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Supply chain and WFP contracted shops situation
Between January 2020 and July 2020, and in comparison, to the same period in 2019:

- Total imports decreased by 44 percent.
- Food Imports (excluding cereals) decreased by 19 percent.
- Food imports decreased by 13 percent.
- Cereal imports decreased by 4 percent.

<table>
<thead>
<tr>
<th>Imports</th>
<th>Jan - Jul 2019</th>
<th>Jan - Jul 2020</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cereal</td>
<td>744,556</td>
<td>717,306</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Total Food (excluding cereals)</td>
<td>1,089,539</td>
<td>878,313</td>
<td>-19.4%</td>
</tr>
<tr>
<td>Total Food</td>
<td>1,834,095</td>
<td>1,595,619</td>
<td>-13%</td>
</tr>
<tr>
<td>Total Imports</td>
<td>12,744,772</td>
<td>7,192,298</td>
<td>-43.6%</td>
</tr>
</tbody>
</table>
• Between January 2020 and July 2020, Lebanon imported 350,909 tons of wheat, based on the Lebanese Customs published data, 9 percent higher than the same period in 2019 (see blue line).

• Based on WFP shipment data, Lebanon imported 472,993 tons of wheat between January 2020 and August 2020 through its Beirut & Tripoli ports (see orange line).

• In August 2020, Lebanon imported 112,421 tons of wheat, based on shipment data, versus 27,660 for the same period in 2019, through Beirut and Tripoli ports (Source: WFP shipment data).

Source: Lebanese Customs Data (blue line) & WFP Shipment Data (Beirut & Tripoli ports) (Orange line)
Animal Food Imports Evolution – July 2019 to September 2020

- Between January 2020 and August 2020, Lebanon imported 490,835 tons of animal food (corn, soya & barley) through its Beirut and Tripoli ports, based on WFP shipment data.

- In August 2020, Lebanon imported 85,432 tons of animal food through its Beirut & Tripoli ports, versus 50,308 tons in August 2019.

Source: WFP Shipment Data, August 2020
Stock coverage evolution of WFP contracted shops (as of October 8th 2020)

76% (72% on July 24th) of WFP-contracted shops reported to have more than 2 weeks of stocks

Based on October 8th weekly shops assessment survey results:

- 12% of WFP contracted shops reported scarcity in certain products, such as oil & fats, sugar, fresh products, and subsidized products.
- 46% of WFP-contracted shops reported suppliers not delivering the full ordered quantities.
- 84% reported having subsidized items at the rate of LBP 3,900.
- 59% reported that suppliers are accepting new orders for subsidized products.
- Only 2% of shops that received subsidized items reported receiving the full ordered quantities.

Source: Weekly Shop Phone Survey – as of 8 October 2020 (October 8 numbers based on 416 reachable shops, out of a total of 475 contracted shops)
Repercussions of explosion on weekly exchange rate based on contracted retailers’ feedback (national level)

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

- Following the recent increase in the informal exchange rate, only 1% of WFP-contracted shops were using an exchange rate between LBP 7000 – 8000 by October 1st, while 97% were charged between LBP 8,000 – LBP 9,000 and 2% more than LBP 9,000

- October 8 numbers based on:
  - Total number of shops (including chains): 475
  - Number of reachable shops: 416

Source: Weekly Shop Phone Survey – as of 8 October 2020
Demand: food & non-food price developments and exchange rate fluctuations
Daily (official and unofficial) exchange rate development between mid October 2019 and October 12 2020

- Black market exchange rate rose to nearly LBP 9,000 following the resignation of the designated Prime Minister.
- Rising hopes for the formation of the government have led to the Lira black market rate to appreciate in the past few date, reaching LBP 8,000 (Red Line)
- Parallel market rate inactive 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 currently set at LBP 3,900 by the central bank currency exchange platform. Circular allowing such withdrawals extended till March 31st, 2021 (yellow line in graph)
- Official exchange houses rate as set by the central bank currency exchange platform (Sayrafa) is 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
Food SMEB kept increasing m-o-m, recording the highest price in September 2020 at LBP 105,389. The cost of the SMEB is higher than October levels by 174 percent.

At the national level, the m-o-m variation of the Food SMEB between July and August was minimal (up 2 percent).

At the governorate level, the North recorded the highest m-o-m increase (up 9 percent), followed by Beirut (up 8 percent).

In parallel with the Food SMEB, the monthly average unofficial exchange rate increased by 4 percent between August and September.

Source: WFP price data, 2019 & 2020, as of 12 October 2020, subject to changes.
Monthly average change of SMEB food basket price in % per Governorate – July to September 2020

Source: WFP price data 2020, as of 12 October 2020, subject to changes
Change of weekly food SMEB price in LPB (national average)

- Approx. 185% percent weekly food price (SMEB basket) increase between the week of 14 October 2019 and the week of 5 October 2020, based on preliminary data available from WFP contracted shops.

- An increase of 100% is registered between the week of March 16th, which marked the start of the General COVID-19 mobilization, and the week of October 5th.

Source: WFP price data, 2019 & 2020, as of 12 October 2020, subject to changes
Non Food Items (NFI) Monthly Price Development in LBP

• WFP is currently monitoring a non-food basket based on the following products available in the database, which covers 9 out of 11 items of the original 2014 Non-Food Items basket, namely: baby diapers (90 pieces), dishwashing liquid (750 ML), disinfectant fluid (500 ML), soap (5 x 125 G), sanitary napkins (6 x 10 pieces), shampoo (500 ML), toilet rolls (4 pieces), toothpaste (2 x 75 ML) and washing powder (0.9 KG). Cooking Gas (1kg) and Hypoallergenic soap (125g per bar) are not included due to lack of data. In the graph on the left, the cost of the refill of a 10KG cylinder at the official price was used and switched to 1 KG, based on IPT Fuel Price website (https://www.iptgroup.com.lb/ipt/en/our-stations/fuel-prices). For Hypoallergenic soap: the cost was estimated based on the registered inflation between the cost of an individual soap as registered in the 2014 SMEB basket and the current cost that appears in WFP retail database.

• Between October 2019 and September 2020, an increase of 175 percent was registered.

• Between August and September 2020, a 2.2 percent increase was registered.

Subsidies Removal Scenarios
Current Subsidization Mechanism

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

• Combustible fuel imports are partially subsidized (90% of their cost) by the central bank at the official exchange rate.

• Through circular 561, the central bank organized the subsidization mechanism.

• Importers of wheat and combustible fuel receive needed funds in dollars at the official rate after presenting a number of documents through their banks. Received funds cover cost of buying/importing these products.

• Removal of subsidy will likely lead to importers having to cover the difference between exchanging the cost from dollars to LBP if they are using the informal exchange rate rather than the official exchange rate, a cost that they will most probably transfer to the end consumer.

Source: Lebanon Central Bank
Wheat Subsidy Potential Scenario

- A 900g loaf of bread costs today **LBP 2,000**.
- Two proposed scenarios below:
  - Scenario 1: Nominal increase in the bread package price equal to the nominal increase in wheat price after the removal of the subsidy: price of the package of 900g would cost **LBP 3,109** (1.5 times more expensive).
  - Scenario 2: Percentage increase in the price of bread equal to the expected percentage increase in the price of wheat: price of a package of 900g could increase by three times to **LBP 6,180**.

- Bread production requires other material/services, some are currently subsidized (fuel/diesel), while others are not subsidized (nylon bags, maintenance of equipment, etc.). Potential removal of subsidy might have an effect beyond the above presented scenarios.

<table>
<thead>
<tr>
<th>Current Situation</th>
<th>After Subsidies Removal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International Wheat prices in USD/Kg</strong></td>
<td><strong>I. Subsidized value in USD (85%)</strong></td>
</tr>
<tr>
<td>0.22</td>
<td>0.19</td>
</tr>
</tbody>
</table>

Source: International wheat price refers to US international Wheat (US No. 2, Hard Red Winter). The above scenarios uses the final price of the products (including taxes) to calculate the potential price once subsidies are removed. For a more accurate estimations, local taxes need to be deducted first.
Combustible Fuel Subsidy Potential Scenario 1

- The below scenario assumes the final selling price is the same as the import price

<table>
<thead>
<tr>
<th>Fuel type</th>
<th>Current Situation</th>
<th>After Subsidies Removal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sep 2nd prices in LBP (Per litre/KG)</td>
<td>I. Subsidized value in USD (90%)-(Official rate =LBP 1,515/USD)</td>
</tr>
<tr>
<td>Diesel</td>
<td>810</td>
<td>0.48</td>
</tr>
<tr>
<td>Cooking gas</td>
<td>1,480</td>
<td>0.88</td>
</tr>
<tr>
<td>Gasoline 95</td>
<td>1,225</td>
<td>0.73</td>
</tr>
</tbody>
</table>

- Subsidies removal can lead to a potential increase of 351 percent in the prices of combustible fuels, holding all other factors constants.

Source: Current Price in LBP is pulled from IPT website and represent the prices for the week of September 2nd. The above scenarios uses the final price of the products (including taxes) to calculate the potential price once subsidies are removed. For a more accurate estimations, local taxes need to be deducted first.
m-VAM Vulnerability and Food Security Assessment
July – August 2020
Highlights & Recommendations

Lebanon
m-VAM Vulnerability and Food Security Assessment
July – August 2020

Source: m-VAM Lebanon Report
m-VAM Highlights: Employment

• Unemployment rate amongst respondents reached 49 percent in August 2020 versus 37 percent in February 2020.

• 15 percent of respondents reporting having a job before the lockdown have become unemployed in August.

• Unemployment rate increase is more pronounced among respondents with lower levels of education (19 percent among household members who completed primary school and 18 percent among members reporting no education).

Source: m-VAM Lebanon Report
19 percent of households consumed inadequate diets, highest in Akkar (38 percent), North (27 percent), and Baalbek-El Hermel (25 percent).

Consumption of inadequate diets higher among households with at least one member unemployed (47 percent of these households have poor or borderline consumption).

Proportion of households consuming inadequate diets higher among those reporting insufficient food stocks (27 percent).

Source: m-VAM Lebanon Report
m-VAM Highlights: Food consumption-based coping strategies

- Relying on less expensive and less preferred food is the most reported food-based coping mechanism (87 percent of households), followed by reducing portion sizes (56 percent of households).
- Akkar (25.0), Baalbek El-Hermel (23.0), and El-Nabatieh (23.4) are the governorates recording the highest reduced Coping Strategy Index (rCSI).
- 55 percent of households reported not having enough quantity of food, highest in Akkar (68 percent) and Baalbek El-Hermel (63 percent).
- All households, irrespective of their income or employment status, reported having implemented at least one coping strategy in the week prior to the survey.

Source: m-VAM Lebanon Report
m-VAM Recommendations

• Coordinating with partners on the ground – including the Government – to assess and further monitor the impact of the crisis on households, including access to adequate and nutritious diets and healthcare services.

• Highly recommended that a face-to-face household survey is conducted as soon as restrictions on movements are eased.

• Strengthening the current social safety net system by identifying the most vulnerable segments among the Lebanese population. An update/validation of the existing targeting criteria is desirable to make sure that households in need are not left behind.

• Most households require financial resources to urgently meet their essential daily needs, such as food and health care. As households are already implementing coping mechanisms and facing income reductions, it is recommended that development agencies design cash-based programmes based on in-depth multi-faceted analyses on transfer modalities, market monitoring and security aspects.

Source: m-VAM Lebanon Report
Thanks!
Questions?

WFP Lebanon

VAM (CO & RBC) Unit & Retail/Supply Chain Unit