Household Economy Analysis (HEA)
Outcome Analysis: Beirut, Akkar and Baalbek
March – May 2022

Summary

Lebanon is experiencing overlapping crises: a severe economic and financial crisis, the COVID-19 pandemic, the Port of Beirut explosion and most recently a food security crisis compounded by the conflict in Ukraine. According to the World Bank, the country's nominal GDP has contracted by 58% since 2019 having plummeted from close to US$52 billion in 2019 to a projected US$21.8 billion in 2021.[1] The exchange rate continues to deteriorate sharply, keeping inflation rates at triple digits.

Faced with political inaction, these unresolved crises have created long-lasting scars on Lebanon's economy and society: basic public services are failing, unemployment is rising unabatedly, and human capital is severely depleted largely due to emigration. The private sector is severely constrained by a paralyzed financial system. Lower firm productivity and revenue generation have caused widespread layoffs and bankruptcies. Without policy reform, real GDP is projected to contract by over 6% in 2022,[2] extending this poverty crisis and further eroding household resilience. While exacerbating social hardships, Lebanon's crises are disproportionately impacting poor and vulnerable households and reinforcing inequality, with children bearing the brunt of each crisis.

In this context, Save the Children's Household Economy Analysis (HEA) of Lebanese households in Beirut, Akkar and Baalbek Governorates has found that;

- The economic crisis in Lebanon is affecting most aspects of children's lives, including access to education and healthcare, engagement in labour, and food security, as well as their general safety in light of the deteriorating security situation in the country. The crisis will have lasting impacts on children, affecting their future livelihoods and physical and psychological wellbeing.

- During the reference years in all locations analysed, child labour was not a common practice amongst Lebanese households.[3] While still not seen as "typical" of any wealth group, multiple sources indicate that there is a notable increase in the number of Lebanese families engaging children in work as a direct result of increasing poverty. As a "bad year" coping strategy, child labour may increasingly lower school attendance in order for children to work.

- The prices of basic food items have increased dramatically compared to overall inflation rates, which despite being alarming, overall inflation rates are substantially lower than the inflation of the cost of food. Given the increased proportion of food in current household expenditures among the poor wealth groups, it is clear that they are disproportionately affected by this discrepancy. Families are spending more on food but with inflation, they get less for their money. The consequence is that families have less to eat and have less to spend on children's other basic needs, most notably, on education.

- All wealth groups in all locations are regularly taking on new debt used increasingly as a strategy to secure food in the short term. Reliance on gifts and aid is increasingly prominent, particularly in Beirut, where aid (either formal or informal) or gifts from family or neighbours are a major new source of food for all income groups, including Middle income families.

- Compared to October 2021, there have been additional decreases in the quality and diversity of foods. Notably, overall food insecurity for households in Beirut is higher than for their equivalent counterparts in Akkar and Baalbek, regardless of their wealth group.

- Overall, households have moved away from consuming more nutritious foods and have increased their intake of carbohydrates – predominantly bulghur and rice. Less natural products are being consumed with an increased reliance on cheaper processed food. The consumption of vegetables, dairy, eggs, and meats continues to decline.

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[1] World Bank. (30 May 2022) Press Release, "Lebanon has Lost Precious Time, Urgent Action Needed Now"
[2] World Bank (14 April 2022) Lebanon's Economic Update – April 2022.
[3] The reference year for Akkar and Baalbek is October 1, 2019 to September 30, 2020, which was the first year of the current economic crisis, and for Beirut October 1, 2018 to September 30, 2019.

- Similar to the October 2021 analysis, households in the Very Poor wealth group in Baalbek are still the most vulnerable, and are barely meeting their Survival threshold.[4] Without assistance, any sudden market shock may cause Very Poor in Baalbek to face hunger in the near future, and they will not recover from the ongoing poverty crisis without significant external assistance. A further economic deterioration will result in the Very Poor in Baalbek facing Survival deficits.

- Middle income households in Akkar and Beirut are now facing Livelihood Protection deficits,[5] which if sustained will lead to their increasing impoverishment.

In order to ensure the protection of the most vulnerable communities in Lebanon from the continuing impact of the economic crisis, Save the Children is calling on;

The Government of Lebanon and International Partners to;

- Ensure broad roll-out of the Emergency Social Safety Net (ESSN) project, making sure that the most vulnerable governorates are targeted for outreach to vulnerable households that may not have access to, knowledge of, or trust in the Impact platform. Delays in rolling out the ESSN limits the scale compared with need, and in the event of a more extreme economic hazard, Baalbek governorate in particular may face severe need.

- The Ministry of Education and Higher Education (MEHE) should strengthen the effectiveness of the Schools Information Management System (SIMS), in order to ensure robust monitoring and transparent reporting of child enrolment and retention in education, particularly for poor and very poor families who are most at risk of removing children from school in order to work.

- Increase the transfer value for Cash for Food and Multi-Purpose Cash Assistance (MCPA) to align with the market-based Survival Minimum Expenditure Basket (SMEB) values, and in line with guidance by the national Basic Assistance Sector. This may also require a change in the ESSN transfer value, ensuring that cash transfers to all populations are regularly updated at appropriate intervals in line with any changes in market monitoring.

Donors to;

- Increase investment in the Nutrition sector strategy, and in an integrated preventative nutrition response that prioritizes knowledge of and access to diverse diets, particularly for children under the age of 2 years.

The Humanitarian community to;

- The Lebanon Humanitarian Country Team (HCT) and other actors conducting anticipatory action or preparedness planning should ensure planning considers how social and political risks in Lebanon impact household economies, particularly at more localised levels e.g. at governorate level. To this end Save the Children commits to contribute the HEA methodology.

Contents:

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[4] **The Survival Threshold** represents the minimum number of calories required from the cheapest foods to maintain subsistence, and essential non-food items to survive.

[5] **The livelihood Protection Threshold** includes items and services that sustain these families' livelihoods in the medium term at a locally acceptable standard of living.

🔀 Background

Save the Children conducted Household Economy Analysis (HEA) baselines in early 2021 in Akkar and Baalbek governorates, and in early 2020 in Urban Greater Beirut, with the purpose of understanding the economic situation facing Lebanese families. These were intended to quantify access to food and income for Lebanese households across the wealth spectrum, identify the poorest households as well as indicate the types of interventions that might be feasible for supporting them to increase income, and to inform cash assistance programming. This follow-on report is intended to describe the changes in the household economic circumstances in the Beirut, Akkar, and Baalbek zones by modelling the current economic conditions against the baseline years, and to describe the changes in the situation of children in Lebanese households. For further information on the findings of the baseline reports, see each report.[6]

The research used the analytical framework of HEA, as well as the data methods and participatory field processes commonly utilized for HEA work. HEA findings describe the basis of how people survive and how their household economy 'works' by producing baseline information on production, food sources, cash incomes earned, and total food and non-food expenditures across a 12-month reference period, with the household being the point of analysis. All household data is disaggregated by socioeconomic or wealth category. In the baselines, four wealth groups are described – Very Poor, Poor, Middle and Better off – however this analytical report will cover the Very Poor, Poor, and Middle Wealth groups.[7]

The baseline reference period differs for Akkar and Baalbek (October 1, 2019 to September 30, 2020) which was the first year of the current economic crisis, and Beirut (October 1, 2018 to September 30, 2019) which was a year prior to the crisis. These data sets constitute the baseline information against which forecasted or actual future changes may be modelled, with differences in livelihood security and vulnerability disaggregated by wealth group. Unlike for rural settings in which the focus of the HEA inquiry is on crops and livestock production and how these vary by wealth group, for more urbanized contexts such as Lebanon, the focus is on the markets where most food and non-food items are purchased, and on the different types of jobs done by households of different wealth status.[8] Although the range of jobs can be different even within a single wealth group, there are often patterns in the amount of expenditure and earnings.

Despite Baalbek, Akkar, and Beirut already facing hardships pre-crisis,[9] a gradual deterioration in the economic and political spheres over the past decade came to a critical point in October 2019. Since then, a severe and complex multi-dimensional crisis has emerged. In line with the HEA methodology, the team made every effort to balance household cash incomes and expenditures. However, hyper-inflation as witnessed in the early stages of the crisis in Lebanon, and the complexity of the financial response, made crosschecks on income and expenditure over the baseline year for Akkar and Baalbek zones very challenging.

It is challenging to measure, analyze and accurately define the gravity of the highly dynamic macroeconomic and political situation in Lebanon and how the complexity of these factors affect households at the micro level. However, periodic analytical reports such as the HEA endeavour to illustrate the effects of the poverty crisis whose complexity will remain true for the foreseeable future.

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[6] For Beirut baseline see: Save the Children (April 2020) Urban Greater Beirut Household Economy Analysis (HEA) of Low-Income Neighborhoods. For Baalbek and Akkar baseline summaries and most recent outcome analysis see: Save the Children (Jan 2022) Household Economy Analysis: Akkar and Baalbek, September –October 2021.

[7]   In the Baalbek and Akkar baselines the terms "Poor" and "Upper Poor" were preferred, however this report will revert to the customary HEA terms for the sake of ease of comparison with Beirut, and for technical clarity.

[8] This is the case for Akkar and Baalbek, and the Beirut zones where the majority of households do not rely on their own crops or livestock production for food or income.

[9] The Central Administration of Statistics (CAS) and World Bank, March 2022 report; "Lebanon Multidimensional Poverty Index 2019" describes these governorates as the ones with highest multidimensional poverty prior to the current economic crisis.

Summary description of Akkar and Baalbek Zones[10]

Field research for these baselines concluded that the overwhelming majority of Lebanese households in the Akkar and Baalbek zones reside in non-contiguous population centres embedded into a rural landscape with which they have little to no direct economic interaction. Agriculture practiced in these zones is conducted at large scale by a very small number of wealthy people who own large pieces of land which can be cultivated efficiently and profitably. The population centres could best be described as rural towns, or small urban centres surrounded by countryside, much akin to what is the norm in most developed economies, where the economy of these zones is fundamentally service-based.

Therefore, households are almost entirely dependent on purchasing food for consumption, rather than production, and almost all of their income is from formal and informal wages or small income generation such as micro-businesses. Notably, baselines and previous analyses of these zones used the terms "Poor" and "Upper Poor" to reflect the lowest income wealth groups. In this and subsequent reports the customary HEA wealth groupings of "Very Poor" and "Poor" will be used, aligning with the Urban Greater Beirut zone. Despite being the first year of the economic crisis, during the reference year, child labour among Lebanese households in these zones rarely exists.

The Q4 2021 Outcome Analysis of these zones indicated concerning decline in households' capacity to maintain a level of livelihood protection, compared to the baseline, and in Baalbek in particular, low levels of resilience.

Summary description of Urban Greater Beirut Zone[11]

Twelve locations in Urban Greater Beirut were selected as indicative of the poorer and mixed wealth group neighborhoods where multiple sectors of Save the Children programming takes place. This included poorer neighborhoods, with high concentrations of Very Poor and Poor households and almost no Better off households, and where there are more refugees and immigrants. As a result, the locations assessed included Mar Elias, Chatila, Karm El Zeitoun, and Sabra – Douak. Mixed neighborhoods were also assessed and consisted of households in all wealth groups.

Income levels in each wealth group in this sub-zone do not differ much compared to the poorer neighborhoods above, but the percentage of households in each wealth group differs (with fewer Very Poor and Better off in these mixed neighborhoods). These locations included Boucheriyeh, Bourj Hammoud, Choueifat, Haret Naameh, Khalde, Mazraa / Msaitbeh, Sin el Fil, and Tarik al Jedide.

As expected in an urban setting, there is a large diversity of livelihoods and types of work within each income group. Only a small percentage of the population own productive assets and instead rely on trade and employment (skilled and unskilled labor) to maintain a livelihood. In Very Poor, Poor and Middle Wealth groups, most households had two people doing some kind of work in the reference year. Casual work or low-level employment or self-employment were the main income-generating activities in Very Poor and Poor households. For Middle (and better off) households, formal employment (with increasing seniority) and self-employment / businesses (with increasing size) were the main income-generating activities. As the reference year was before the onset of the economic crisis, child labour among Lebanese households rarely exists.

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[10] For Baalbek and Akkar baseline summaries and most recent outcome analysis see: Save the Children (Jan 2022) Household Economy Analysis: Akkar and Baalbek, September –October 2021.

[11] For Beirut baseline see: Save the Children (April 2020) Urban Greater Beirut Household Economy Analysis (HEA) of Low-Income Neighborhoods.

The Household Economy Analysis (HEA) Approach

Thresholds

Once an HEA baseline is established, an analysis can be made of the likely impact of a shock or hazard in another year (either in the past or in the future). This is done by assessing how access to food and cash income will be affected by the shock, what other food and cash sources can be added or expanded to make up initial shortages, and what final deficits emerge in relation to two thresholds: a survival threshold and a livelihoods protection threshold.

For the purpose of this analysis,

The Survival threshold includes:

A 100% of minimum food energy needs (2100 kcals per person) – including bread, wheat flour, rice, bulgur wheat, pulses, vegetable oil and eggs at 100% of Upper Poor household reference year expenditure, and powdered milk at 75% of Upper Poor household reference year expenditure;

B Basic hygiene items – including soap at 100% and teeth hygiene items at 50% of Upper Poor household reference year expenditure;

C Expenditure on water for human consumption at 100% of Upper Poor household reference year expenditure.

The livelihood protection threshold includes items to:

A Ensure basic survival (everything above), plus;

B Maintain access to basic services (education and health expenditure at the levels incurred by each wealth group in the reference year);

C Sustain livelihoods in the medium to longer-term (transport at 50% of wealth group reference year expenditure, phone/internet at 50-75% and generator at 50% of Upper Poor household reference year expenditure);

D Ensure adequate shelter, food preparation and consumption – including public electricity, gas, heating fuel, candles/batteries, and basic hygiene items - at 100% of Upper Poor household reference year expenditure;

E Ensure a locally acceptable standard of living (other hygiene items at 50-75%, clothing at 25%, other food items at 25-50% of Upper Poor household reference year expenditure (sugar, canned fish, pasta).

The survival and livelihood protection thresholds, as defined here, are meant to be emergency thresholds and are based on actual household expenditure patterns. Whereas the Survival threshold only refers to minimum caloric intake, the Livelihood Protection threshold includes items and services that sustain these families' livelihoods in the medium term at a locally acceptable standard of living. The Livelihood Protection threshold is not an aspirational value linked to a development objective, rather it is an emergency threshold that indicates when a household is meeting a minimum standard while remaining in this wealth group.

Once families start falling below their Livelihood Protection threshold, they start deploying coping strategies. In Lebanon's protracted economic crisis, the likelihood of these strategies becoming increasingly negative is high.

The composition of the thresholds can be modified should decision-makers wish to define deficits in relation to a different standard of living. In the case of these zones, an update was made in 2021 to the Beirut baseline, to remove some items from the survival threshold and modify the rent calculation, in order to align to the thresholds used for Akkar and Baalbek. This decision was taken by the analytical team to more accurately reflect on the changing conditions due to the economic crisis, and to facilitate comparison across all zones.[12]

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[12] In Lebanon, an Inter-Agency Survival Minimum Expenditure Basket (SMEB) is the most commonly used proxy for a poverty threshold. In comparison, the HEA uses an entirely different calculation methodology that is both expenditure and rights-based, and includes NutVal calculations for minimum nutrient and dietary diversity. The SMEB threshold is not used in this analysis.

Methodology: Using the Baseline to model scenarios

Scenario (or outcome) analysis is the term used to describe the process of taking information on the current situation or a scenario situation (using monitoring data) and combining it with information on the reference year (the baseline year) to project total income for the current or scenario year against the HEA thresholds. Three types of information are combined for HEA scenario analysis: information on baseline access, information on a hazard or change (i.e. factors affecting access to food/income, such as crop production or market prices) and information on coping strategies (i.e. the sources of food and income that people turn to when exposed to a hazard). The approach can be summarized as follows:

Baseline + Hazard + Coping = Outcome.

The output from an outcome analysis is an estimate of total food and cash income for a projected period, once the cumulative effects of current hazards and income generated from coping strategies have been considered. The next step is to compare projected total income against the survival and livelihood protection thresholds to determine whether an intervention is necessary.

To quantify the impact of the economic situation on households in Beirut, Akkar and Baalbek, Save the Children relied on a number of secondary data sources including Lebanon's Consumer Price Index (CPI) statistics, WFP market monitoring, and other databases such as Issa Petrol Trade (IPT) fuel prices. Between April-May 2022, Save the Children conducted a field validation exercise to further explain assumptions made about secondary data, in particular concerning Lebanese household income and expenditure.

Together with Save the Children partners Akkarouna and LOST, primary data was collected from 180 household interviews – 60 in each location.[13] In each zone, interviews were spread across 4 villages/ locations that typified the zone. Interviews were conducted with the Very Poor, Poor and Middle income wealth groups to better understand the 30 days immediately prior to the data collection (March 2022) and to obtain a snapshot of the expenditures and incomes in this month. In contrast to previous similar analyses, the Middle income wealth group was also assessed in order to help quantify the impact of the economic crisis on Lebanon's eroding middle class. A child-focused data collection exercise, methodology detailed further below, was also included as an additional element of this round of analysis. This March "snapshot" data was analyzed together with the Food Economy Group, who provided technical leadership on the baseline data collection process.

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[13] Data collection in Akkar and Baalbek was conducted with partners Akkarouna and LOST under the EU-Madad funded Inmaa Consortium

Findings

At household level, Lebanon's enduring economic crisis has translated into the following:

- **Exchange rate weakening**: Purchasing power has decreased significantly as the foreign exchange market fluctuates and the Lebanese Lira (LBP) continues to devalue. While attempts at stabilization have been made by the Central Bank, there is widespread scepticism at their continued ability to add USD to the market. This translates into liberal interpretations of the cost of goods by businesses, in an attempt to preemptively predict higher exchange rates - passing this uncertainty on to customers.

- **Price increases and inconsistent availability of some goods:** The depreciation of the Lebanese Lira (LBP) has continued. Lifting of subsidies on fuel and the inability of the government to finance subsidies on food and medicine have caused an increase in prices of all basic goods, including food, and reduced the availability of medicine in the market.

  The conflict in Ukraine has had a significant negative impact on food and fuel prices in Lebanon due to disrupted global shipping routes and supply chains of many key commodities including fuel, vegetable oil, and wheat/grain. Lebanon is an import-dependent country, and almost 90% of Lebanon's wheat and cooking oil imports come from Ukraine and Russia. This, in addition to rising global fuel costs, has resulted in increased cost of almost all basic goods in Lebanon during the months of March-April 2022. In May, supply chain deliveries have returned to "normal" levels after the March shock (access to products is stable), however the cost of basic goods - particularly vegetable oil and bread -continues to rise week on week. With the cost of staple foods rising disproportionately to wages, the conflict in Ukraine is an additional economic pressure that families are ill prepared to cope with.

  Food prices in particular have significantly increased since the baseline years. In March 2022, basic food item prices were 848% of April 2020 levels (affecting Akkar and Baalbek), and 1162% of March 2019 levels (affecting Beirut).[14] Other diverse nutritious foods included in livelihood protection (such as dairy and other animal products) are 1352% and 3353% respectively of reference year levels for the same period.[15] The prices of basic food items have increased dramatically compared to overall inflation rates, which despite being alarmingly in the triple digits, are substantially lower than the increase in cost of food. Given the increased proportion of spending on food in current household expenditures among the poor wealth groups, it is clear that they are disproportionately affected by this discrepancy.

- **Increasing unemployment:** Many businesses closed during 2020-2021 as a result of COVID-19 pandemic, the economic crisis, and the Beirut Port explosion. This led to many people being laid off, in some cases permanently, particularly in the formal sector. Recent data from the International Labor Organization (ILO) and the Central Administration of Statistics concludes that the unemployment rate has jumped from 11.4% in 2018-2019 to 29.6% in 2022.[16] According to Save the Children's analysis, people in poorer wealth groups who rely on casual labor are working around the same number of days but in less secure jobs, and seek a higher number of income sources including in more risky work. However, according to UNDP's wage monitoring, the number of days Lebanese are working appears to be declining.[17]

- **Wages not keeping pace with inflation:** According to UNDP's most recent wage monitoring, the average current daily wage for workers in agriculture, agro-industry, and construction is around LBP 92,000.[18] While this value has increased by 46.8% since monitoring began in early 2021, by comparison Consumer Price Index (CPI) inflation for the same period was 308%. While salaries have increased in LBP, these moderate wage increases have not kept pace with the increase in prices – particularly those of basic items – and are not sufficient to maintain subsistence from a single income source. During the snapshot data collection, all areas showed an increase in total LBP income, due primarily to a diversification of income sources rather than to a significant increase in wages, and an increase in both debt and gifts.

- **Increasing indebtedness and reliance on gifts/aid:** All wealth groups in all locations appear to be taking on new debt as a strategy increasingly utilized to secure food in the short term. While not indicative of the average, a significant minority (25%) of the Very Poor and Poor in Akkar utilize a "buy now pay later" model. While these debts are not taken directly in cash, they are denominated in monetary terms, almost always in USD. Households that rely on this coping strategy typically have a collection of small debts with different vendors. Although most households rarely have a clearly quantified value of debt, other SCI research suggests that standing, accumulated debt level of these households is around 5-7 million LBP, which is approximately USD 250-300 at March rates.[19]

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14 SMEB food basket monitoring
15 Ibid
16 ILO and CAS "Lebanon Follow-up Labour Force Survey – January 2022"
17 UNDP wage monitoring only covers the sectors of agriculture, agro-industry, and construction. Notably, this monitoring covers both Syrian and Lebanese workers, and decreases in activity affected Syrian workers more than their Lebanese counterparts. UNDP March 2022 "Provision of Professional Services For Conducting Wages Monitoring Periodical Survey – Wave IV Report"
18 UNDP March 2022 "Provision of Professional Services For Conducting Wages Monitoring Periodical Survey – Wave IV Report"
19 SCI May 2022 "Child Wellbeing Assistance in Lebanon: Q1 Evidence Report"

Therefore, the average level of new monthly debt for households is half of Lebanon's Survival Minimum Expenditure Basket (SMEB) (approximately USD 250 per month).[20] A reliance on gifts and aid is increasingly prominent, particularly in Beirut, where aid (either formal or informal) or gifts from family or neighbors are a major new source of food for all income groups including Middle.

According to new analysis from The Policy Initiative, the impact of remittances on Lebanon's socio-economic wellbeing was minimal, even pre-crisis, and in retrospect, remittance transfers were barely enough to combat poverty or to cover the cost of social assistance, and largely confined to more affluent classes.[21] Notably, while families in all wealth groups assessed are relying increasingly on gifts and aid – some of which may be termed "remittances" – the value is substantially less than required to meet needs due to the sizable loss in purchasing power.

- **Self-employment and small businesses:** Those who are still able to keep open their small businesses have experienced reduced sales volume due to fewer customers, electricity cuts, and reduced opening hours. For example, the demand for food has dropped by 40%[22]and 48% of small shops report electricity outages which effects their stock.[23] Prices of items are increased in line with inflation of goods.

- **Decrease in dietary diversity:** Based on the snapshot data, the significant shift in dietary composition for Very Poor and Poor households that occurred between the baseline and the snapshot analysis of October 2021 for Akkar and Baalbek remains the most significant shift in diet to date. However since October 2021, there have been additional decreases in quality and diversity of foods. Notably, the overall food security situation for households in Beirut is more difficult than for their equivalent counterparts in Akkar and Baalbek, regardless of their wealth group.[24]

These wealth group categories are relative and not directly comparable. This shift could be described as a "hollowing out" as it saw a significant adjustment in the types of foods consumed – in both brand choices (from "normal" to cheaper) and the qualities of foods (e.g. less natural and less nutritious cheese). Households have moved away from more nutritious or more culturally desired foods and increased carbohydrate intake – predominantly bulghur and rice. While the cheapest form of carbohydrate would be bread, this is not the bulk of a family's consumption. Notably the price and the weight of bags of bread have changed substantially since the baselines, both due to changes in the size of packets according to the Ministry of Economy and as a result of bakeries occasionally packaging lower than the standardized weights.

In all areas, consumption of dairy and meats declined since the baselines, however decrease in eggs and vegetables was more pronounced in Akkar and Baalbek, compared to Beirut. This may have an impact on the Minimum Dietary Diversity (MDD) of children, which requires the consumption of four or more food groups from the seven food groups. Globally, more than two-thirds of malnutrition-related child deaths are associated with inappropriate feeding practice during the first two years of life, including dietary diversity. According to the Lebanon Nutrition sector, 94% of 6-23 months old children are not getting the diversity and frequency of nutritious diets they need for their health, growth and development.[25]This existing situation combined with an alarming decrease in dietary diversity puts children at higher risk of developing concerning forms of malnutrition in the longer term.

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[20] While SMEB values are not used in this analysis, they are a useful reference point for a combination of expenditure-based and rights-based cost of basic needs. See SCI May 2022 "Child Wellbeing Assistance Q1 2022 Evidence Report." Notably, accumulated debt is increasingly denominated in USD terms, and SMEB values change on a monthly basis. As such the USD figures provided are only indicative for the purpose of comparison.

[21] Cheaito and Zoughaib, July 2022, "Tourism and remittances are not a panacea to Lebanon's financial woes"

[22] Arab Business News January 2022 "Large numbers of stores in Lebanon shut down due to financial crisis"

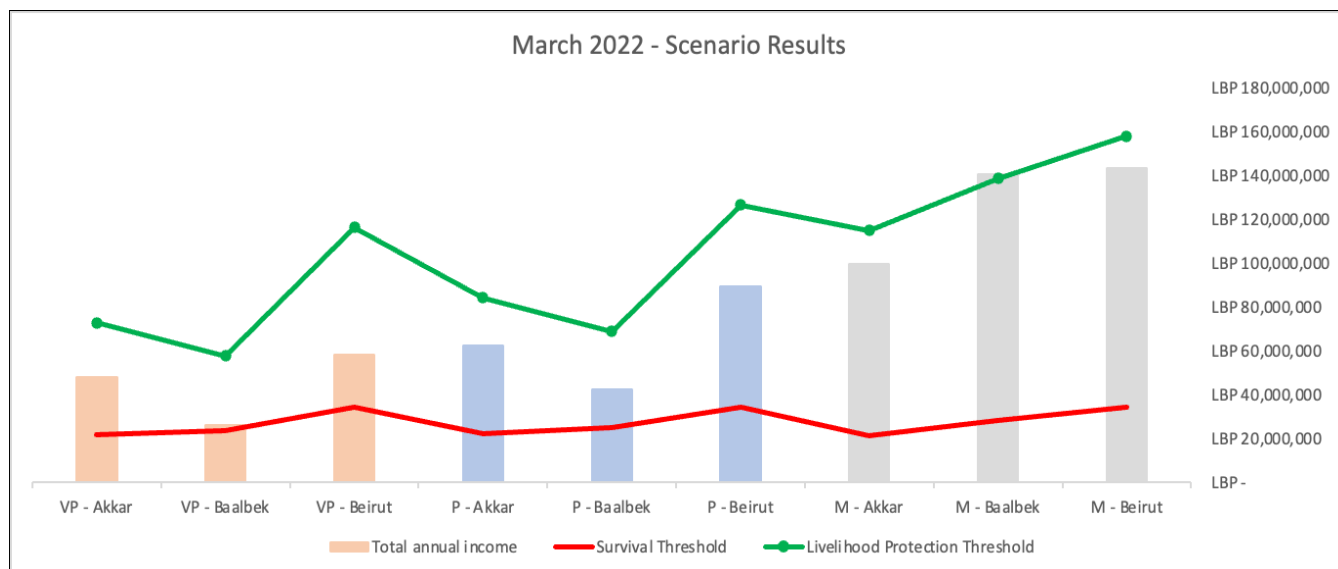[23] WFP June 2022, National Food Security Working Group, Food Security and Markets SitAn

[24] This is notable when compared to CAS/World Bank March 2022, that while one is less likely to be MPI-poor in Beirut, the poor in Beirut are more likely to experience greater deprivation that in other governorates.

[25] Lebanon Nutrition Sector 2022 "Nutrition in Times of Crisis: Lebanon National Nutritional SMART Survey Report"

March 2022 Scenario Results

By modelling the current scenario[26] for the Very Poor, Poor, and Middle wealth groups based on both the "snapshot" primary data and secondary data, the following compares households' capacity to meet their food and income requirements for both Survival and Livelihood Protection thresholds. The Y axis shows the total annual income if based on March 2022 figures. The red line shows the new Survival threshold, and the green line shows the Livelihood Protection threshold. All of the wealth groups surveyed (except for the M in Baalbek) show a Livelihood Protection deficit – that is, the inability of their income to meet the Livelihood Protection threshold. This means that they are not able to meet the basic cost of living to afford education, healthcare, and nutritious food.

As described above, the Livelihood Protection threshold includes items and services that sustain these families' livelihoods in the medium term at a locally acceptable standard of living. This threshold is not an aspirational value linked to a development objective, rather it is an emergency threshold that indicates when a household is meeting a minimum standard while remaining in this wealth group and not eroding their resilience. Comparing the incomes of households in the baseline year, SCI's October 2021 analysis, and present analysis, incomes continue to decrease in real terms, albeit at a slightly slower pace than the period from baseline to October 2021.

As with the October 2021 analysis, households in the Very Poor wealth group In Baalbek remains the most vulnerable, and are barely meeting their Survival threshold. The Survival threshold represents the minimum number of calories required from the cheapest foods to maintain subsistence, and essential non-food items to survive as described above. Without assistance, a sudden market shock may cause the Very Poor in Baalbek to face hunger in the near future.

Only the Middle wealth group in Baalbek does not show a Livelihood Protection deficit, however their income is only marginally meeting that threshold. The erosion of the Middle wealth group's capacity to meet their Livelihood Protection indicates significant decrease in their resilience, and will contribute to their increasing impoverishment over time.

In quantitative terms, the average monthly Livelihood Protection deficit for each household across all wealth groups in March 2022 was 2,376,832 LBP.[27] This is a snapshot of a single month, and it is a substantial increase in value compared to the findings of SCI's October 2021 analysis where the deficit was 700,000 LBP per month. Given that in October there were also large Livelihood Protection gaps, the assumption is that not only are these monthly deficits growing, but have also been sustained over time.[28]

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[26] For Akkar and Baalbek, data sources look at changes in the key parameters from April 2020 (as the middle of the reference year due to fluctuations in the market) to March 2022, and for Beirut, from March 2018 (as the same month of the reference year). The "baseline" data for Akkar and Baalbek was already a heavily affected period and should not be considered representative of pre-crisis livelihoods and lifestyles. The baseline for Beirut (data taken from the poorer neighborhoods of Beirut) was conducted before the onset of the crisis and can be considered representative of pre-crisis livelihoods and lifestyles.

[27] In March 2022 terms, this is roughly $103 (March average rate of 22,950 accessed at lirearate.org)

[28] The average LP deficit was 700,000 LBP/month for the month of September 2021 for Akkar and Baalbek VP and P wealth groups. M were not included in the October 2022 analysis.

Given this deficit in reaching Livelihood Protection, the resilience of these families, measured by a livelihood resilience score, is low. A livelihood resilience score refers to the proportion of the total income after shock compared to the livelihood protection threshold. A score of anything below 1 means there is a resilience gap to fill, and anything above 1 means households are generally resilient to that shock. The resilience score is a way of measuring a household's ability to recover its income and maintain livelihood activities in the period following a shock given its existing sources of income and asset base. The resilience score calculation measures a household's level of attainment compared to the resilience threshold, at which the household is able to maintain its asset base and income and avoid increasing its debt or decreasing essential expenditure after a shock has occurred. In these locations, wealth groups scoring below 1 will have reduced capacity to invest in human capital like education, may be taking on debts, or face nutrition deficits as diet diversity decreases. This will have an impact on these families' ability to maintain or reinvent in their livelihoods in the future.

The resilience score can be easily compared across wealth groups and livelihood zones while the livelihood protection threshold can be different for each wealth group, household size, etc. The resilience score adjusts for these differences and provides a simple description of the resilience of communities with disparate livelihood characteristics living in different contexts.

Wealth Group	Baseline	September 2021	March 2022
Akkar VP	1.75	0.78	0.66
Baalbek VP	1.36	0.54	0.46
Beirut VP	0.95	N/A*	0.50
Akkar P	1.93	0.90	0.75
Baalbek P	1.55	0.73	0.62
Beirut P	1.36	N/A*	0.71
Akkar M	1.99	N/A*	0.80
Baalbek M	2.11	N/A*	1.01
Beirut M	1.86	N/A*	0.91

These resilience scores not included in the table above are from the September 2021 data collection, as the Middle wealth group and Beirut zone were both excluded during that analysis.

The decline in the resilience score over time for all wealth groups since the September 2021 analysis demonstrates increasing impoverishment of all wealth groups, and their inability to remain in that wealth category over time. Not only are most households not meeting their livelihood protection thresholds, their very low resilience scores demonstrate an extremely low likelihood of these families recovering by using their existing assets. It is more likely that these households have already exhausted coping strategies and negative coping strategies may become the norm in order to avoid significant impoverishment and hunger. As with previous analyses, the Very Poor in Baalbek are in the most extreme situation and will not be able to recover from the ongoing poverty crisis without significant external assistance.

Additionally, HEA data is a key indicator in the Integrated Phase Classification (IPC) framework, the globally used system for classifying food insecurity and famine conditions.[29] The IPC is currently not used in Lebanon and a formal IPC analysis has not been conducted, however the IPC Regional Coordination Unit is planning an Acute Food Insecurity Analysis in Lebanon later in 2022.[30]

[29] The IPC Classification System distinguishes and links acute food insecurity, chronic food insecurity and acute malnutrition to support more strategic and better coordinated responses. The classification scale places the severity of food insecure situations into Minimum (IPC 1), Stressed (IPC 2), Crisis (IPC 3), Emergency (IPC 4) and Catastrophe/Famine (IPC 5) phases. For more on the IPC see: IPC Info Website

[30] While Lebanon is not currently using an IPC classification, WFP and FAO continue to recommend a large scale emergency cash response, in particular for food, nutrition, and social protection programming, to respond to growing food insecurity, and continue to refer to Lebanon as a "hunger hotspot." FAO/WFP June 2022 "Hunger Hotspots FAO-WFP early warnings on acute food insecurity June to September 2022 Outlook"

The HEA contribution to this IPC is only one of many indicators used in the final IPC classification. The value is determined by the level of Survival and Livelihood Protection deficits in at least 20% of the population, In Akkar, 92% of the population faces a Livelihood Protection deficit, in Baalbek 51%, and in poor/mixed neighborhoods of Urban Great Beirut 100%. In Baalbek an additional 18% are barely meeting their survival threshold, and given that this is an average, it conceals that many families may not be meeting survival quantities of food and non-food needs. Baalbek remains the governorate of heightened concern.

Zone/Governorate	Pop facing LP deficit	% of pop with LP deficit
Akkar	274,055	92%
Baalbek	98,382	51%
Urban Greater Beirut	875,000	100%

Percentage of population facing Livelihood Protection deficit

In the October 2021 analysis' scenario for Akkar and Baalbek , the HEA component of the IPC process places these governorates between IPC Phase 2 (stressed) – Phase 3 (crisis).[31]   This has now worsened, with the HEA contribution to IPC analysis suggesting that Akkar, Baalbek, and Beirut may be considered closer to IPC Phase 3: Crisis. This change is due to a worsening of the Livelihood Protection deficit, and the inclusion of Middle wealth group households in the current analysis. IPC Phase 3 refers to when households have food consumption gaps that are high, or are able to marginally meet food needs but only by depleting essential livelihood assets through crisis coping strategies.

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[31]   Other contributions to determination of an IPC phase include Household Dietary Diversity, Reduced Coping Strategy Index, and other commonly used metrics, many of which are now being tracked more regularly at national or governorate level for Lebanon.

🏃 A Deepening Crisis for Working Children

Economic crises push children from poor families into adult responsibilities at a very young age, despite their vulnerability to exploitation and harassment. Lost education and increased hunger are likely to become real consequences of the Lebanon crisis.

Reporting on 2012 and 2015 survey results prior to the current economic crisis, the ILO noted that just 3.6% of children from resident households across the 6 governorates in Lebanon had paid work. Most of these working children[32] were older youth (15-17 years old) and of these, most (83%) were boys.[33] A decade on from this survey, the deepening economic crisis in Lebanon has pushed many more children into the work force.[34] In April 2022, 12% of surveyed families had at least 1 child in the labour force.[35] Moreover, of the children surveyed by Save the Children in 2020, 21% responded that their need for work was more important than their education.[36] According to UNICEF, in 2021 alone there was an increase in Lebanese families sending their children to work; from 9% in April to 12% in September.[37]

Children living in poverty have the most pressure to enter the work force at a young age. Even before the current economic crisis, the ILO reported that children from Lebanese families in the bottom 20% of wealth showed a dramatic decline in school enrollment after 12 years of age from just over 90% enrollment at age 12-13 to only 70% enrollment by age 15.[38] The minimum age for paid work in Lebanon is 14 years old, contrary to international standards that categorizes work by children under 17 years that interferes with their education and/or that puts their health and safety at risk as child labour (i.e. prohibited work). Child labour emerged strongly in a recent survey of child protection workers, 52% of whom responded that in 2021, the most prevalent protection risk facing children was child labour.[39]

This child-sensitive HEA assessment was aimed at learning from children about what type of work they do, how often they work, and how much they earn, as well as the benefits and hazards of working, and the impact of a bad year on their basic needs and work.

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[32] "Working children" is a term used to describe all children who are working, which include both children in acceptable forms of work and children in child labour. "Children in child labour" is the preferred term used to refer to children who are in child labour, including the worst forms of child labour. It is not recommended to use the term "child labourers" as children should not be defined by the harmful work they undertake

[33] ILO, 2018: Child Labour Survey in Lebanon. International Labour Organisation/ILO & Central Administration of Statistics in Lebanon. Page 26

[34] Specific numbers differ by report and study, but the trend overall is upward.

[35] UNICEF, 2021: Violent Beginnings. Children Growing up in Lebanon's Crisis. December 2021

[36] Save the Children Lebanon, 2021: Rights Curtailed. The Impact of Covid 19 and the Economic Crisis on Child Rights in Lebanon. Save the Children, ALEF, Manara Network and Naba'a, 2021

[37] UNICEF, Nov 2021 Lebanon: UNICEF Survey highlights children's ever-worsening situation with dramatic deterioration of living conditions over 6 months.

[38] ILO 2018. Child Labour Survey in Lebanon. Page 8

[39] Child Protection Working Group Lebanon, 2022: Monitoring Children's Situation. End of Year 2021. Dashboard. Interagency Coordination on Child Protection Lebanon, February 2022.

The May 2022 HEA "snapshot" assessment included data from focus group (FG) discussions held with Lebanese working children in Beirut (1 x FG), Baalbek (1 x FG) and Akkar Governorates (4 x FGs).[40] Most participants came from the lower wealth groups (VP/P) but in the group in Fared, Akkar Governorate, there were boys representing both poor (P) and middle (M) households. Only two girls were available to be interviewed, reflecting that compared to boys, very few girls take on paid work.

This underscored ongoing concerns about the impact of the economic crisis on children and working children. A principal concern is the young age at which children start to work. Working children from the very poor and poor wealth groups were between 8-13 years old when they got their first job. The average age of working children on Save the Children and partners' caseloads is 9-12 years old. Poverty, and the economic crisis, has pushed children younger than the legal working age into the work force.

On the job, children face verbal harassment or abuse, and may miss school to earn money critical to their family's household income. Despite these efforts, the crisis has eroded households' purchasing power. Children feel this stress at mealtimes, reporting having less food to eat overall as well as less diversity at meals. Ironically, as a proportion of monthly expenditures, families are spending more on food but with inflation, they get less for their money. The consequence is that families have less to eat and have less to spend on children's other basic needs, most notably, on education.

BOYS' WORK	
VP/P	
5-12 Years	13-17 Years
hawker	mechanic
steel collection for sale	farm labourer
fisher	factory worker
	electricity expansion
	restaurant/shop worker
	steel collection for sale

For girls who do work, collecting recyclables for sale, working as a maid or nanny, or working in a shop are typical jobs. For older boys' (13-17 years), typical paid work includes car mechanic, factory worker and farm labourer. Jobs in the service sector (shops and restaurants) are also common and some boys find work expanding the electricity network.

Younger boys do more informal work such as collecting recyclables or scrap steel for sale, street hawking and fishing. The age of children when they got their first paid job differed by location. According to respondents in the Baalbek focus group, working children from very poor and poor wealth groups who started working during the economic crisis were very young (between 8-13 years old), therefore below the legal working age for safe work (14 years old). Similarly, Beirut respondents estimated that in the current economic crisis, working children typically took their first paid job at roughly 9-10 years old.[41]

The summer months in Lebanon (May/June-September) are peak periods for work which may be the case if children are enrolled in school. In practice Peak work means full-time jobs, that is 8-10 hours/day, 6-7 days per week.

Daily earnings ranged widely depending on the age and location of the child worker as well as type of job. Lowest earnings were reported by the Baalbek focus group: LBP 9,000/day and 12,000/day respectively for girls and boys aged 5-12 years. Mid-range earnings were reported by the Akkar focus group: LBP 27,000/day for boys 5-12 years and 40,000/day for boys 13-17 years. The highest daily earnings were reported by Beirut focus group respondents, namely LBP 45,000/day (girls/boys 5-12 years) and LBP 100,000/day (boys 13-17 years).

Daily earnings drop substantially during the off-season. These work periods fall in the winter months (December to March), which may indicate that children are more likely to be attending school. At this time, work hours typically drop to 4-6 hours/day and children reported working 2-4 days/week. Daily earnings in the off-season were estimated to drop to 50-66% of peak period earnings. In the Beirut focus groups, older boys (13-17 years) reported that their earnings fell by only 25% in the winter months (i.e., to 75% of their peak earnings).

Save the Children case workers also collect data about children's work (see following table). Wages were estimated as a monthly average over the year (rather than for peak and low periods) and also cover Syrian children.

[40] In each focus group, there were 6-8 child workers, mainly older youth and mainly boys

[41] In 2022, Save the Children case workers were addressing the needs of 4 non-Lebanese children in child labour (two girls and two boys) who were as young as 4-5 years old. (Internal documents, SCI Lebanon)

Average	Age	hours/day	LBP/day	type of work
AKKAR - Syrian				
girls (n=4)	10	7	20,350	clothes shop; sell tissues on street; street and working children (SaWC)
boys (n=16)	11	9	19,950	shop worker; market porter; marble factory; cafe; sell tissues; SaWC
Central BEKAA - Syrian				
girls (n=12)	12	8	23,330	agriculture, pickles factory, chocolate factory
boys (n=5)	12	8	16,500	agriculture, shop worker, collect/sell scrap metal
BEKAA VALLEY - Syrian (n=15) + Lebanese (n=2)				
girls (n=3)	9	4	19,400	cleaner, collect/sell scrap metal + Plastic
boys (n=14)	11	5	24,750	mechanoic, butchery, agriculture, collect/sell scrap metal + plastic; SaWC
BEIRUT - Lebanese				
boys (n=6)	12	9	30,731	mechanic assistant; tailor assistant; sell coffee/glass; cleaner

Overall, their findings indicate lower earnings than those reported by children during the focus group discussions. The main difference are the results from Beirut. For instance, Lebanese working children monitored by case workers in Beirut earned on average LBP 30,700.[42]

Working children, especially the younger ones (<12 years) usually give their earnings to their parents to decide how to spend the money. Only in the Baalbek focus group, did all 5 boys report that they decide how their earnings will be spent.

Limitations in the methodology means that it is not possible to compare this income from child workers directly to monthly total income of families during the period of analysis, however averages indicate that children may contribute 10-15% of the income in Very Poor and Poor households where there are working children.

[42] Internal documents, Save the Children Lebanon, 2022. Data was collected for monthly earnings. Daily earnings were calculated @ 6-day work week

on average (therefore 25.8 days per month). At informal rates in May 2022, LBP 30,700/day equals USD 1.54/day @ rate of USD 1 = LBP 20,000

Reasons for children working

Children's reasons for working	BAALBEK FGs - Reasons for working VP/P Boys (n=5) No. #1 rank	No. #2 rank	No. #3 rank	Girls (n=1) No. #1 rank	No. #2 rank	No. #3 rank
household needs money/poverty	100%			100%		
earn own money/self-reliance						
learn skill/trade		100%			100%	
help out on family enterprise						
pay school expenses/medications			100%			100%
repayment of loan/debt						
save money						

BEIRUT FGs - Reasons for working VP/P Girls (n=1) & Boys (n=5)	Rank
Help out on a family enterprise	1
Pay for school/health expenses	2
Earn own money/self-reliance	

Working children in the Baalbek, Akkar, and Beirut focus groups all said that they needed paid work to help their families make ends meet. In the Baalbek and Akkar examples, "family needs money" was the number one ranked reason for working. In Beirut, this was attributed "to help out a family enterprise."

In Akkar and Baalbek focus groups, the second ranked reason for working was to learn a skill or trade. The third ranked reason – but second ranked in the Beirut FGs – was to help pay for school and health expenses. In the Beirut focus group discussion, only one seven year old boy said that the reason he worked was to earn his own money and be self-reliant.

Hazards for working children

When working children can help their families struggling with financial stress there are clear economic benefits. However, this comes with emotional and physical costs. There are opportunity costs too. Respondents in the Akkar focus groups had a mixed view when ranking the risks associated with their jobs (see left of below table). Having to miss classes and/or drop out of school was a number one ranked hazard by 25% of Akkar focus groups (a wider range of hazards affected boy workers from poor households than middle households as seen in the table below). Work-place accidents and/or illness was another highly ranked hazard by 25% of Akkar focus groups. Notably, 7 of the 8 respondents in the Beirut focus group, and 6 of the 6 Baalbek respondents ranked verbal abuse, bullying and harassment as the number one hazard of their paid work. Other hazards noted by Akkar respondents included general job stress and theft of income. Only 1 focus group in Akkar indicated that working children faced no hazards on the job.

AKKAR - Hazards of paid work	Boys (n=30) VP/P (FGx4) No. #1 rank	No. #2 rank	No. #3 rank	Boys (n=11) M (FGx1) No. #1 rank	No. #2 rank	No. #3 rank
Miss classes / drop out of school	25%			100%		
Accidents/ill health	25%	50%			100%	
Theft of goods/income		25%				
Verbal abuse/sexual harassment			25%			100%
Stress	25%					
Arrest						
Alcoholism						
No problems faced	25%					

[43]When talking about children and paid work, it is important to make the distinction between working children and children in child labour. Work and labour are used in specific ways when referencing children's paid work. In particular, child labour refers to work that is harmful to children whether because it puts their health and safety at risk or if it interferes with their schooling. The focus group discussions did not go so far as to investigate children's individual situations or quantify the frequency and incidence of child labour. However, their responses give some insight into the challenges and risks faced by children when taking on paid work.

Bad year work strategies of children

Akkar (x4 FGs) - Bad year WORK strategies	
VP/P	
Boys (n=30)	Rank
Work more hours per day	1
Do two or more jobs	2
Take riskier jobs	2
Drop out of school to work	3
Move away/ travel far for work	3

Baalbek - Bad year WORK strategies		
VP/P		
Girls (n=1)	Boys (n=5)	Rank
Work weekends	Work more hours per day	1
Work two or more jobs	Drop out of school to work	2
Miss school for work	Take on riskier work	3

In the current economic crisis, working children feel the pressure to earn more and work more, either by working more hours in the day, by working weekends or by picking up an extra job. This was the number one ranked strategy to cope with the crisis in each of the Beirut, Baalbek and Akkar discussions. The second ranked strategy, for 100% of the boys in the Baalbek focus group was to drop out of school or miss school for work. The third ranked strategy was to take on riskier work. The ranking of number 2 and 3 strategies was reversed in the Akkar sample. There, 50% of the sample selected take riskier jobs as the main number 2 strategy and 25% of the sample ranked it third. An example of risky work is illegal fuel smuggling across borders. Dropping out of school to work, moving away for a job, or traveling far away to find work were other third ranked strategies by Akkar respondents.

Effect of the economic crisis on children's basic needs[44]

% of responses by focus groups

AKKAR - Bad year impact on basic needs	Boys (n=30) VP/P (FG x 4)			Boys (n=11) M (FG x 1)		
	No. #1 rank	No. #2 rank	No. #3 rank	No. #1 rank	No. #2 rank	No. #3 rank
Less food per meal	50%					
Miss meals	50%			100%		
Eat fewer types of food (less diversity)		50%			100%	
Drop out of school (can't afford fees)						
Sick (can't afford health care		50%	25%			100%
Can't afford clothes			75%			

Baalbek - Bad year impacts on basic needs		
VP/P		
Girls (n=1)	Boys (n=5)	Rank
Less food per meal	Less food per meal	1
	Less food diversity	1
Cant afford personal items	Drop out of school	2
Cant afford health care	Cant afford health care	3
	Cant afford personal items	3

In the focus group interviews, working children were asked to rank the main impacts of the economic crisis on their basic needs. In Beirut, Baalbek, and Akkar interviews, the number one ranked impact was having less food at meals or missing a meal entirely. Working children also listed having less food diversity. Some of the foods that poor households can no longer afford to buy or buy much less of include beef, tinned tuna and sardines, hard cheese, powdered milk, and cooking oil.

In the Akkar focus groups, lack of money for health care was a second ranked impact of the crisis on children's basic needs. In Baalbek, respondents ranked lack of money for school second, followed by lack of money for health care. Not being able to afford clothes and personal items were third ranked impacts.

The qualitative data from the focus group discussions cannot be used on their own to draw a causal link between children's work and, for example, school attendance. However, there are other studies that provide some evidence that amongst the poorest families, when children must work to help support their families, their attendance at school suffers. In 2016, prior to the current crisis, the government reported that 10,000 Lebanese children dropped out of school largely due to poverty and the need for paid work.[45] Moreover, a major study in 2019 by UNICEF of labourers on Bekaa and Akkar farms found that 82% of full-time working children on medium and large-sized Beqaa farms were not enrolled in school (most of whom were Syrian refugees).[46] The number dropped for full-time working children on Akkar farms – most of whom were Lebanese –to 21% (greenhouse workers) and 31% (medium to large-size farm workers).

HEA survey data collected in the snapshot assessment supports children's informal answers. Using expenditure results from the reference year and the current month (March 2022), changes in spending patterns between the two periods can be examined, focusing on children's basic needs (namely food, education, health, and clothing).[47]

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[44] Only one focus group (Fared, Akkar Governorate) involved boy workers from both poor and middle wealth groups. This is reflected in the table. In the other focus groups in Akkar, Beirut and Baalbek, child workers represented very poor and poor wealth groups only
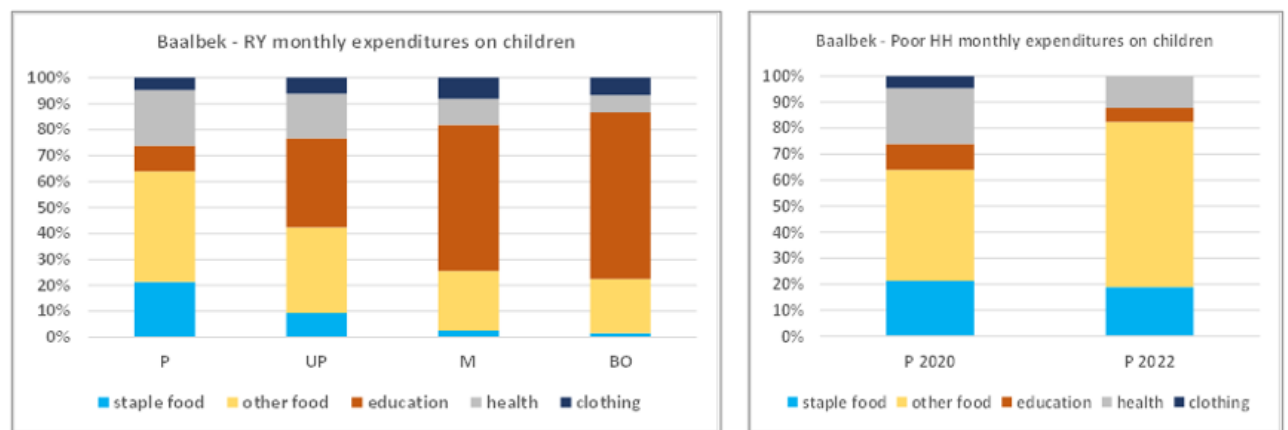
[45] ILO, 2016: Refugee Crisis: Child labour in agriculture on the rise in Lebanon. The figure on Lebanese school dropouts was reported by Sonia Khoudry, RACE project, MEHE (Ministry of Education and Higher Education). The situation was much worse for Syrian refugee children.

[46] FAO and UNICEF, 2019. Child Labour in Agriculture: The Demand Side. UNICEF and FAO, Lebanon

[47] Limitations to this approach are that the monthly snapshot in 2022 may miss some seasonal peaks and lows whereas the reference year monthly results are calculated from annual data divided by 12. Moreover, child core expenditures are derived from actual household spending divided by the average household size to get a per capita amount which is then multiplied by the number of children per household (using average fertility and dependency rates for Lebanon). Child core expenditures in this case vary by wealth group. Despite these limitations, the results provide an important insight of the effect of the crisis on children's basic needs
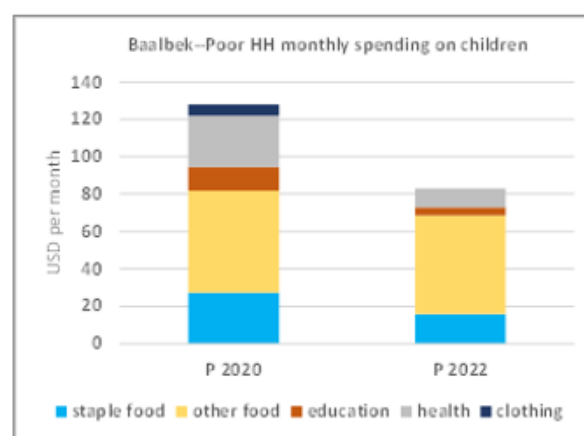
The Baalbek example assumes 2 children per family of 5.[48] Firstly, a comparison of expenditures across wealth groups in the 2019-2020 reference year illustrates how much of poor households' spending on children is dedicated to food (graph below). For instance, in 2019-2020, 65% of child core expenditures by better off households went on education. By contrast, for the poor, the same proportion of spending on children - 65% - went on food not on education.

Baalbek HEA data – Reference Year (RY) and Current Year (CY) proportional monthly spending on children's basic needs by wealth group (RY) and for poor households in the RY (2020) and CY (Mar 2022).
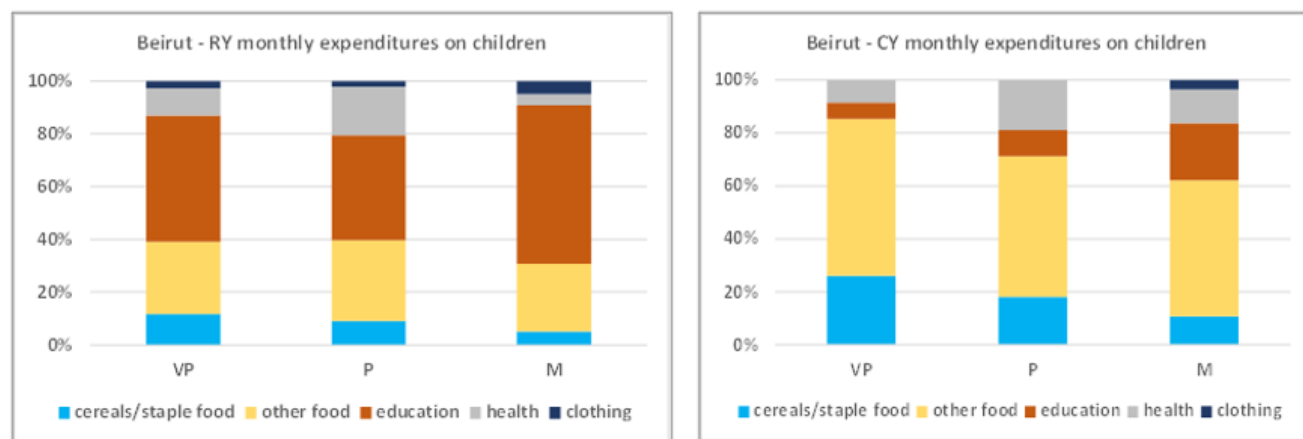
Second, a comparison of poor household spending between the reference year and current year shows how proportionally, food spending on children has increased further. In the 2019-2020 reference year, just under 65% of poor household monthly child core expenditures went on food (light blue and yellow bars in the graph above at right); about 20% was on children's health (light grey bar); and 10% was on education (brown bar). By March 2022, monthly spending on food for children had increased significantly (proportional to other expenses) to about 83% of poor household child core expenditures. Conversely, spending on children's education and health decreased to a very low 5% and 12%. In practice, this meant that because food spending took up a higher proportion of poor household's budget there was less money for education, health, and other necessities. This finding is well illustrated in both the graph on proportional spending (above right) as well as in the graph on actual spending (right) which compares actual monthly spending (converted into USD) on child core expenditures by poor households in 2019/20 and in March 2022.

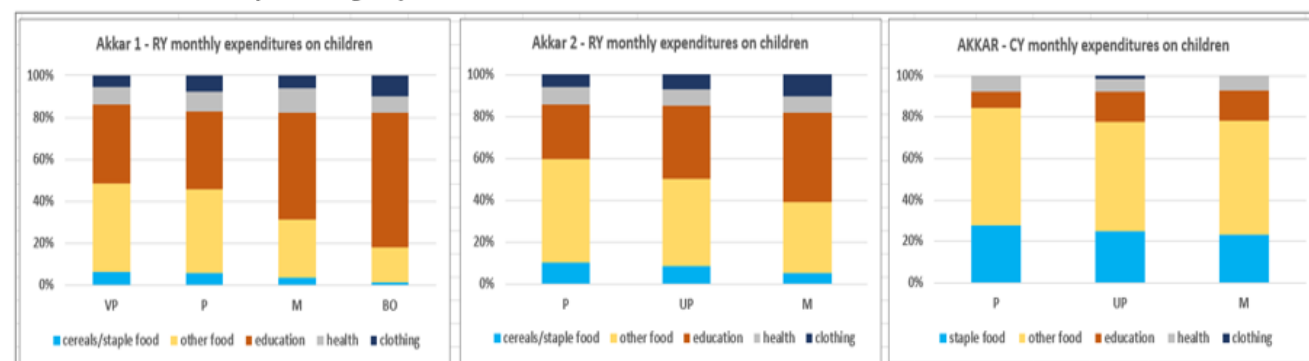Baalbek HEA data – Reference Year (RY) and Current Year (CY) spending on children by Poor Households

Beirut HEA data – Reference Year (RY 2018/19) and Current Year (CY March 2022) proportional monthly spending on children's basic needs by wealth group

[48] According to World Bank indicators, in Lebanon, the current fertility rate is 2.032 births per woman and the child (0-14 years) dependency ratio is 37.1%. https://data.worldbank.org/indicator/SP.POP.DPND.YG?locations=LB-FI

Expenditure data from Beirut shows a similar outcome to Baalbek. The graphs above show proportional monthly expenditures by wealth group comparing the 2018-2019 reference year (at left) to the March 2022 snapshot (at right). As in Baalbek, in Beirut, spending on food (light blue and yellow bars) as a proportion of monthly expenditures on children increased substantially between 2018-2019 and 2022, rising from 40% to 85% for the very poor and from 30% to 65% for middle households. Consequently, proportional spending on education substantially decreased from 40% in 2018-2019 to 10% in 2022 for poor households and from 60% to 22% for middle households. Moreover, in the March 2022 snapshot, poor households reduced spending on children's clothes to nil (dark blue bar in the graph).

Akkar HEA data – Reference Year (RY 2019/20) and Current Year (CY March 2022) proportional monthly spending on children's basic needs by wealth group

In the Akkar governorate example, 2019-2020 reference year data was divided into Akkar 1 and Akkar 2. Akkar 2 (northern Akkar governorate) is poorer, that is, annual incomes are typically lower.[49] Not only did households earn less cash income in Akkar 2 than households in Akkar 1 but they also proportionally spent more on food and less on education. In the March 2022 snapshot, Akkar 1 and Akkar 2 data was merged. As in the Beirut and Baalbek cases, the principal difference between 2019-2020 and 2022 is the proportional increase in spending on food and the subsequent decline in proportional spending on education. For instance, in Akkar 2 in 2019-2020, as a proportion of monthly child core expenditures, 27%, 35% and 43% was on education by Poor, Upper Poor and Middle households respectively. In the March 2022 snapshot, this proportion was reduced to 8%, 15% and 15% for Poor, Upper Poor and Middle households. Meanwhile, food spending increased as a proportion of monthly child core expenditures from 60% in 2019-2020 to 84% in March 2022 for the Poor, and from 40% to 78% for Middle households.

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[49] In the 2019-2020 reference year, annual cash income in Akkar 2 was 15.24 million, 18.24 million and 28.76 million for very poor, poor and middle households respectively. In Akkar 1, annual cash income was 14.4 million, 20.16 million and 32.4 million for very poor, poor, and middle households.

Scenario modelling: Projections for August - September 2022

Working with Mercy Corp's Lebanon Crisis Analytics Team (LCAT), two simple scenarios have been modelled for the period following elections (approximately June-September). This draws on LCAT research and analysis, as well as the findings of a collaboration between LCAT and the Lebanon Humanitarian INGO Forum, which SCI co-chairs. The first scenario is a better case, where a certain amount of stability continues, and the second scenario where there is a major security event or other trigger for a significant economic shock.

Scenario 1: Stability post-elections

The Lebanese Central Bank has been able to bring a certain degree of stability to the currency since January 2022, with the Lebanese pound being valued between LBP 20,000 and LBP 25,000 to the dollar up until April, down from a high of LBP 34,000 on January 16. In addition, reduced Sayrafa USD injections in April and May indicate the Central Bank may be moving away from the policy of expensive "stabilization" towards allowing the LBP to slide again to a more "sustainable" or true "float." If the sharp depreciation experienced early March – off the back of some banks refusing to sell dollars over concerns that Circular 161 would not be extended – is any indication, the consequences of halting USD provision via Sayrafa on the value of the Lebanese pound will have an immediate impact on the LBP/USD value.

The prognosis for the post-election period remains poor, despite an IMF Staff Level Agreement being announced on April 7 signalling that the negotiating teams are closer to securing a deal that could potentially provide about USD 3 billion worth of Special Drawing Rights allocations over the coming years. Significant scepticism remains over whether the benchmarks outlined in the staffing agreement will be met, especially in the context of an expected caretaker government post elections, with some pessimistic estimations seeing a caretaker government remaining in place until the end of the year. Preliminary election results indicate a more fragmented and contested political landscape in the coming months, with the potential of stalemate over key benchmarks in the coming weeks, such as the election of a president.

In addition, global inflation and sharp commodity price increases are placing further pressure on prices inside Lebanon in real terms, as well as placing pressure on the LBP. As Lebanon largely relies on imports for much of its food and fuel needs, it is sensitive to these dynamics. The price of diesel alone increased by over 50% from January 1 to March 30, at least in part driven by higher international commodity prices. A planned increase in the "customs dollar" rate will also likely stoke inflationary pressure as imports face increasing customs duties as well as the exchange rate applied on those duties.

Currency devaluation has compounded the effects of sharp price rises in 2021, stemming from the removal of Central Bank forex subsidies. However, because of the effective liberalization of most imports aside from wheat subsidies, the LCAT team has determined the pass-through impact of 2022 depreciation on market prices with some confidence. Scenario 1 assumes a further 25% depreciation, where the LBP rate drops to 37,500. Projection of market prices are based on analysis of similar periods of global commodity price increases, and both SMEB and CPI calculations. Income sources and rates remain as in the March 2022 situation.

Resilience scores for scenario 1:

Wealth Group	Baseline	September 2021	March 2022	Scenario 1
Akkar VP	1.75	0.78	0.66	0.60
Baalbek VP	1.36	0.54	0.46	0.41
Beirut VP	0.95	N/A*	0.50	0.46
Akkar P	1.93	0.90	0.75	0.67
Baalbek P	1.55	0.73	0.62	0.56
Beirut P	1.36	N/A*	0.71	0.65
Akkar M	1.99	N/A*	0.80	0.73
Baalbek M	2.11	N/A*	1.01	0.91
Beirut M	1.86	N/A*	0.91	0.82

Unsurprisingly, in this scenario all wealth groups will see increased Livelihood Protection deficits, as reflected in the change of their resilience score. All wealth groups are affected by these changes, with rough ranking of severity remaining similar to the March 2022 situation. Groups of highest concern include the Very Poor in Baalbek and Beirut, and the Poor in Baalbek. In this scenario, the Middle wealth group in Baalbek are now no longer able to meet Livelihood Protection, and will face decreasing economic resilience (as their score is now below 1).

In this scenario, a Very Poor household in Beirut, for example, would still be making an approximate monthly income of 4.9 million LBP. They are meeting their survival needs, that is, they can afford bread, flour, bulghur, and pulses, as well as a small amount of vegetable oil, eggs, and powered milk. They are also able to afford water, soap, and a limited amount of additional hygiene items. However, they cannot afford generator or other basic services such as health or education, and are highly likely to be taking on debt to cover the cost of shelter.

In order to afford these basic services and a more nutritious diet, these households would need an additional 5.7 million LBP/HH/month.

Scenario 2: Major security issue or "black swan" event that accelerates economic deterioration

This scenario describes a low likelihood security event that may come as a surprise, has a major effect, and yet may be rationalized after the fact with the benefit of hindsight. There continues to be a low but real risk of a major deterioration of the security and political situation in Lebanon. This continues to be the case following the elections, despite a relatively stable "negative peace."

The results of these elections point towards a fragmented and deadlocked dynamic in the Lebanese parliament between major opposed political actors. This may push these actors to escalate political pressure through other means, which in combination with the ongoing impact of the economic crisis on Lebanese society, could result in violent conflict or street protests on a level which could further accelerate or worsen the economic situation throughout the country. The impact of this scenario could see the breakdown of key commodity supply chains, as well as market confidence driving a further major shift in the value of the currency. This scenario could play out between two specific dynamics, one which involves a geographic area of Lebanon being heavily affected, and one which sees the impact affecting the entire country. Both dynamics predict a similar impact across those geographies. The items that are affected by the hypothetical supply chain shocks were determined by measuring what items increased in price during two recent significant supply chain shocks: The beginning of the fuel crisis and the Beirut blast. Income sources and rates remain as in the March 2022 situation.

Resilience scores for scenario 2:

Wealth Group	Baseline	September 2021	March 2022	Scenario 2
Akkar VP	1.75	0.78	0.66	0.51
Baalbek VP	1.36	0.54	0.46	0.35
Beirut VP	0.95	N/A*	0.50	0.41
Akkar P	1.93	0.90	0.75	0.57
Baalbek P	1.55	0.73	0.62	0.47
Beirut P	1.36	N/A*	0.71	0.56
Akkar M	1.99	N/A*	0.80	0.61
Baalbek M	2.11	N/A*	1.01	0.76
Beirut M	1.86	N/A*	0.91	0.69

In this scenario all wealth groups see even larger Livelihood Protection deficits. However in scenario 2, the Very Poor in Baalbek are now below the Survival threshold. This means that without a substantial cash program explicitly targeting the poorest households, families in Baalbek could be facing severe deficits. While the cash transfer value required to ensure this survival, per family per month, is relatively low: 380,000 LBP, this hides that this is the cost of ensure families merely survive on the cheapest carbohydrates, does not factor in dietary diversity or the specific needs of pregnant or lactating women and children, and does not support essential household expenditures to avoid future impoverishment. Additionally, considering that families have completely eroded their coping mechanisms in the earlier years of the crisis, they are likely to become further reliant on negative coping strategies that are harmful, particularly to children, in the longer term. In addition to this group, the Very Poor in Beirut and the Poor in Baalbek are the groups of highest concern.

The possibility for the Very Poor in Baalbek to face Survival deficits in a scenario 2 is extremely alarming, particularly given the delays of scaling social protection for Lebanese, including the much anticipated support from the Emergency Social Safety Net (ESSN) project and limited scope of this program compared with need. While almost a half million people submitted complete applications via the Impact platform, 134,000 households have been fully assessed and only 46,000 deemed eligible.[50] While there is incomplete information on the eligibility distribution by governorate, Baalbek should be prioritized for further outreach and targeted support – particularly in the event of a scenario of this economic scale.

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[50] Registration platform indicators and payments' progress can be found here: https://impact.gov.lb/home?dashboardName=ration-card

Conclusions

As with previous analyses, the Very Poor and Poor wealth groups are the most at risk, however the additional data for Middle wealth groups also demonstrates their significantly eroded resilience, and impoverishment. In Akkar, 92% of the total population faces a Livelihood Protection deficit, in Baalbek 51%, and in poor/mixed neighborhoods of Urban Great Beirut 100%. In Baalbek an additional 18% are barely meeting their survival threshold, and given that this is an average, it conceals that many families may not be meeting survival quantities of food and essential non-food needs. This assessment has been conservative in the approach to analyzing the needs in Baalbek, and the reality of many families is likely to be far worse. Notably, while the poorest families in Beirut appear to meet their survival needs, this is due to a substantial increase in taking on new debt, and a reliance on gifts and aid that was not present in the baselines.

Since October 2021 to the current collection period, additional decreases in the quality and diversity of foods was found. This shift could be described as a "hollowing out" as it saw a significant adjustment in the types of foods consumed – not only the brands of foods (from "normal" to cheaper) and the qualities of foods (e.g. less natural and less nutritious cheese). Moreover, decreases in meat, dairy, eggs, and vegetables were noted in all zones.

Due to the large shift in the quality of food and household dietary diversity, malnutrition is still a possible outcome of this economic crisis for Lebanese children if urgent action is not taken to safeguard their consumption of nutritious foods. It is important to note that the prices of basic food items have increased dramatically compared to overall inflation rates, which despite being alarmingly in the triple digits, are substantially lower than the increase in cost of food. Given the increased proportion of food in current household expenditures among the poor wealth groups, it is clear that they are disproportionately affected by this discrepancy.

Unemployment is another contributing factor, as approximately one-third of Lebanon's labor force is unemployed. The total unemployment rate increased from 11.4% in 2018-19 to 29.6% in 2022, while the unemployment rate among youth aged 15 to 24 is 47.8%.[52] Yet even those with jobs are less able to afford their basic needs, as wages have not kept pace with inflation. Even with the recently announced increases to the private sector minimum monthly salary and daily transportation allowance of a 33% increase, this is far short of the 200% inflation rate for 2021 alone, and guaranteed to undermine workers' living conditions as steep price hikes in the telecommunications, electricity and petrol sectors loom.

Increasingly, taking on debt is becoming the solution for families in all wealth groups, with Baalbek area notable for the scale of borrowing. Reliance on gifts and aid is increasingly prominent, particularly in Beirut, where gifts are a major new source of food for all income groups, and the Very Poor in Beirut are reliant on gifts or aid in order to meet their caloric needs.

These findings also underscore how increasing impoverishment and the economic crisis have pushed children younger than the legal working age into the work force. On the job, children face verbal harassment or abuse, and may miss school to earn money critical to their family's household income. Despite these efforts, the crisis has eroded households' purchasing power. Children feel this stress at mealtimes, reporting having less food to eat overall as well as less diversity at meals. Ironically, as a proportion of monthly expenditures families are spending more on food but with inflation, they get less for their money. The consequence is that families have less to eat and have less to spend on children's other basic needs, most notably on education. These results are a sobering reminder that this economic crisis push many children from poor families into adult responsibilities at a very young age despite their vulnerability to exploitation and harassment, and with lost education and hunger real consequences of the crisis.

Due to the nature of the projected scenarios facing Lebanon, it is important that anticipatory action and risk mitigation preparedness takes into consideration how identified risks will affect families at more localized levels. This is both a commitment to enhancing aid localization and a recognition of increasing area-based approaches, including at governorate level. Household Economy Analysis is a useful tool to assess how risks are translated for populations, and can support planning to respond to a range of political and economic shocks.

51 ILO/CAS Labor Force Survey January 2022
52 Announced 15 June 2022 during an economic and social council meeting

Recommendations

The Government of Lebanon and International Partners to;

- Ensure broad rollout of the Emergency Social Safety Net (ESSN) project, making sure that the most vulnerable governorates are targeted for outreach to vulnerable households that may not have access to, knowledge of, or trust in the Impact platform. Delays in rolling out the ESSN limits the scale compared with need, and in the event of a more extreme economic hazard, Baalbek governorate in particular may face severe need.

- The Ministry of Education and Higher Education (MEHE) should strengthen the effectiveness of the Schools Information Management System (SIMS), in order to ensure robust monitoring and transparent reporting of child enrolment and retention in education, particularly for poor and very poor families who are most at risk of removing children from school in order to work.

- Increase the transfer value for Cash for Food and Multi-Purpose Cash Assistance (MCPA) to align with the market-based Survival Minimum Expenditure Basket (SMEB) values, and in line with guidance by the national Basic Assistance Sector. This may also require a change in the ESSN transfer value, ensuring that cash transfers to all populations are regularly updated at appropriate intervals in line with any changes in market monitoring.

Donors to;

- Increase investment in the Nutrition sector strategy and in an integrated preventative nutrition response that prioritizes knowledge of and access to diverse diets, particularly for children under the age of 2 years.

Humanitarian community to;

- The Lebanon Humanitarian Country Team (HCT) and other actors conducting anticipatory action or preparedness planning should ensure planning considers how social and political risks in Lebanon impact household economies, particularly at more localised levels e.g. at governorate level. To this end, Save the Children commits to contribute the HEA methodology.