



World Food  
Programme

# WFP VAM & Retail/Supply Chain Unit Lebanon

## BML & South FSSWG – Situation Analysis

Monitoring Results for BML & South FSSWG Meeting

1 March 2021

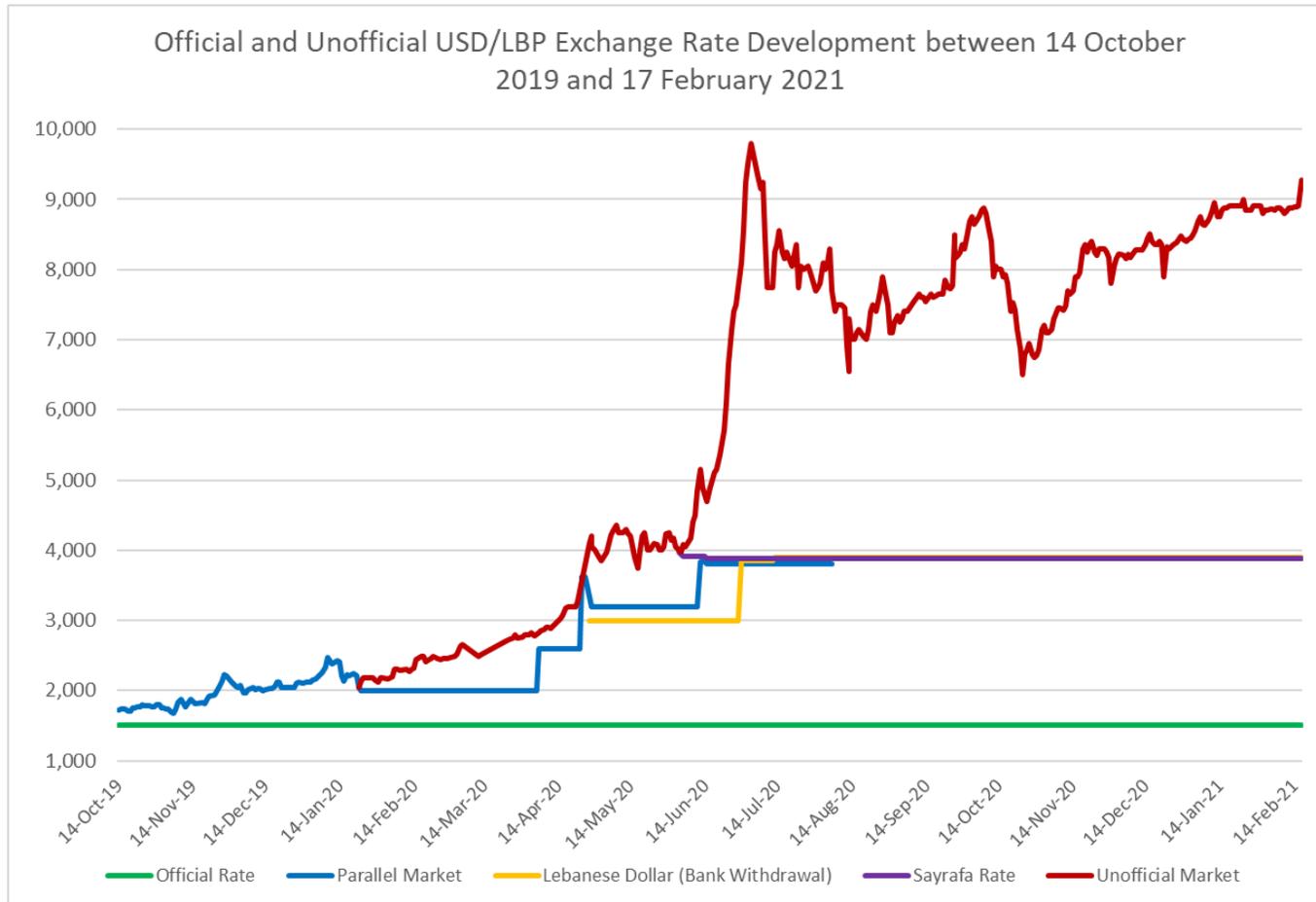
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# Daily (official and unofficial) exchange rate development between mid October 2019 and February 17 2021

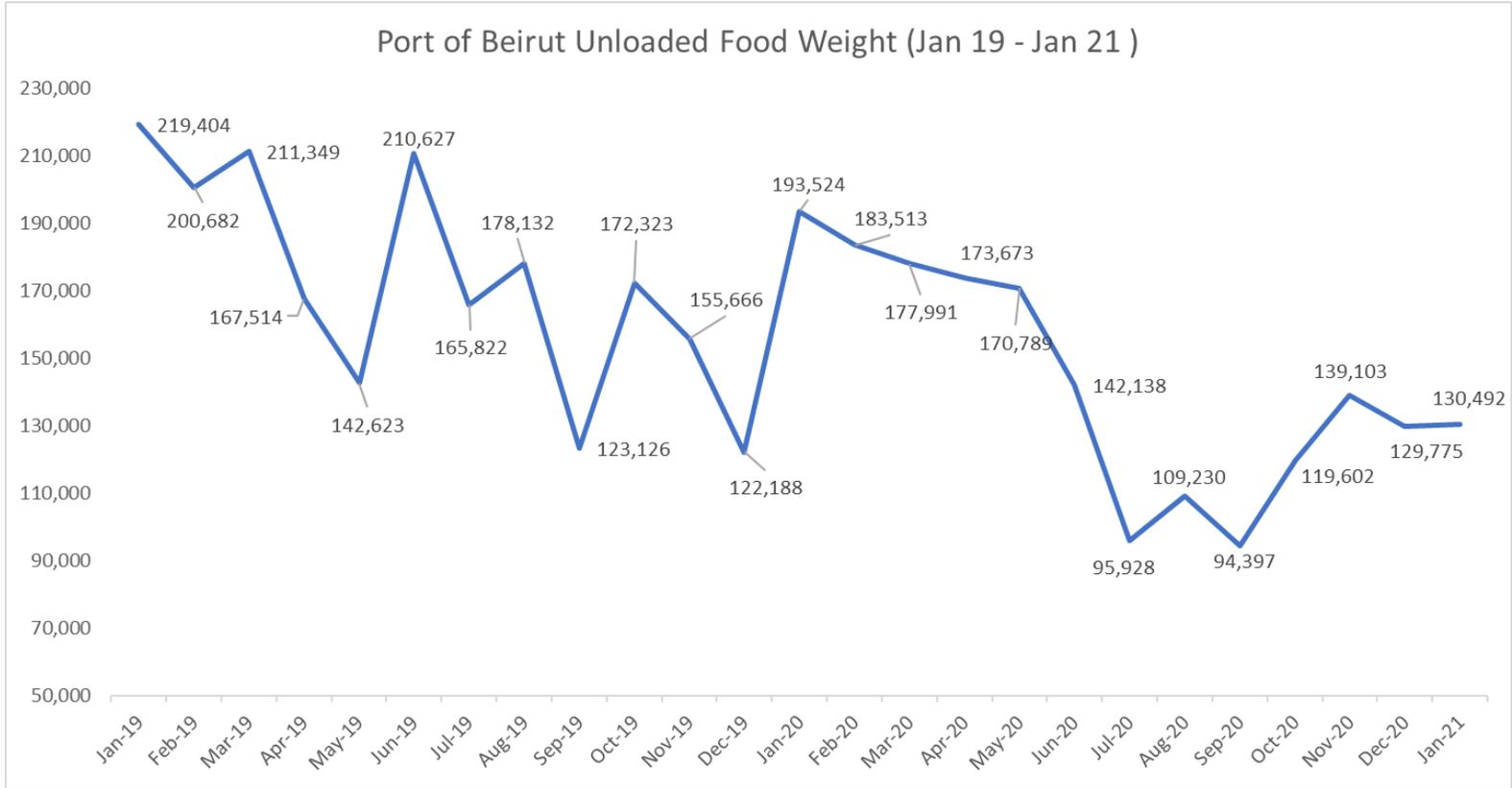


- Black market rate heavily affected by developments on the political scene (red line). Rate has been witnessing increases lately. Rate breached the LBP 9,000 level.
- Parallel market rate inactive following central bank decision on August 6 to resume paying incoming money transfer in US dollar notes for non-financial institutes. Last recorded rate was LBP 3,800 (blue line).
- Rate for withdrawal from non-fresh money dollar account in LBP currently set at LBP 3,900 by the central bank currency exchange platform. Circular allowing such withdrawals extended till March 31<sup>st</sup>, 2021 (yellow line).
- Official exchange houses rate as set by the central bank currency exchange platform (Sayrafa) is between LBP 3,850 & LBP 3,900 (purple line).

Source: <http://lebaneselira.org> & <https://lirarate.com> – reported rates for black market and syndicate are the average of the buy and sell rates

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

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



- A decrease of 16% in the unloaded imports weight of Food is registered in 2020 compared to 2019.
- A decrease of 24% is noticed when comparing Aug 2020 - Jan 2021 figures against the same period the previous year.
- A decrease of 33% is registered when comparing Jan 2021 figures to Jan 2020 figures.

Source: Port of Beirut data, 2019-2021 as of February 9, 2021, subject to change

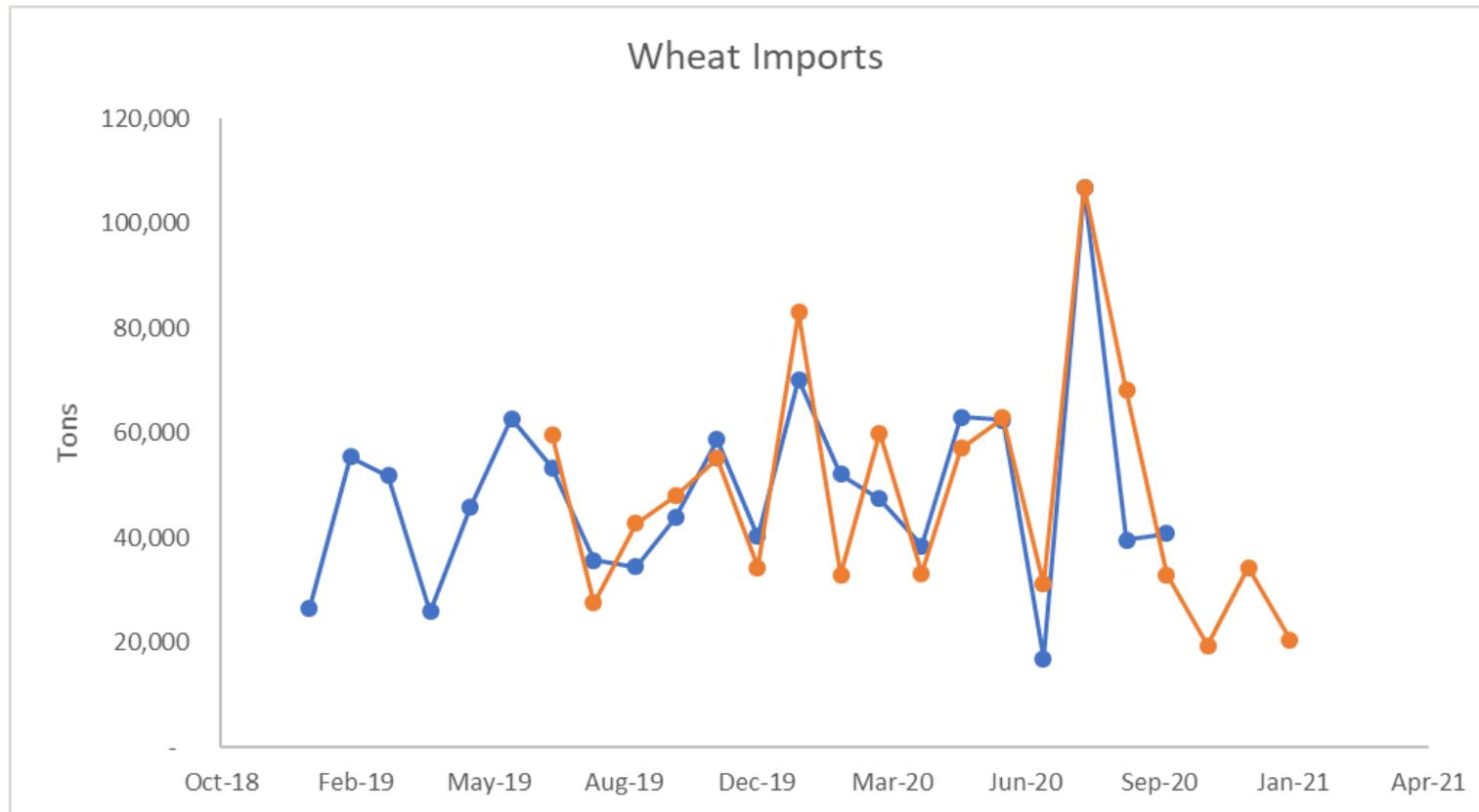


# Lebanese Customs Imports Statistics Periods Comparison – Net Weight (mt)

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

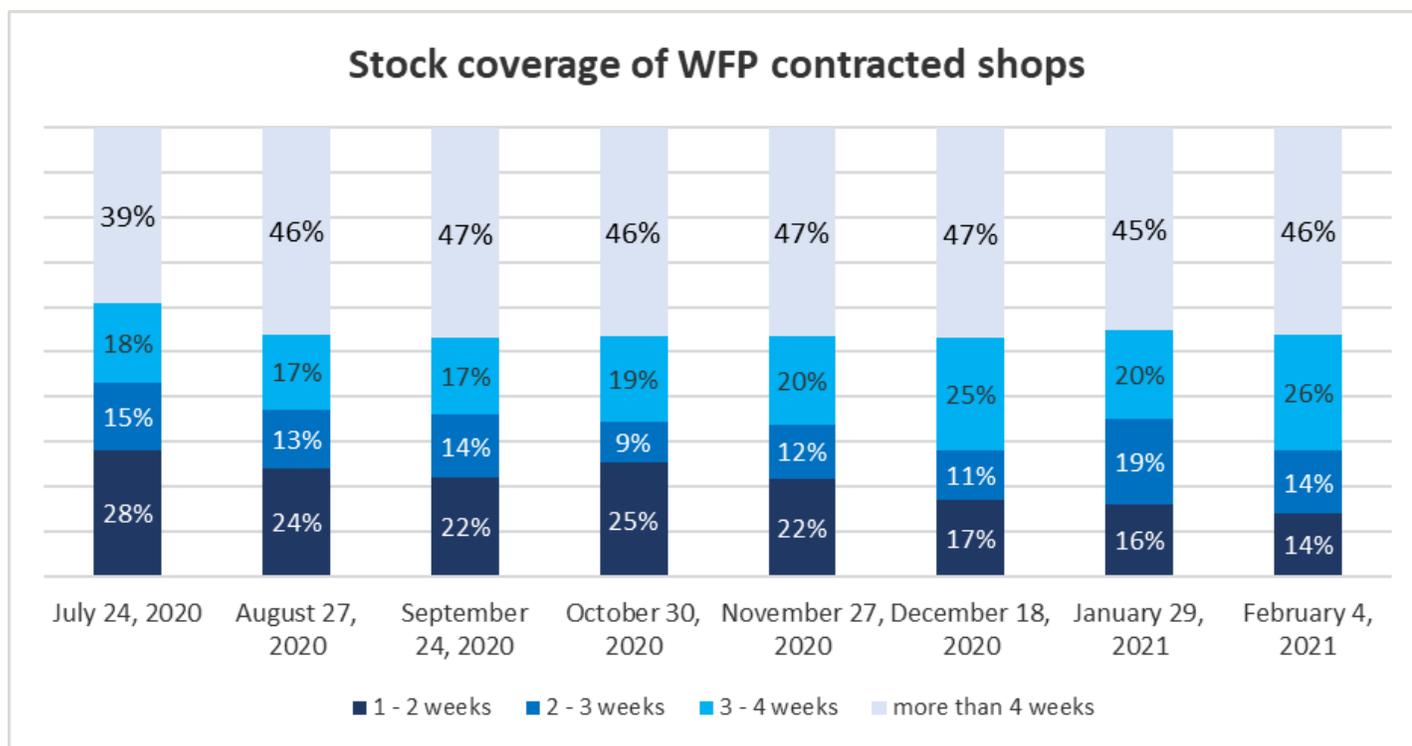
- Between January 2020 and October 2020, and in comparison, to the same period in 2019:
  - Total imports decreased by 35%.
  - Food Imports (excluding cereals) decreased by 15%.
  - Food imports decreased by 6%.
  - Cereal imports increased by 6%.

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



- Between January 2020 and October 2020, Lebanon imported 537,993 tons of wheat, based on the Lebanese Customs published data, 23% higher than the same period in 2019 (**see blue line**).
- Based on WFP shipment data, Lebanon imported 622,443 tons of wheat in 2020 through its Beirut & Tripoli ports (see **orange line**).
- Between August 2020 and January 2021, Lebanon imported 282,421 tons of wheat, 3% less than same period the previous year (290,908), through Beirut and Tripoli ports (Source: WFP shipment data).
- In January 2021, Lebanon imported 20,550 tons of wheat, versus 83,017 tons in January 2020 (down 75%).

# Stock coverage evolution of WFP contracted shops (as of February 4<sup>th</sup> 2021)



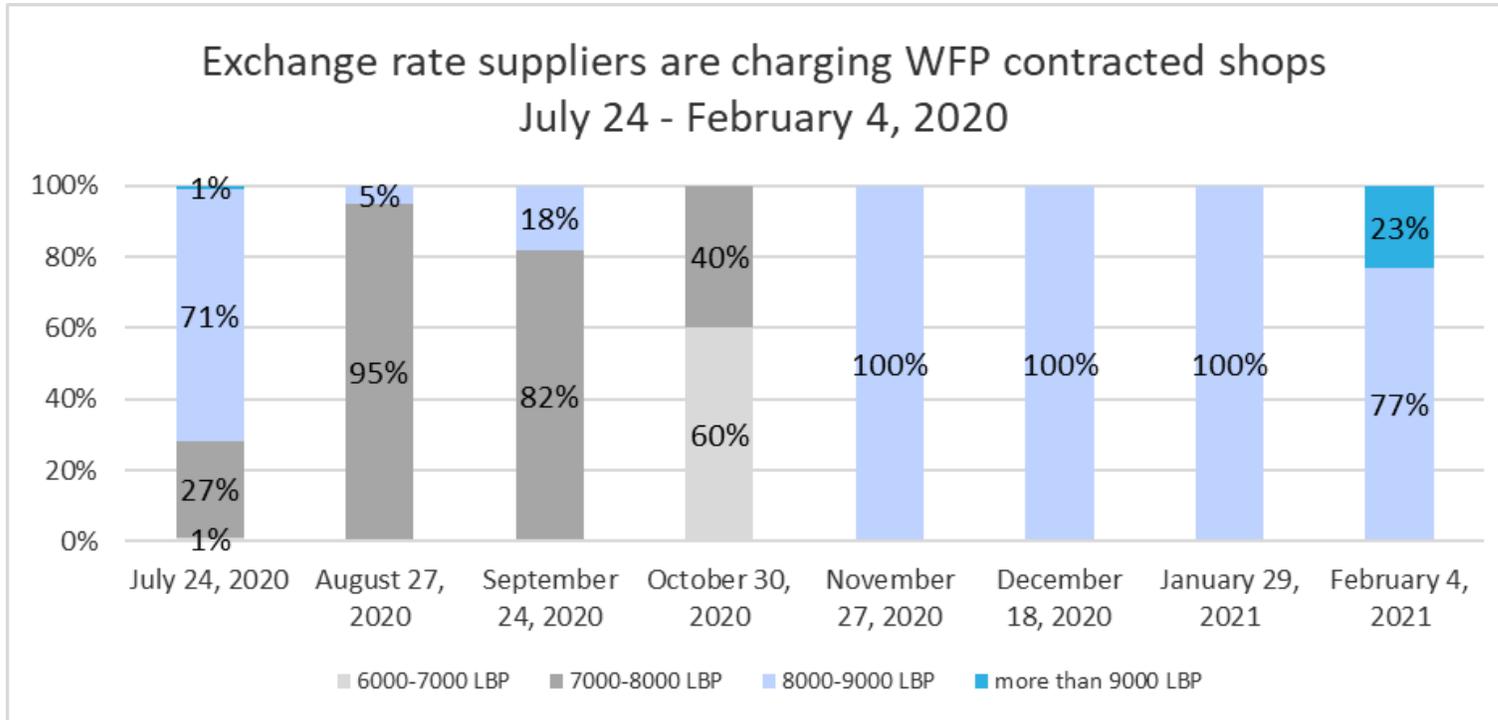
86% of WFP-contracted shops reported to have more than 2 weeks of stocks.

Based on February 4<sup>th</sup> weekly shops assessment survey results:

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

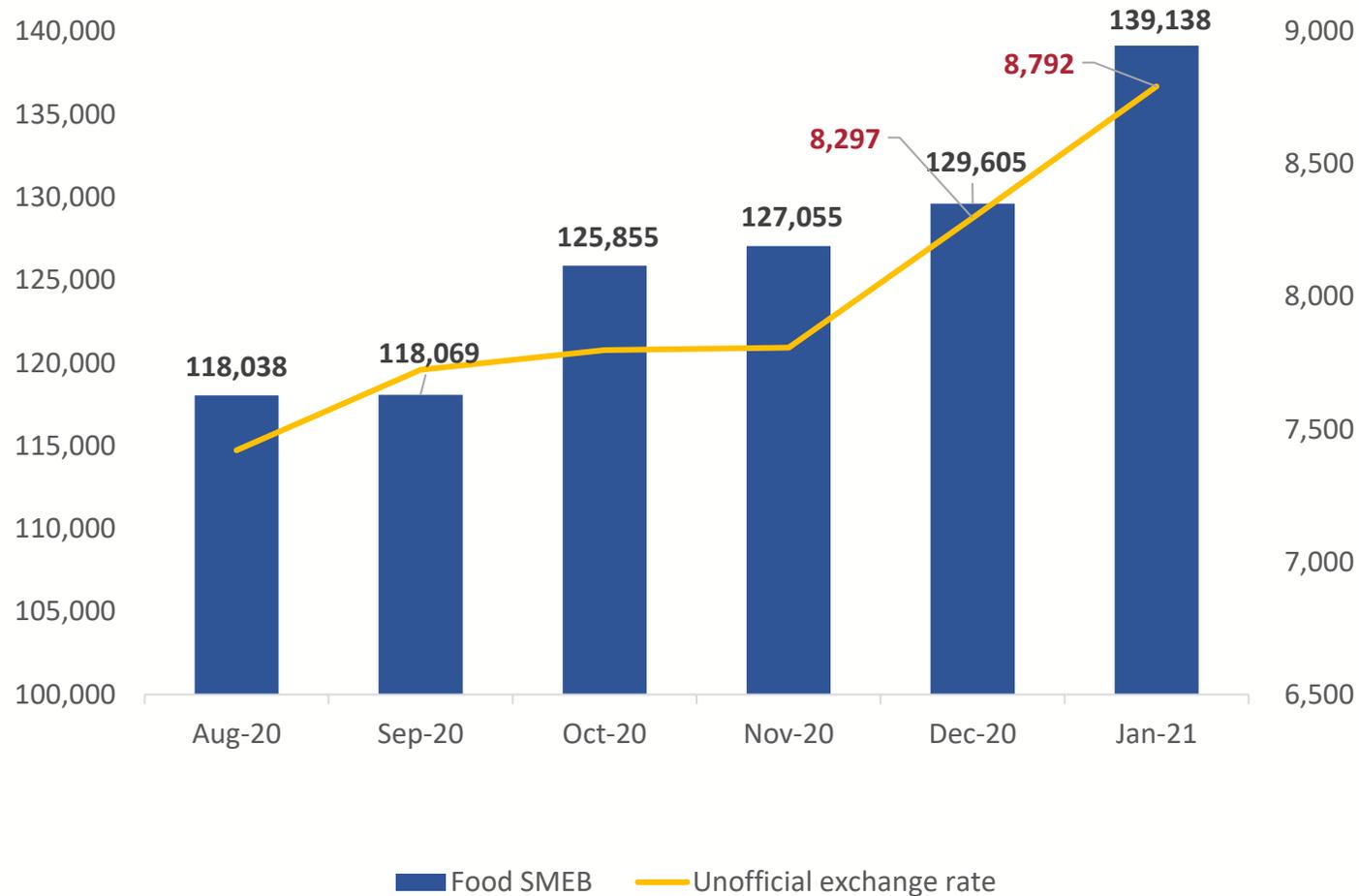
**Demand: food & non-food price  
developments and exchange rate  
fluctuations**

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



- Exchange rates applied by suppliers of contracted shops continues to follow the informal market developments, albeit at a slower pace.
- **In the first week of January 2021:**
- **77%** of WFP-contracted shops **were** using an exchange rate between **LBP 8,000 – 9,000**,
- **23%** reported being charged an exchange rate higher than **LBP 9,000**.

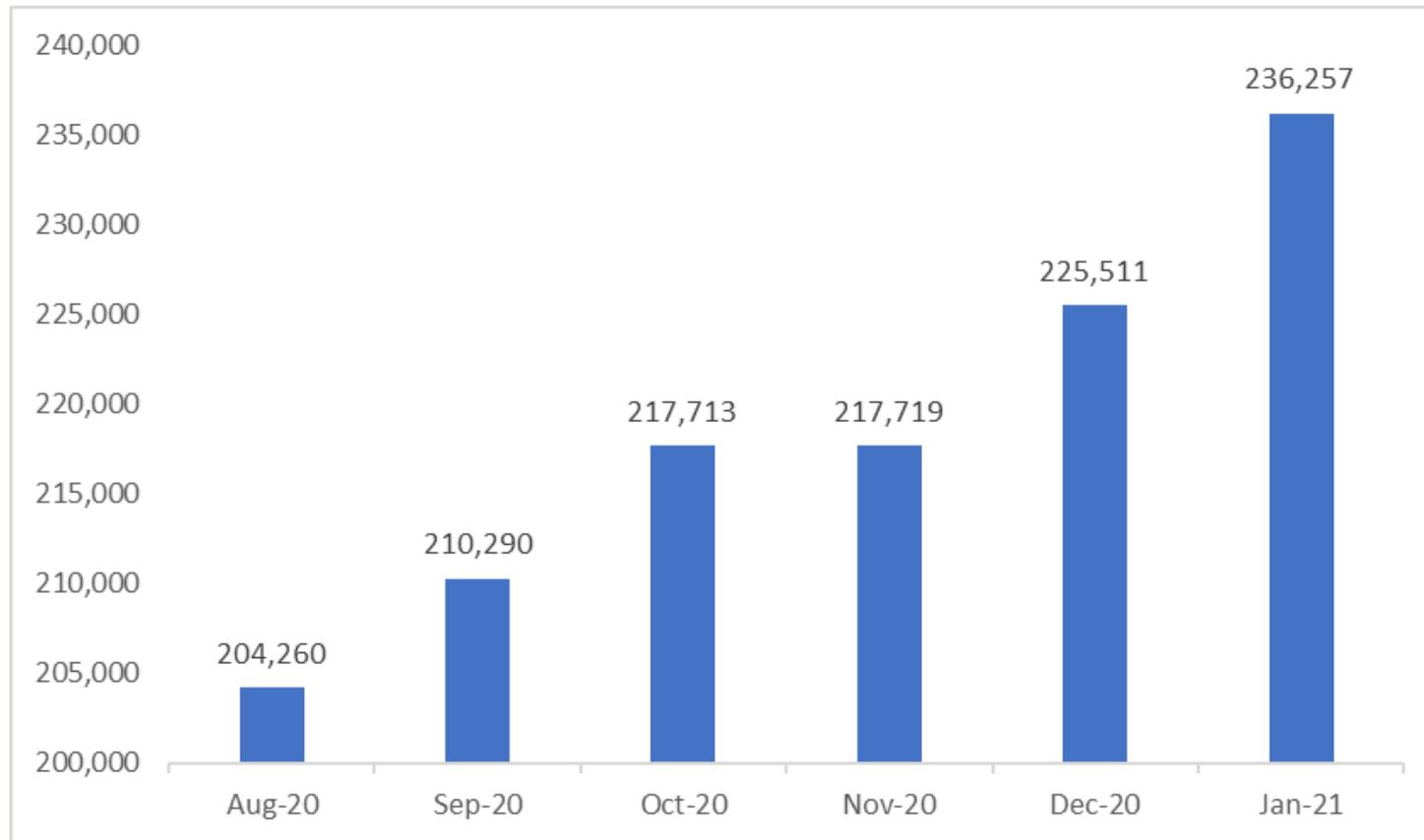
# Change of Monthly revised food SMEB price in LPB (national average)



- Revised Food SMEB recorded a 7% increase between December 2020 and January, at LBP 139,138.
- The cost of the revised food SMEB in January 2021 is higher than August 2020, the date the basket was initially set, by 17%.
- In parallel with the revised Food SMEB, the monthly average unofficial exchange rate increased by 6% between December 2020 and January 2021.

Source: WFP price data, 2020, & 2021 as of 9 February 2021, subject to changes

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



- The revised non-food items basket of 12 commodities is composed of the same items as the 2014 non-food basket, except hypoallergenic soap that was removed. The basket include in addition 5 toothbrushes (changed every 3 months) and 5 blankets. Cooking gas quantity was further increased compared to the 2014 basket.
- Between August 2020 and January 2021, an increase of 16% was registered.
- Between December 2020 and January 2021, a 5% increase was registered.

# **Subsidies: Latest developments**

# Subsidies Removal Latest Updates as of beginning of February 2021

- Ministerial consultations regarding import subsidies removal/modification took place during the week of December 7<sup>th</sup>. Report sent to Parliament layout four scenarios to replace subsidies with ration cards for 600,000 Lebanese families, or more than 2.5 million people
- Additional meeting took place on February 2<sup>nd</sup>. Meetings deliberated on the subsidy program and relevant proposed scenarios. No decision taken yet.
- Outgoing Prime Minister indicated at the end of December that the country has around USD 2 billion in reserves left for subsidies, which can last for six month if rationing was applied.
- Removal of all subsidies is not expected, but rather a modification of included elements.
- Gradual increase in the cost of subsidized combustible fuel (Gasoline, Diesel and Cooking Gaz) have been taking place since the beginning of December. Cost rising each week by roughly LBP 500 to LBP 1,000. In the last two months (until beginning of February 2021):
  - Gasoline tank of 20L cost increased by 20 percent.
  - Diesel tank of 20L cost increased by 25 percent.
  - Cooking Gaz 10KG cylinder cost increased by 31 percent.
  - Increases expected to continue in the coming few weeks.

# Potential Impact of Subsidies Removal

- The below potential price increases assume an informal exchange rate of LBP 9,000.
- Additional depreciations of the LBP in the informal exchange rate market will lead to further increases in the cost of the different subsidized commodities.
- Bread:
  - A 930g loaf of bread costs today **LBP 2,500**. A 400g load of bread costs **LBP 1,750**.
  - Potential price increase of 1.5 to nearly 3.5 times the current price once subsidies are removed.
- Combustible Fuel:
  - Potential price increase of 3 to more than 5 times the current price once subsidies are removed.
- Subsidized Food Basket at the cost of LBP 3,900
  - Potential price increase of up to 131 percent once subsidies are removed.
  - **Note: bread represents approximately 30% of the overall SMEB food basket of a Syrian refugee household.**
- Medicine/medical equipment:
  - Potential price increase of up to 241 percent once subsidies are removed.

# Latest Bread Price Inflation

- In June 2020, the price of a 900-gram loaf of bread was raised to **LBP 2,000** from its pre-October 2019 crisis price of **LBP 1,500**; This was the first change in eight years.
- On January 11<sup>th</sup> 2021, price further changed to **LBP 2,250** for the new 900-gram bread loaf price, while a medium size parcel with a minimum weight of 400 grams price was set at **LBP 1,500**.
- Decision revised on February 1<sup>st</sup> 2021. New minimum weight of the large package of bread set at 930 grams and sold at **LBP 2,500**. Medium bread package continues to be set at a minimum of 450 grams but sold for **LBP 1,750**. This decision was taken:
  - Due to the rise of the global wheat prices, and based on the increase of manufacturing, distribution, and sales costs;
  - Iraqi flour donation ran out, which had been used at bakeries to produce bread since November 2020; and
  - The higher exchange rate of the US dollar against the Lebanese pound in the informal market.
- Ministry of Economy stated that the price would be further modified in the future depending on the US dollar exchange rate or the global wheat price movements.
- Decision further revised on February 25<sup>th</sup>. Weight of both large and medium packages brought down by 20 grams respectively, while price remained stable.

A woman wearing a blue WFP cap and a blue long-sleeved shirt with a logo and ".org" is working in a market stall. She is surrounded by various fresh produce, including large crates of red tomatoes, bunches of yellow bananas, and green beans. The background shows other people and market stalls under a covered structure.

# Thanks! Questions?

WFP Lebanon

RAM (CO) Unit & Retail/Supply Chain Unit