WFP VAM & Supply Chain Unit
Lebanon

Port of Beirut Explosion – Situation Analysis

Monitoring Results for FSSWG Meeting (Port Explosion)

20\textsuperscript{th} August 2020
WFP Assessment focusing on the Port explosion

- Secondary data analysis on the initial impacts of the disaster on key market and food security indicators.
- WFP supporting LRC / OCHA Multi Sector Needs Assessment
- Assessment utilizing data collected via phone questionnaires; in partnership with the World Bank’s Poverty Analysis Unit in DC
- Assessment utilizing data collected via contacting people using web based systems
- Ongoing GIS and Market Monitoring
- WFP, UNHCR and UNICEF are currently rolling out the VASyR 2020, which is a country-wide assessment covering Syrian Refugees.
Port of Beirut Good Movement from January 2019 till July 2020

- A decrease of 59.7% in the unloaded imports weight is registered when comparing January-July 2019 imports against the same period in 2020.
- A decrease of 51.8% is noticed when comparing July 2019 figures against July 2020 figures.
- A huge decrease is noticed from October 2019 and onward. The month on month changes from that month onward are: (-28.2%) in November 2019, (-20.8%) in December 2019, 19.6% in January 2020, (-8.8%) in February, 7% in March, (-7.9%) in April, 13.6% in May, (-8.6%) in June, and (-20.5%) in July.

Source: Port of Beirut data, 2019/2020 as of August 10, 2020
Port of Beirut Food Imports Movement from January 2019 till July 2020

- A decrease of 19.4% in the unloaded imports weight of Food is registered when comparing Jan – Jun 2019 imports to the same period in 2020.
- A decrease of 52.8% is noticed when comparing July 2019 figures to July 2020 figures.
- An increase is noted between September and October 2019 (40%), mainly driven by an increase in cereals imports and animal fodder.
- A second increase is noted between December 2019 and January 2020 (58.4%), mainly driven by an increase in cereal imports, animal and vegetable fats and oils, and live animals.
- A decrease of 9.7% is registered from October to November 2019 and of 21.5% between November and December 2019.
- The month on month changes from January 2020 onward are: (-5.2%) in February, (-3%) in March, (-2.4%) in April, (-1.7%) in May, (-18.2%) in June, and (-44%) in July.

Source: Port of Beirut data, 2019/2020 as of August 10, 2020
Lebanese Customs Imports Statistics Periods Comparison

- Cereal Imports between October 2019 and June 2020 decreased by (-3.24) compared to the period between October 2018 and June 2019.

- A decrease of (-11.6)% in the total food imports for the period of October 2019 till June 2020 in comparison to the period of October 2018 till June 2019.

- A decrease of (-29.7%) in the total imports for the period of October 2019 till June 2020 in comparison to the period of October 2018 till June 2019.

- Total Imports in June 2020 decreased by 15% in comparison to total imports in June 2019.

- In 2019, Lebanon imported around 2,893,197mt of food supplies, including 535,127 mt of wheat, 79,786 mt of barley, and 549,070 mt of maize (corn).

Source: Lebanese Customs data, 2015-2020 as of August 20, 2020
Wheat Imports, Consumption & Bread Price

• Between January and June 2020, Lebanon imported approx. 333,875 tons, compared to 268,586 tons for the same period in 2019.

• In a series of tweets on August 12, the Minister of Economy announced that Lebanon consumes 35,000 tons of flour per month. He also announced that the mills current stock of flour is 32,000 tons, and that ships carrying 110,000 tons of wheat will be arriving in the coming two weeks, which should provide a stock coverage of 4 months.

• Wheat imports are partially subsidized (85% of their cost) by the government at the official exchange rate (LBP 1507.5).

• Historically, wheat imports used to be subsidized by the government, by covering the difference between the international selling price and the buying price for local millers/bakeries, whenever international prices exceeded a certain limit. According to a 2016 study by Blom Bank, subsidies used to be applied whenever the price of a ton of wheat exceeded 290 USD.

• The maximum price and minimum weight of a regular Lebanon (flat) bread is set by the Ministry of Economy & Trade. The weight of a package of bread was reduced to 900 Grams, while keeping the price at LBP 1,500, following a decision by the Minister on June 2, 2020. On June 30, a decision was taken to revise the price to LBP 2,000 for a package of 900 Grams, while the price of a 400 Grams package was set at LBP 1,000.

• Although wheat and fuel are subsidized by the government, other materials/services that are needed for the production of bread, such as nylon bags, maintenance of equipment, etc. are not, and thus their cost has been affected by the inflation in the country due to the depreciation in the exchange rate.

Source: Lebanese Customs Data, Twitter, Reuters, Lebanon Central Bank, Blom Bank 2016 Lebanese Wheat Market Study
Repercussion of Explosion on WFP Contracted Shops

- 14 WFP Contracted shops are located in the surroundings of the port of Beirut, mainly in the areas that were partially damaged by the explosion. Despite the proximity to the site of the blast, it did not severely affect those shops and they continue operating.
Repercussion of Explosion on weekly food SMEB price in LPB (national average)

• Between the week of July 27th, which preceded the Beirut port explosion, and the week of August 3rd, during which the explosion took place, an increase of 0.22% was registered in the food SMEB basket price, based on the preliminary data available from WFP’s contracted shops.

• Between the week of August 3 and the week of August 10, the price of the food SMEB basket is nearly the same, with the basket registering a price of LBP 100,809, based on the preliminary data available from WFP’s contracted shops.

Source: WFP price data 2020, as of 20 August 2020, subject to changes
Repercussion of Explosion on Daily (official and unofficial) exchange rate development

- After trading between around LBP 8,000 for most of the period between July 27 and August 4, the black-market rate witnessed a small increase to LBP 8,600, before decreasing starting August 6 and stabilizing around LBP 7,500 from August 7 onward. An additional decrease was registered starting August 11, with the rate reaching LBP 6,500 on August 13 afternoon, before rising back up and stabilizing around LBP 7,000 from August 14 onward

- Central bank issued a circular on August 6 instructing money transfer companies (OMT, Western Union, etc.) to resume providing transfers in USD bank notes, after having limited those to be paid in LBP bank notes since mid-April based on the rate set by the central bank currency exchange unit. The last rate that was being applied for those transfers was LBP 3,800 (blue line in graph)

- Rate for withdrawal from non-fresh money dollar account in LBP continues to be set at LBP 3,900 by the central bank currency exchange platform (yellow line in graph)

- Official exchange houses rate as set by the central bank currency exchange platform (Sayrafa) continues to be set at between LBP 3,850 & LBP 3,900 (purple line in graph).

Source: [lebaneselira.org](http://lebaneselira.org) & [lirarate.com](https://lirarate.com) – reported rates for black market and syndicate are the average of the buy and sell rates
After nearly reaching LBP 10,000 at the beginning of July, the black market rate stabilized around the LBP 8,000 level around July 20 and onward until the time of the explosion. One reason for the decrease was the reopening of the Beirut airport at the beginning of July, which allowed a flow of US dollar notes to enter the country without restrictions, through Lebanese expats and foreigners visiting the country, especially from those preferring not to use the non-financial institutes transfer mechanism as it was being paid in LBP at a rate more than 50 percent less than the black market rate prior to the explosion.

Following the explosion, a small increase was witnessed, however the rate was directly affected on August 6 by the decision of the central bank, which allowed non-financial institutes (Western Union, OMT, etc.) to resume paying incoming transfer in USD notes rather than at the parallel market rate of LBP 3,800. The rate witnessed a direct drop following the circular, from LBP 8,600 to LBP 7,500.

The rate witnessed a second decrease during the week of August 10, achieving a low of LBP 6,500, before rising back up stabilizing around LBP 7,000 from August 14 and onward.

The central bank decision has allowed a constant flow of US dollar notes to be transferred back to the country. It was reported that non-financial institutes were facing delays in paying out the incoming transfers in US dollars, due to the high demand for the service over the past few weeks following the decision, with Lebanese expats sending money again to their families to assist in the recovery efforts.

The future developments in the exchange rate remains to be seen in the coming weeks, especially with the newly announced lockdown starting August 21 for the coming two weeks.
Change of monthly food SMEB price in LPB (Beirut average)

- Approx. 145% percent food price (SMEB basket) increase in the governorate of Beirut between the months of October 2019 and July 2020.

- An increase of 31.6% between the months of April and May 2020, the highest recorded month-on-month increase since the start of the public unrest in October 2019. Between June & July, a 12.5% increase was registered.

Source: WFP price data, 2019 & 2020, as of 20 August 2020, subject to changes
Between June 2019 and June 2020, an annual increase of 227% was registered in the Food Price Index (FPI) for Beirut, according to the Central Administration for Statistics (CAS) released data. The CPI increased by 75% for the same period.

The highest monthly increase was registered between March and April 2020. FPI increased by 75% while the CPI increased by 21%.

Between May 2020 and June 2020, the FPI increased by 12%, while the CPI increased by 15%.

Source: Central Administration for Statistics (CAS)
Daily (official and unofficial) exchange rate development between mid October 2019 and August 20 2020

- After reaching a high of nearly LBP 10,000 at the beginning of July, the black market rate dropped to LBP 8,000 around mid July and continued trading around that level until the Beirut port Explosion on August 4. Following the explosion, the rate witnessed a small increase to LBP 8,600, before witnessing a first drop that brought it down to LBP 7,500 during the week of August 3, and a second drop that brought it down to LBP 7,000 during the week of August 10. (Red Line)

- Parallel market rate has been canceled following the 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 continues to be set at LBP 3,900 by the central bank currency exchange platform (yellow line in graph)

- Official exchange houses rate as set by the central bank currency exchange platform (Sayrafa) continues to be set at between LBP 3,850 & LBP 3,900 (purple line in graph).

Source: [http://lebaneselira.org](http://lebaneselira.org) & [https://lirarate.com](https://lirarate.com) – reported rates for black market and syndicate are the average of the buy and sell rates
Approx. 171% percent weekly food price (SMEB basket) increase between the week of the 14 October 2019 and the week of 10 August 2020, based on preliminary data available from WFP contracted shops.

An increase of 90% is registered between the week of March 16th, which marked the start of the General COVID-19 mobilization, and the week of August 10th.

Source: WFP price data, 2019 & 2020, as of 20 August 2020, subject to changes
In July 2020, the national food basket price was approx. 100,269 LBP. The highest food basket price was found in Baalbeck El Hermel (106,697 LBP), and the lowest in the Akkar (86,286 LBP).

Approx. 160% percent food price (SMEB basket) increase between the months of October 2019 and June 2020.

An increase of 34% between the months of April and May 2020, the highest recorded month-on-month increase since the start of the public unrest in October 2019. Between June & July, a 22.9% was registered, the second highest monthly increase.

Source: WFP price data, 2019 & 2020, as of 20 August 2020, subject to changes
Thanks!

Questions?

WFP Lebanon

VAM Unit & Retail Unit