38% (41% first week of Feb) of WFP-contracted shops reported suppliers not delivering the full ordered quantities.
- 79% (74% first week of Feb) reported having subsidized items at the rate of LBP 3,900.
- 64% (46% first week of Feb) reported that suppliers are accepting new orders for subsidized products.
- Only 1% (3% first week of Feb) of shops that received subsidized items reported receiving the full ordered quantities.



**Demand: food & non-food price developments and  
exchange rate fluctuations**

# Weekly exchange rate based on contracted retailers' feedback (national level)



➤ Exchange rates applied by suppliers of contracted shops continues to follow the informal market developments.

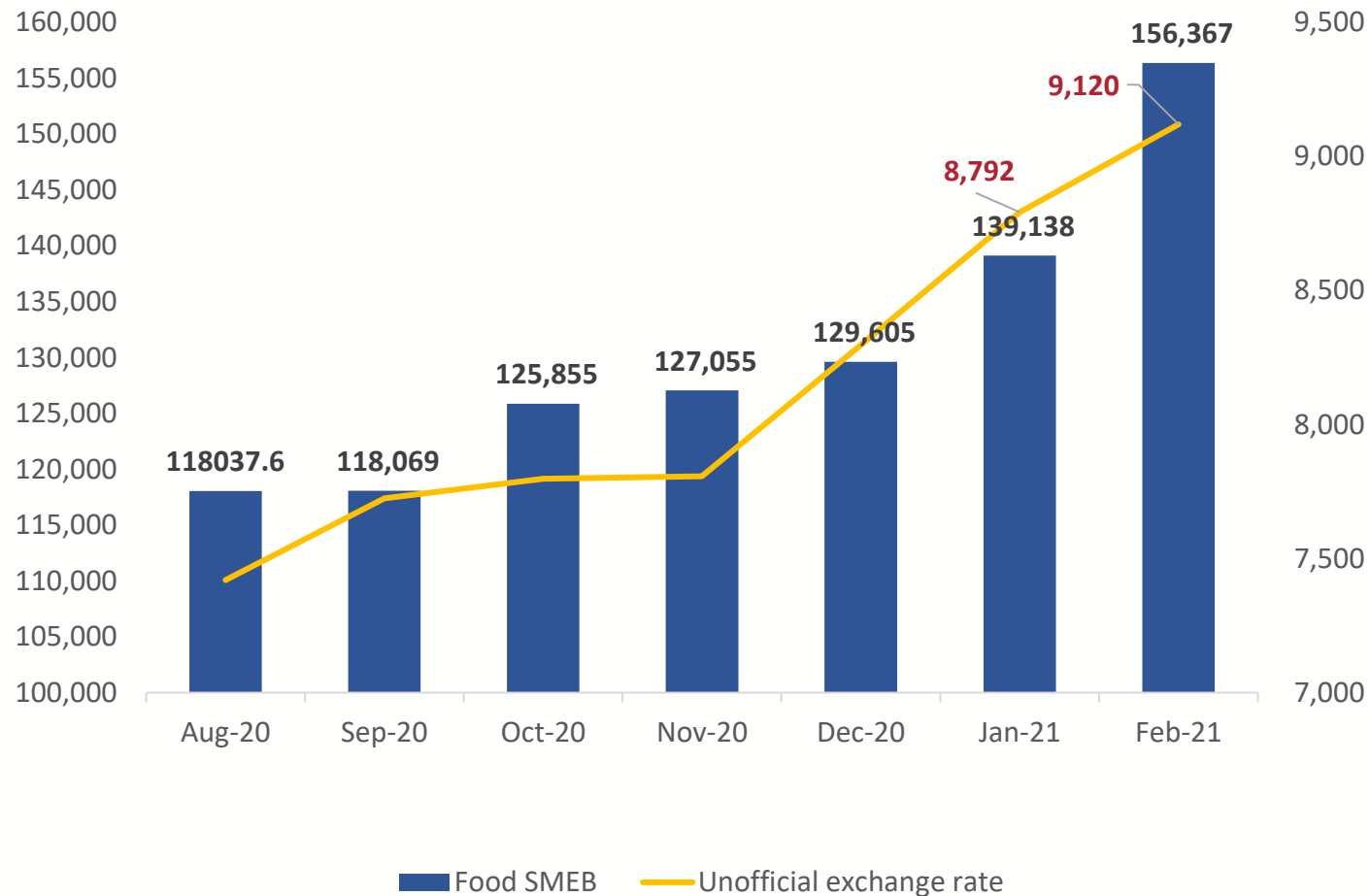
**In the first week of March 2021:**

➤ **47%** of WFP-contracted shops were using an exchange rate higher than LBP 10,000, while the rest was charged a rate between LBP 9,500 – LBP 10,000.

Source: Retail Weekly Shop Phone Survey – as of 5 March 2021 (numbers based on 369 reachable shops, out of a total of 427 contracted shops)



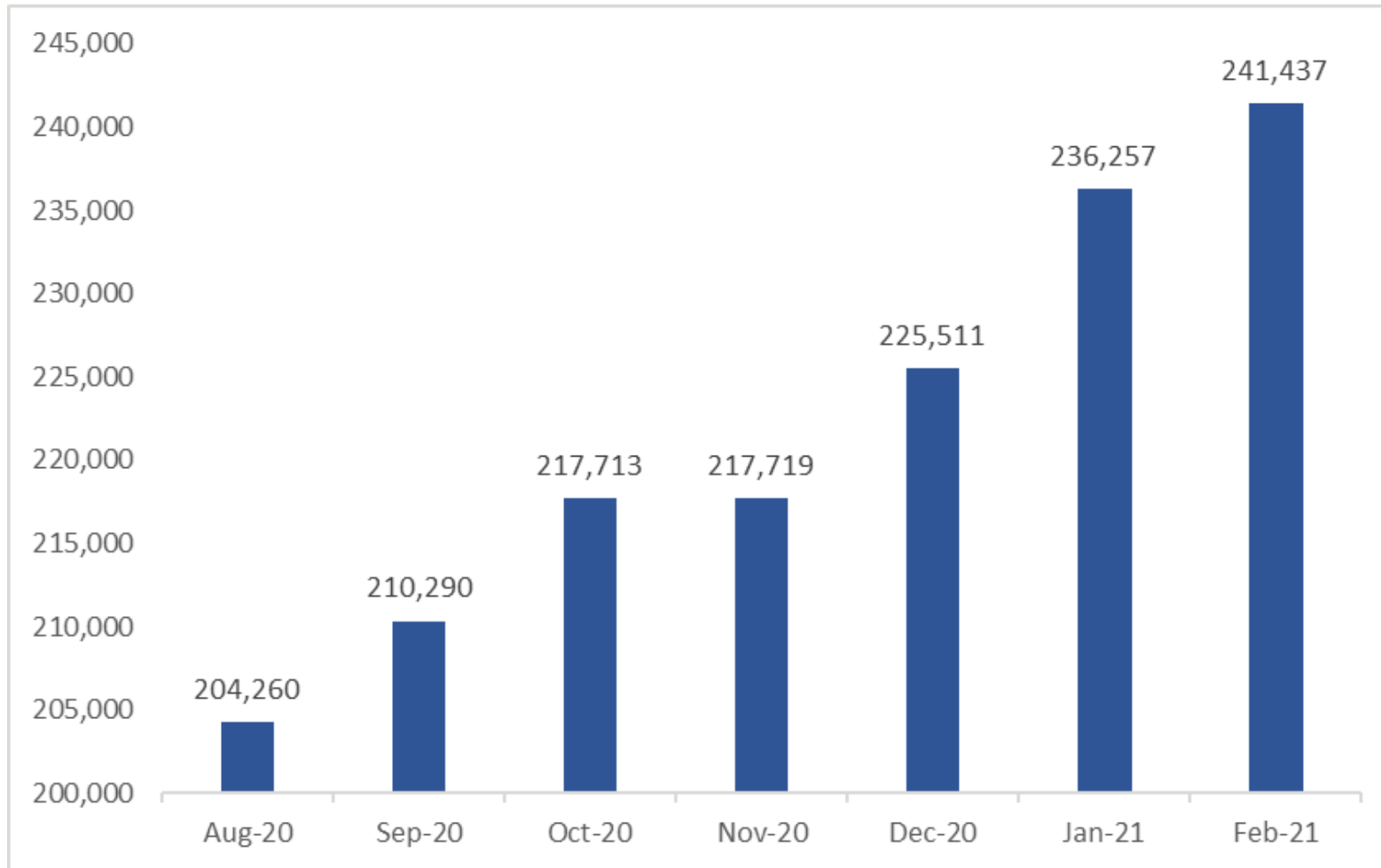
# Change of Monthly revised food SMEB price in LPB (national average)



- Revised Food SMEB recorded a 12% increase between January and February 2021, at LBP 156,367.
- The cost of the revised food SMEB in February 2021 is higher than August 2020, the date the basket was initially set, by 32%.

Source: WFP price data, 2020, & 2021 as of 8 March 2021, subject to changes. The weights of the commodities used in the calculation of the price of the basket was further updated in the calculation of the basket cost from February 2021. Further revisions to the previously published prices might take place in the future.

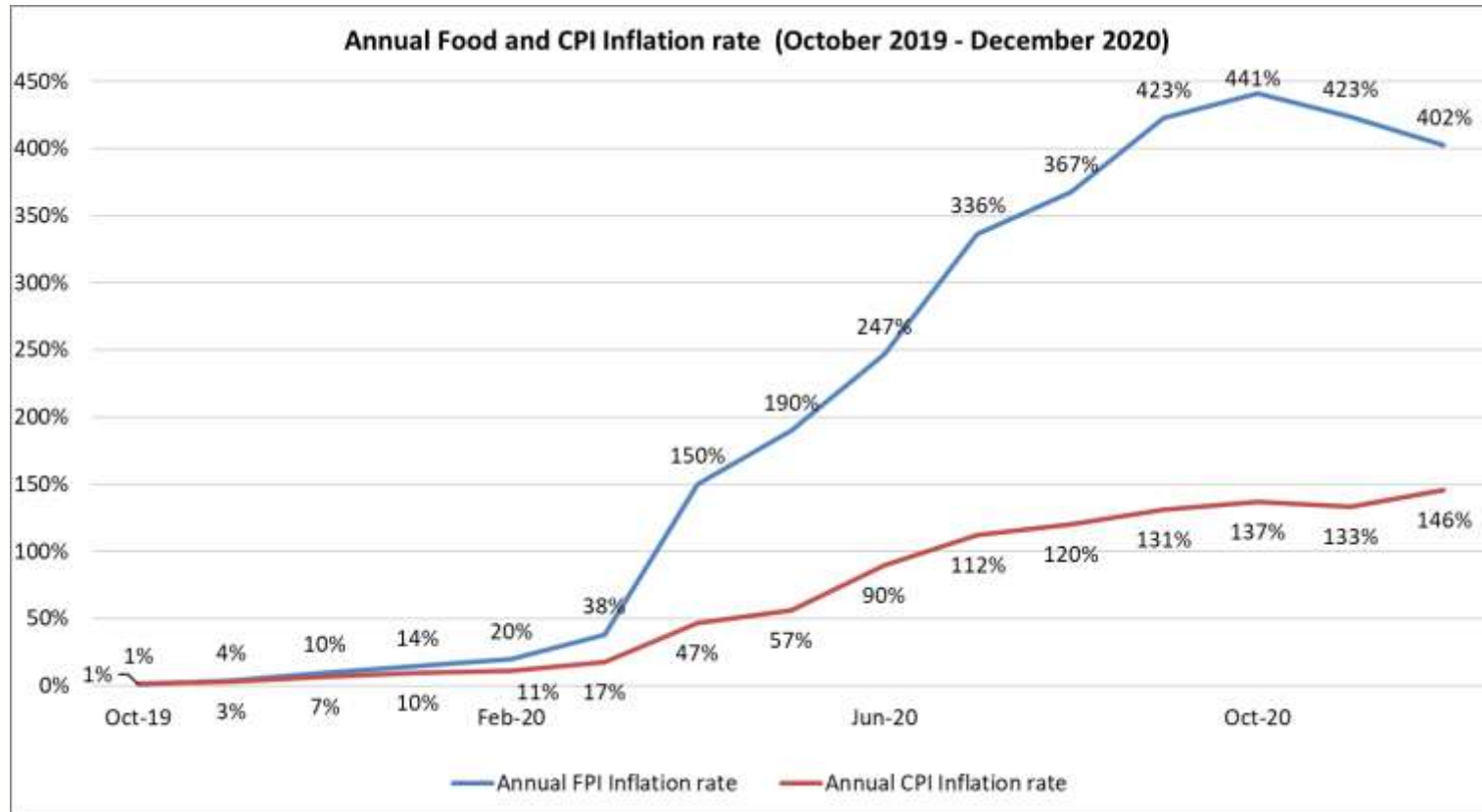
# Revised Non Food Items (NFI) Monthly Price Development in LBP



- The revised non-food items basket of 12 commodities is composed of the same items as the 2014 non-food basket, except hypoallergenic soap that was removed. The basket include in addition 5 toothbrushes (changed every 3 months) and 5 blankets. Cooking gas quantity was further increased compared to the 2014 basket.
- Between August 2020 and February 2021, an increase of 18% was registered.
- Between January February 2021, a 2% increase was registered.

Source: WFP price data, 2020 & 2021, as of 8 March 2021, subject to changes & IPT Fuel Price for Cooking Gaz: <https://www.iptgroup.com.lb/ipt/en/our-stations/fuel-prices> - Blanket Price from UNHCR Retail Team - The weights of the commodities used in the calculation of the price of the basket was further updated in the calculation of the basket cost from February 2021. Further revisions to the previously published prices might take place in the future.

# Annual Consumer Price Index (CPI) and Food Price Index Development (October 2019 – December 2020)



- Between October 2019 and December 2020:
  - The Consumer Price Index (CPI) witnessed an annual inflation of 157%.
  - The Food Price Index (FPI) registered an inflation of 456%
- Between December 2019 and December 2020:
  - The Consumer Price Index (CPI) witnessed an annual inflation of 146%.
  - The Food Price Index (FPI) registered an inflation of 402%.
- Annual Inflation Rate in 2020 was 84.9%, up from 2.9% in 2019.

# **Subsidies: Latest developments**

# Subsidies Removal Latest Updates as of beginning of March 2021

- No official decision on the current subsidization mechanism covering combustible fuel, wheat, medicine/medical equipment, infant milk, and the basket of food/agricultural items has been taken yet.
- Authorities have remained vague about how the subsidies will be reduced, though meetings are ongoing.
- Under the government's latest plan, subsidies could be gradually lifted, with financial aid to soften the blow. However, details of the plans were not shared publicly.
- The state would first lift subsidies for bread, fuel and around 300 other items, under the plan seen by AFP, before later on reviewing spending in the electricity sector.

# Potential Impact of Subsidies Removal

- The below potential price increases assume an informal exchange rate of LBP 10,000.
- Additional depreciations of the LBP in the informal exchange rate market will lead to further increases in the cost of the different subsidized commodities.
- Bread:
  - A 910 loaf of bread costs today **LBP 2,500**. A 430 load of bread costs **LBP 1,750**.
  - Potential price increase of 1.5 to 3.75 times the current price once subsidies are removed.
- Combustible Fuel:
  - Potential price increase of more than 5 times the current price once subsidies are removed.
- Subsidized Food Basket at the cost of LBP 3,900
  - Potential price increase of up to 156 percent once subsidies are removed.
- Medicine/medical equipment:
  - Potential price increase of up to 259 percent once subsidies are removed.



# Latest Bread Price Inflation

- On February 25<sup>th</sup> , the Ministry of Economy & trade lowered the weight of the large and medium package of bread by 20 grams, while keeping the cost stable.
- Reports emerged that the cost of the large package will be raised this week to LBP 3,000, up from LBP 2,500 currently.
- The price of the large bread package has increased by 67 percent between June 2020 and February 2021 (LBP 2,500 currently), while the medium bread package price increased by 75 percent (LBP 1,750 currently). The weight of both packages was revised down as well (910 grams & 430 grams for the large and medium packages, respectively).

# Latest Combustible Fuel Price Inflation

Date	Gasoline	Diesel	Cooking Gas
December 2020	24,300	16,200	18,600
March 2021	33,500	23,400	25,300
<b>Price increase</b>	<b>9200</b>	<b>7200</b>	<b>6700</b>
% increase	37.86	44.44	36.02

- Fuel price continued their increase.
- Gasoline price has increased by 38 percent, diesel by 44 percent, and cooking gas by 36 percent, between the first week of December 2020 and the week of March 2021

# Agriculture Sector in Lebanon

**Lack of access to credit and inputs is the key short-run issue farmers are facing .The tighter monetary policy implemented by the BDL from October 2019 on translated in higher agriculture production costs and costlier access to credit for farmers.**

- The private sector, traditional provider of agricultural credit to farmers, is unable to continue this task because of unavailable credit facilities by the banks previously extended in USD, and currency fluctuations as most of their costs are in USD and revenues in LBP
- Farmers have been further pressed by lack of credit to purchase fresh inputs, being requested to pay old debts, and having to purchase inputs in cash either at face value in USD or in LBP using unofficial exchange rate.
- Wholesale traders were taking advantage of credit facilities offered by commercial banks. These credit facilities were interrupted and delayed payments to farmers – who need liquidity to buy inputs in.
- A significant increase in the costs of production was reported as a result of the economic crisis (e.g, 217% for green house and 242% for potatoes)

**During the lockdown periods, the impact on the agri-food supply chains has been relatively modest on domestic value chains, and more significant on international value chains making import and export more difficult**

- The COVID-19 impact on domestic agri-food markets was modest as compared to the massive impact of the overvalued exchange rate between the LBP and USD, which brought about a skyrocketing food inflation.

A woman wearing a blue WFP uniform and cap is working in a market stall. She is surrounded by various fresh produce, including tomatoes, green beans, and other vegetables. The stall is covered with a white cloth, and there are several crates and baskets filled with the produce. In the background, other people can be seen, suggesting a busy market environment. The overall scene is bright and colorful, with a focus on fresh food.

**Thanks!  
Questions?**

**WFP Lebanon**

**RAM Unit**



# WFP VAM 2020 Key Products

## VASyR 2020

Markets Update: January, February, April, May, June, August, December

mVAM Assessments: July/August, September/October,  
November/December

Web Survey: Round 1, Round 2

Review of the SMEB (Joint work)

MEB for Syrian Refugees in Lebanon Study

Beirut Port Explosion: Impact on Key Economic and Food Security Indicator

Basic Needs Outcome Monitoring: February, July, December (soon)

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