



World Food
Programme

WFP RAM & Retail/Supply Chain Unit Lebanon

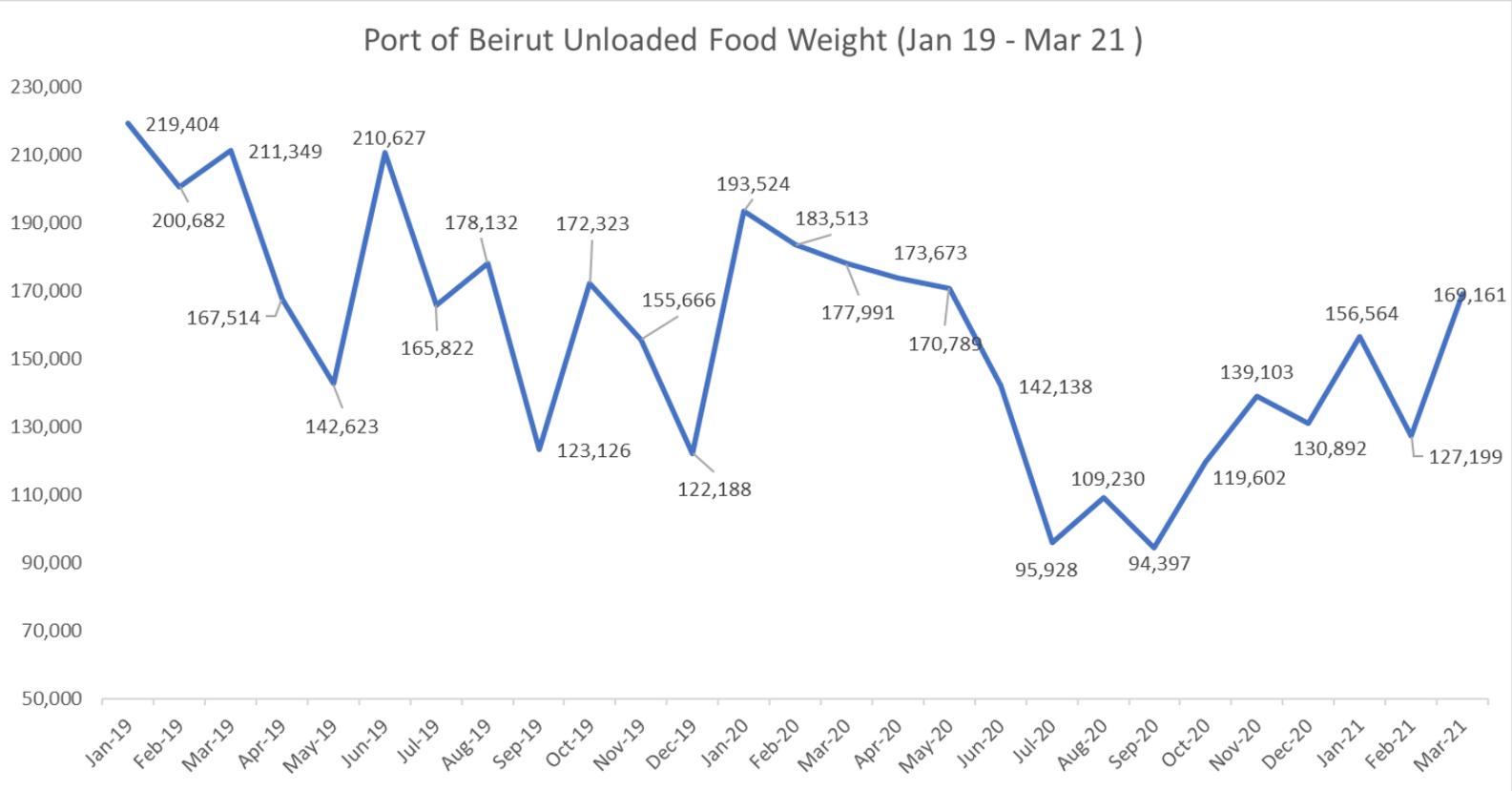
National FSSWG – Food Security and Markets Situation Analysis

FSSWG Meeting

13 April 2021

SAVING
LIVES
CHANGING
LIVES

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



- A decrease of 20% is noticed when comparing Aug 2020 - Mar 2021 figures against the same period the previous year.
- A decrease of 18% is registered when comparing Jan to Mar 2021 figures to the same period in 2020.
- A decrease of 5% is registered when comparing Mar 2021 figures to Mar 2020 figures.

Source: Port of Beirut data, 2019-2021 as of April 12, 2021, subject to change.



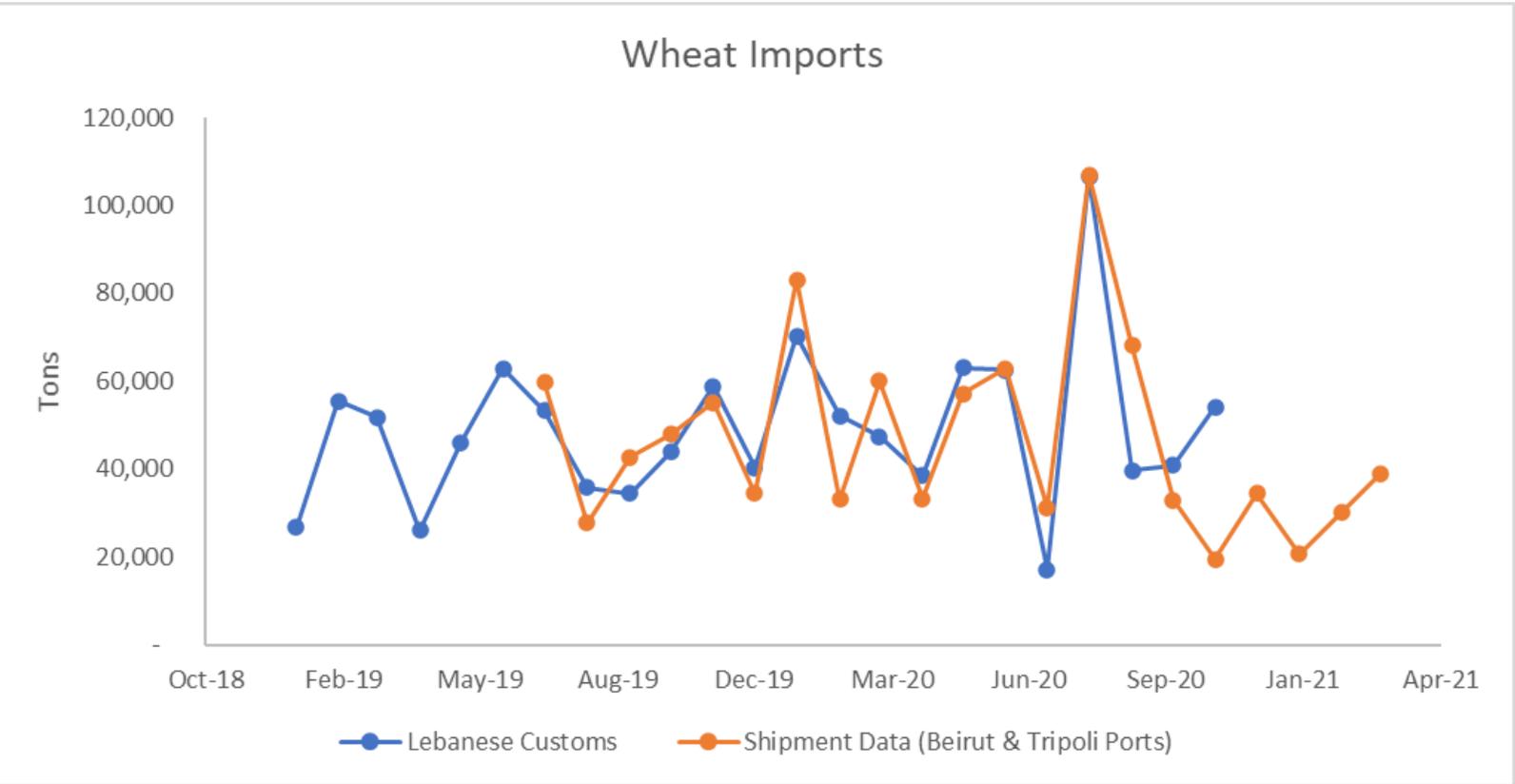
Lebanese Customs Imports Statistics Periods Comparison – Net Weight (mt)

Imports	Jan – Nov 2019	Jan – Nov 2020	% Change
Cereal	1,180,479	1,212,510	3%
Total Food (excluding cereals)	1,541,782	1,320,066	-14%
Total Food	2,722,261	2,532,576	-7%
Total	18,445,961	12,255,956	-34%

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

- Total imports decreased by 34%.
- Food Imports (excluding cereals) decreased by 14%.
- Food imports decreased by 7%.
- Cereal imports increased by 3%.

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



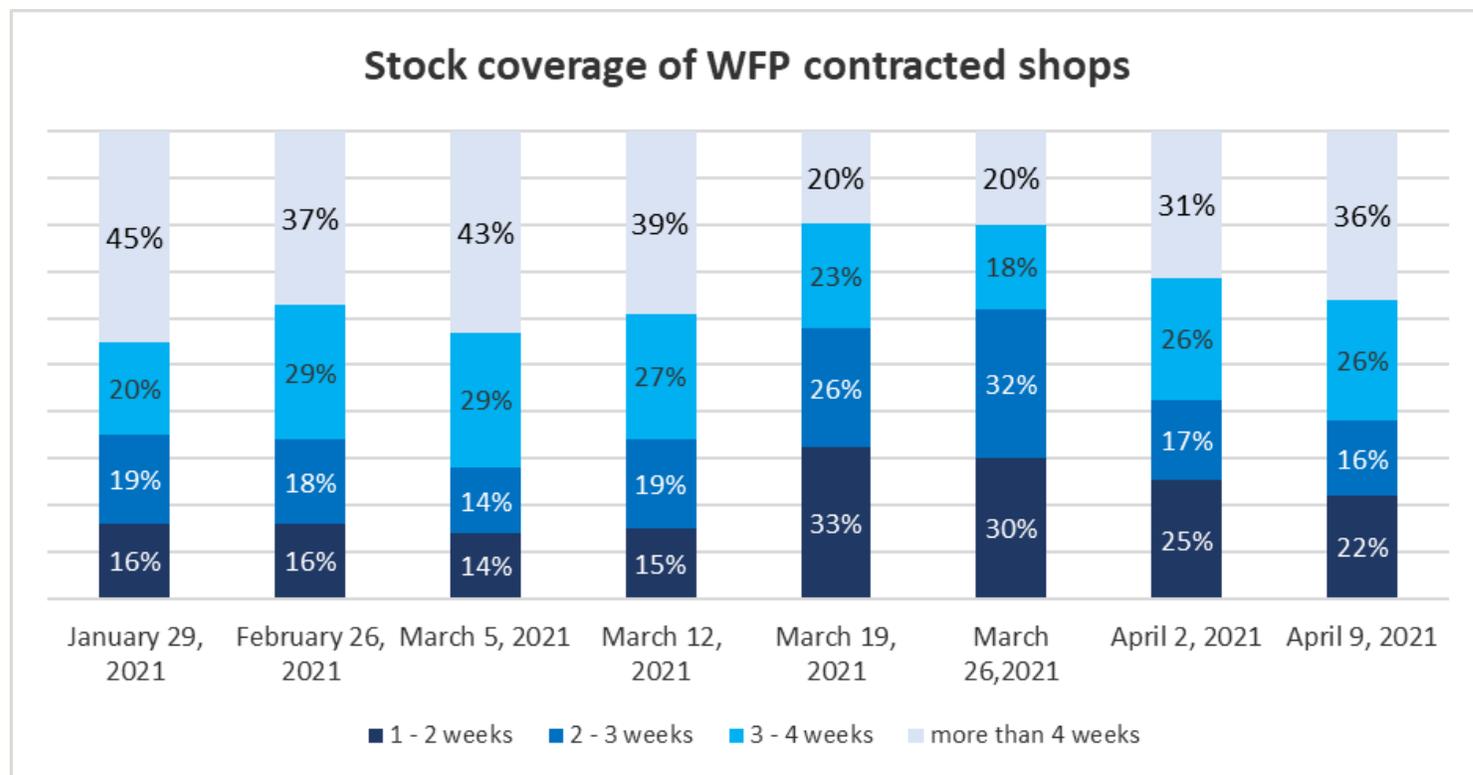
- Between January and November 2020, Lebanon imported 592,056 tons of wheat, based on the Lebanese Customs published data, 20% higher than the same period in 2019 (see blue line).
- Based on WFP shipment data (see orange line), Lebanon imported through the Beirut & Tripoli Ports:
 - In 2020, 622,443 tons of wheat.
 - Between January and March 2021, 89,438 tons of wheat, 49% less than same period the previous year (176,054 tons).
 - In March 2021, 38,738 tons of wheat, 35 % less than the same month last year (60,032 tons).

Source: Lebanese Customs Agency Data (blue line) & WFP Shipment Data (Beirut & Tripoli ports) (Orange line), March 2021, subject to change.

Shops Closure during the week of March 15th

- Due to the rapid decrease in the informal exchange rate market, several shops around the country closed their doors temporary or reduced operation hours until a stable rate emerged.
- Supplier of food commodities stopped selling/delivering items to their clients as well at the beginning of that week.
- Rapid Assessment by WFP retail unit with a sample of contracted shops on March 17th showed that:
 - 50 % of the contacted shops were closed, while the remaining ones, were operational for a half day.
 - Shops that have opened that day confirmed selling in very limited quantities to limit the loss.
 - Suppliers/wholesalers were still suspending their operations and not delivering any items. The only exception is for clients that are paying in cash USD
- Nearly all shops resumed operation later during the week.

Stock coverage evolution of WFP contracted shops (as of April 9th 2021)



- Stock coverage remained nearly stable throughout most of the first quarter of 2021
- Large scale disruptions of mid-March 2021 led to drop in stock coverage:
 - 67% & 70% of shops in the weeks of March 19 & March 26 reported having more than 2 weeks of stocks, down from 85% on March 12
 - 20% of shops reported having more than 4 weeks of stock coverage in both weeks, down from 39% previously.
- Gradual improvement recorded in the following weeks, with 78% of shops reporting having more than 2 week of stock coverage by the week of April 9.
- Shops reporting having more than 4 weeks of stock coverage back to 36% by the week of April 9.
- Head of syndicate of food importers, indicated on April 12th that their current stocks can cover market needs for the next two to two and a half months.

Subsidized Products Availability – Products Volume– Suppliers Orders Delivery

- Shops across the country witnessed several social tensions incidents over subsidized products, with customers fighting over available products.
- Reports that Syrian customers in several areas were denied access to such goods.
- Based on April 9th weekly shops assessment survey results from WFP contracted shops:

Reported	First week of March 2021	Week of April 9, 2021
Scarcity in certain Products	68%	60%
Expecting to receive new orders within one week	94%	83%
Suppliers delivering full ordered quantities	62%	45%
Scarcity in subsidized items (at rate of LBP 3,900	38%	85%
Availability of subsidized products	79%	72%
Suppliers accepting new subsidized products orders	64%	42%
Receiving full ordered subsidized products quantities	1%	1%

Sources: Retail Weekly Shop Phone Survey – as of 9 April 2021 (numbers based on 345 reachable shops, out of a total of 437 contracted shops) – [Al Arabiya](#)

Daily (official and unofficial) exchange rate development between mid October 2019 and April 11, 2021

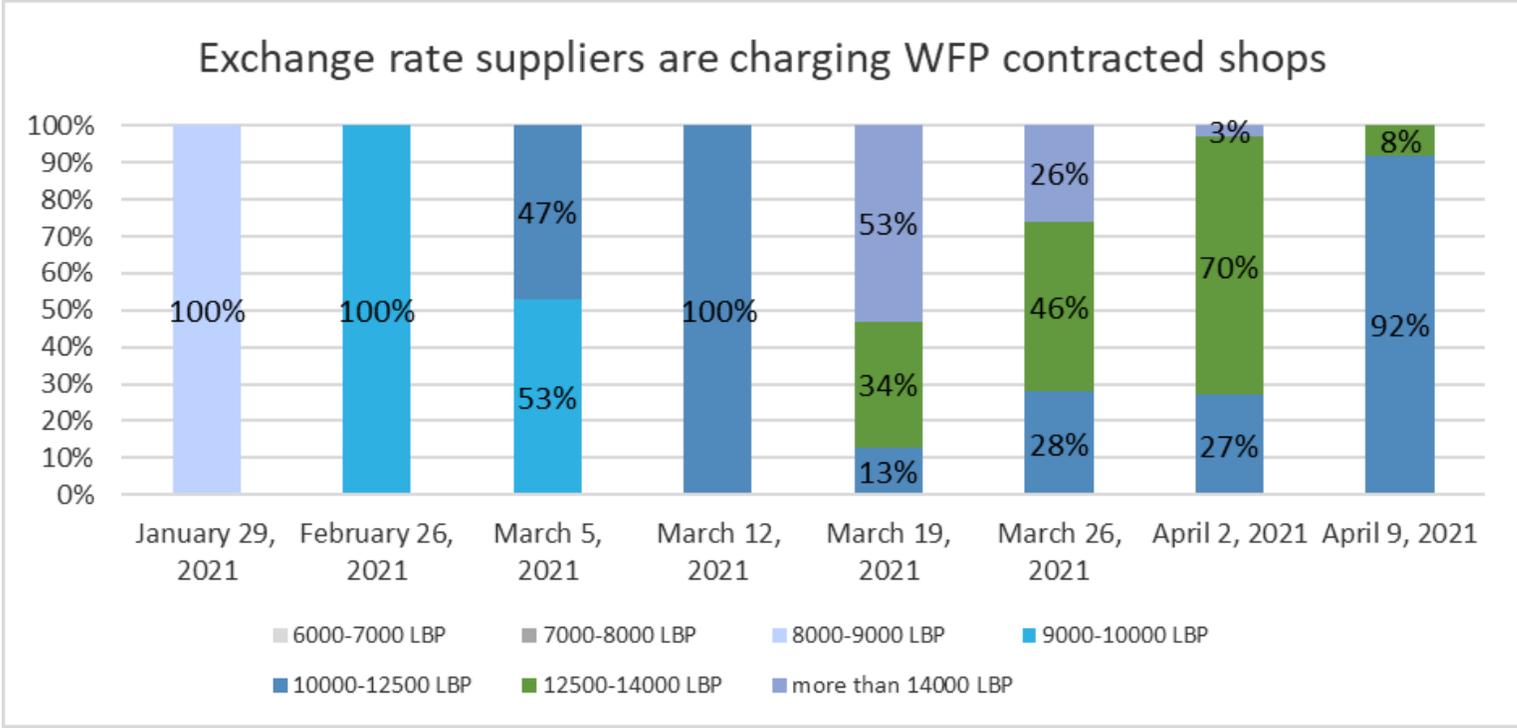
Official and Unofficial USD/LBP Exchange Rate Development between 14 October 2019 and 11 April 2021



- Black market rate heavily affected by developments on the political scene (red line). Rate has been witnessing increased volatility lately. Rate reached the LBP 15,000 level last week.
- 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 September 30th, 2021 (yellow line).

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

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



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

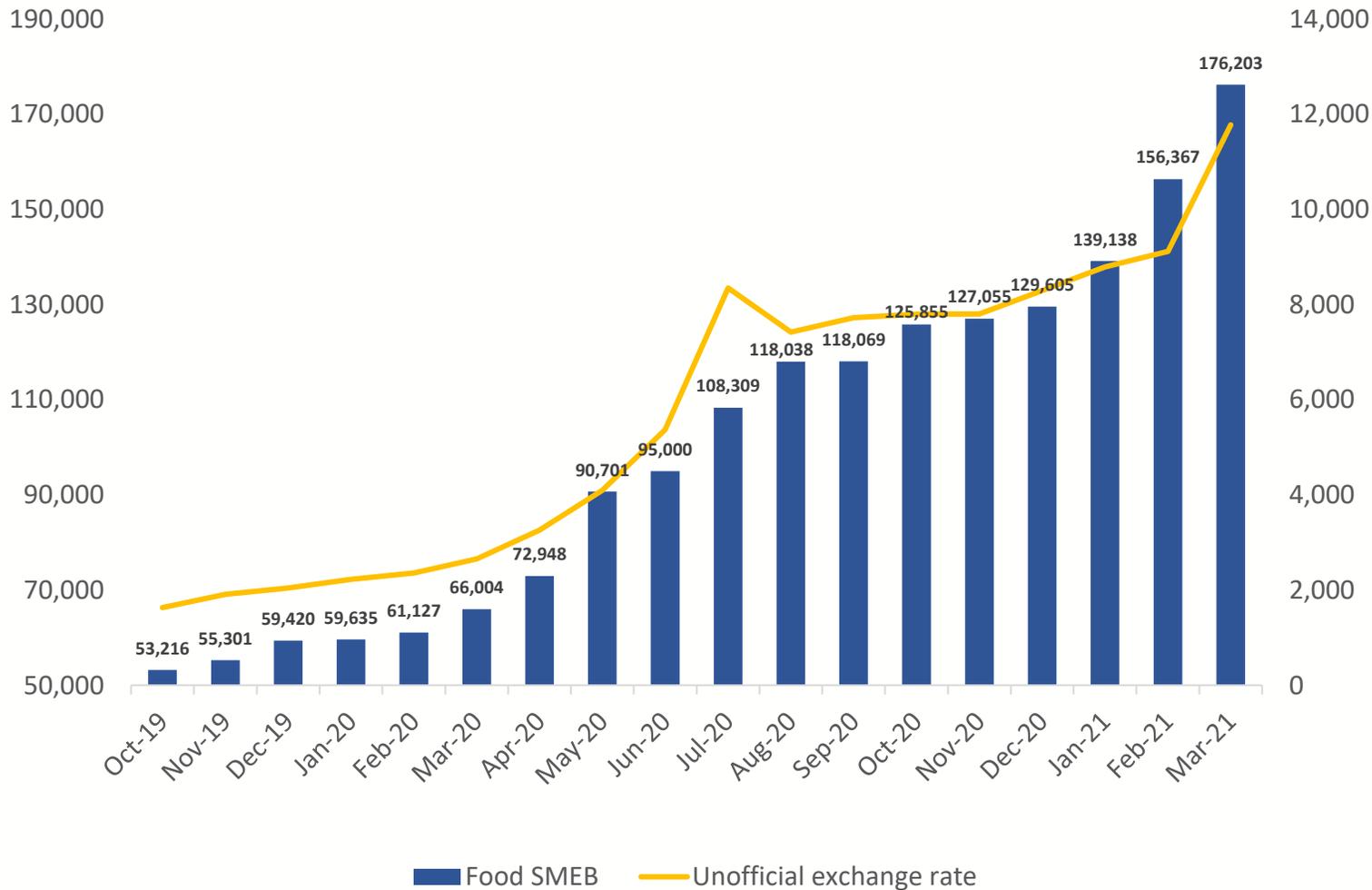
In the second week of April 2021:

➤ **92%** of WFP-contracted shops were using an exchange rate between LBP 10,000 – LBP 12,500, while the rest were charged a rate between LBP 12,500 – LBP 14,000.

Source: Retail Weekly Shop Phone Survey – as of 9 April 2021 (numbers based on 345 reachable shops, out of a total of 437 contracted shops)



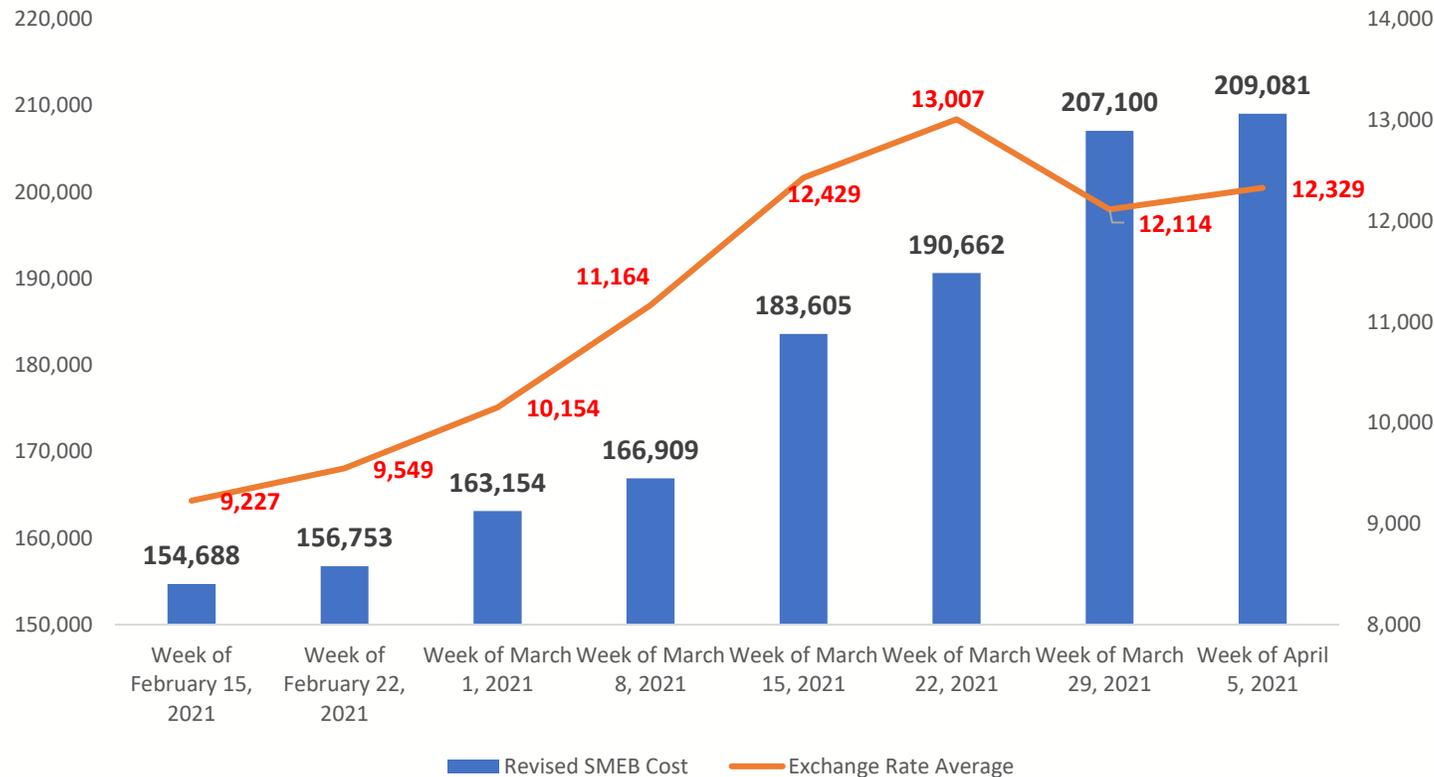
Change of Monthly revised food SMEB price in LPB (national average)



- Revised Food SMEB recorded a 13% increase between February and March 2021, at LBP 176,203.
- The cost of the revised food SMEB in March 2021 is higher than August 2020, the date the basket was initially set, by 49%.
- The cost of the revised food SMEB in March 2021 is nearly three times the cost of the basket back in October 2019 (194% increase).

Source: WFP price data, 2020, & 2021 as of 12 April 2021, subject to changes. The weights of the commodities used in the calculation of the price of the basket was further updated in the calculation of the basket cost from February 2021 onwards. Further revisions to the previously published prices might take place in the future.

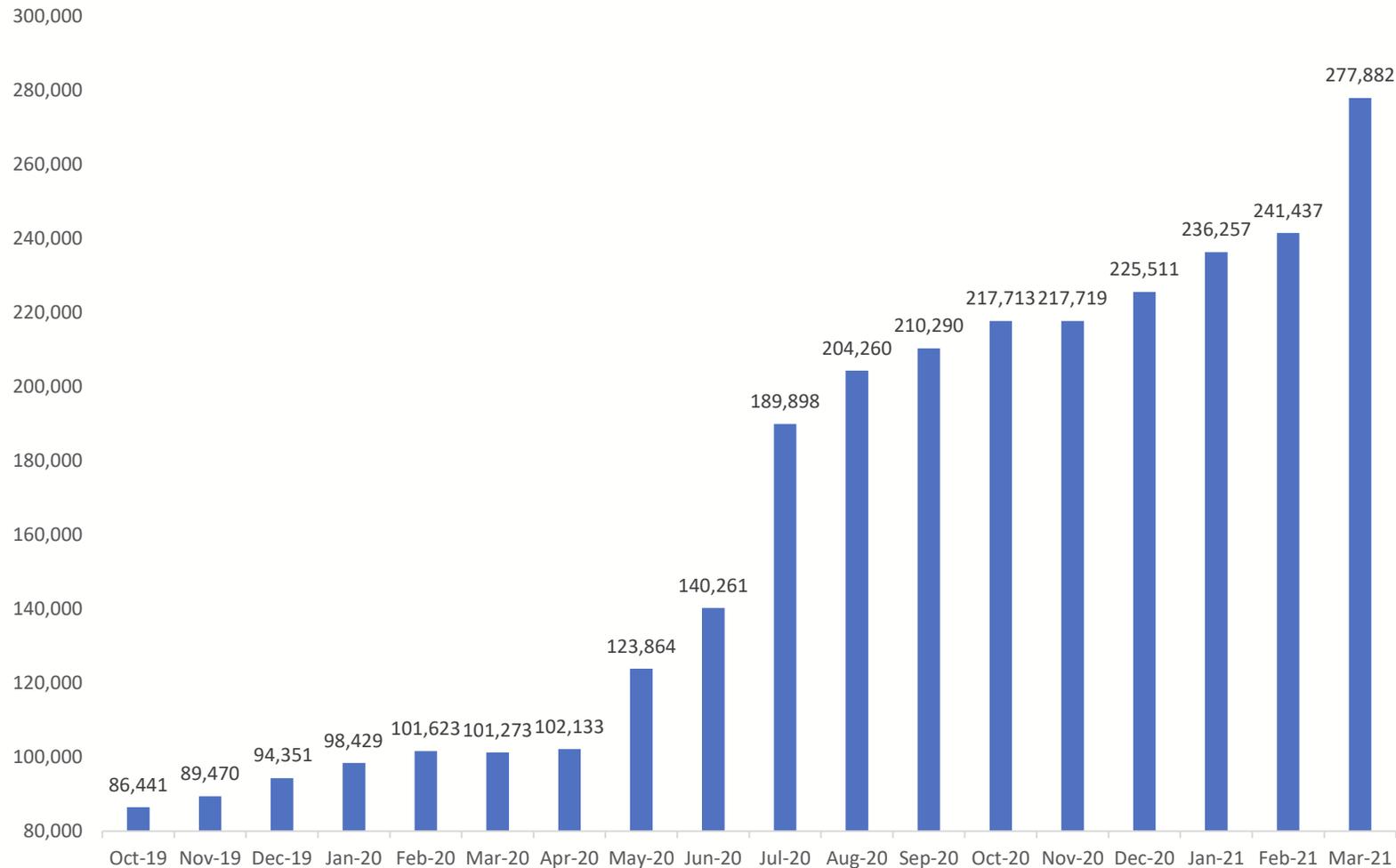
Change of Weekly revised food SMEB price in 2021 (national average) versus exchange rate weekly average



- Revised Food SMEB weekly price recorded a 35% increase between mid February and second week of April, based on preliminary data from WFP retail database.
- Between the weeks of March 8th and April 9th, the basket recorded an increase of 25%, based on preliminary data from WFP retail database.

Source: WFP retail price database, 2020, & 2021 as of 12 April 2021, subject to changes. The weights of the commodities used in the calculation of the price of the basket was further updated in the calculation of the basket cost from February 2021. Further revisions to the previously published prices might take place in the future. March - April weekly data based on around 60 percent of shops data.

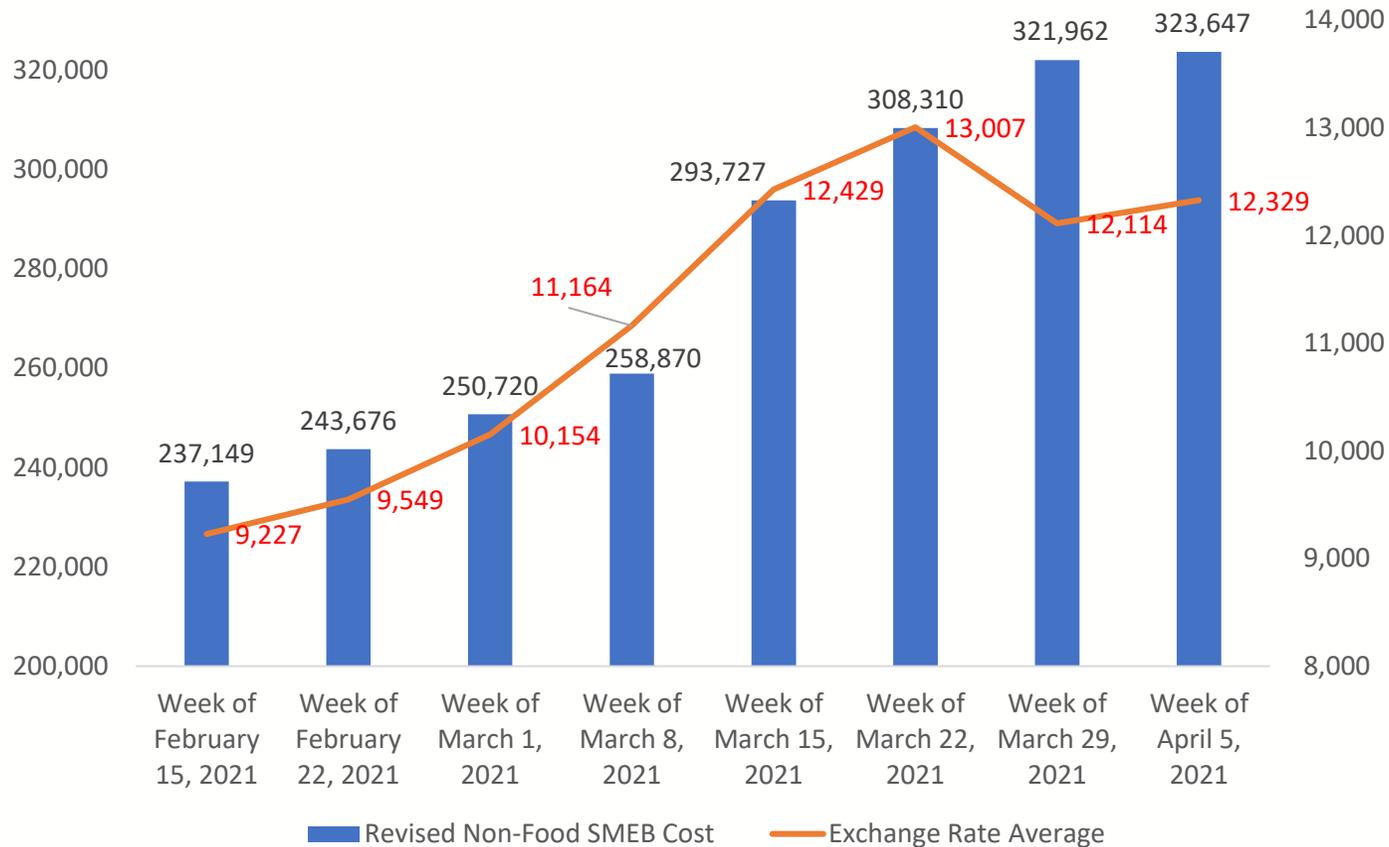
Revised Non Food Items (NFI) Monthly Price Development in LBP



- The revised non-food items basket of 12 commodities is composed of the same items as the 2014 non-food basket, except hypoallergic 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 October 2019 and March 2021, an increase of 221% was registered
- Between August 2020 and March 2021, an increase of 36% was registered.
- Between February & March 2021, a 15% increase was registered.

Source: WFP retail price database, 2020 & 2021, as of 12 April 2021, subject to changes & IPT Fuel Price for Cooking Gaz: <https://www.iptgroup.com.lb/ipt/en/our-stations/fuel-prices> - Blanket Price from UNHCR Retail Team - The weights of the commodities used in the calculation of the price of the basket was further updated in the calculation of the basket cost from February 2021. Further revisions to the previously published prices might take place in the future.

Change of Weekly revised Non Food Items SMEB price in 2021 (national average) versus exchange rate weekly average

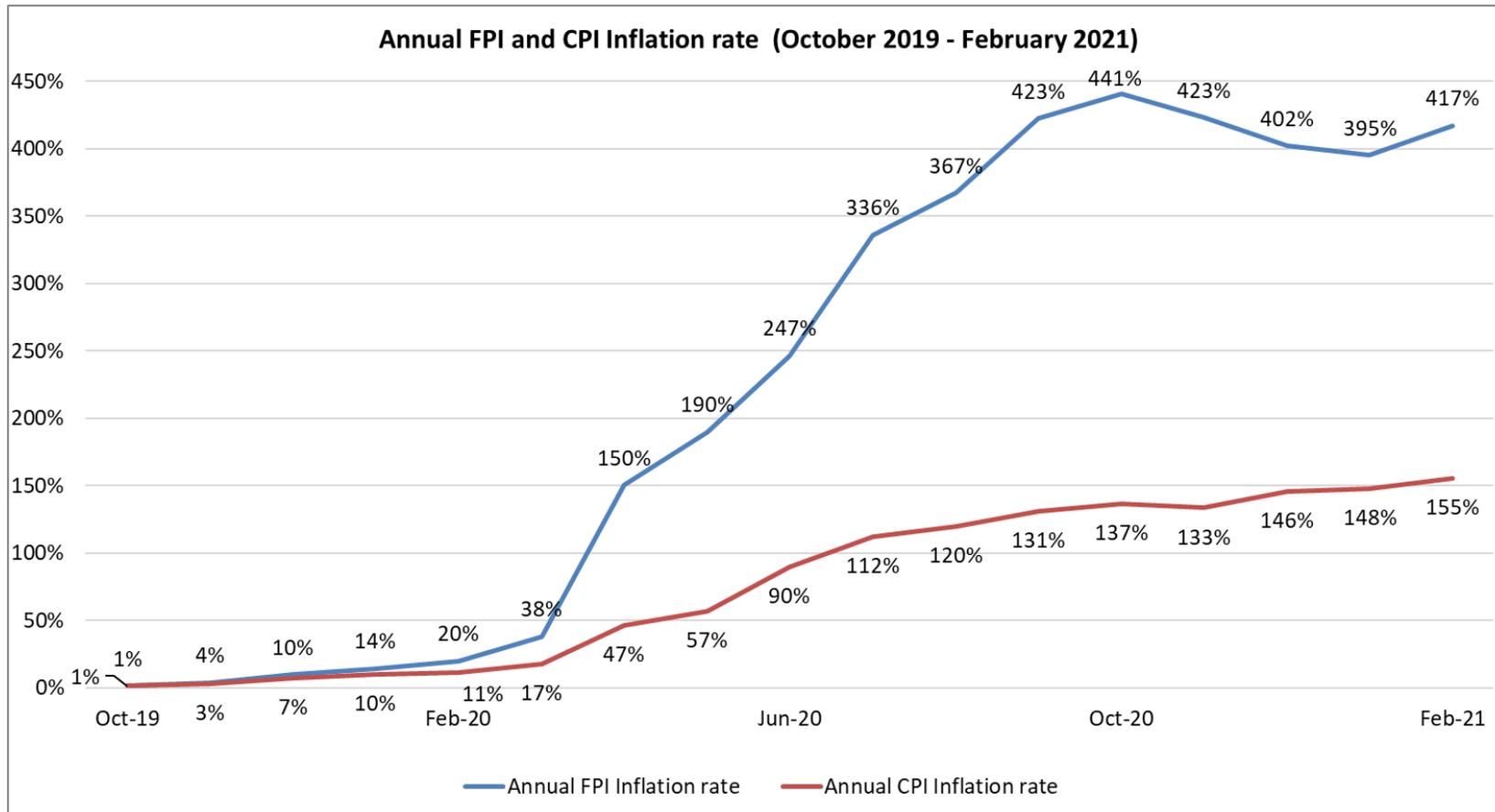


- Revised Non-Food SMEB weekly price recorded a 36% increase between mid February and mid March, based on preliminary data from WFP retail database.
- Between the weeks of March 8th and April 5th, the basket recorded an increase of 25%, based on preliminary data from WFP retail database.

Source: WFP retail price database, 2020, & 2021 as of 12 April 2021, subject to changes. The weights of the commodities used in the calculation of the price of the basket was further updated in the calculation of the basket cost from February 2021. Further revisions to the previously published prices might take place in the future. March - April weekly data based on around 60 percent of shops data.



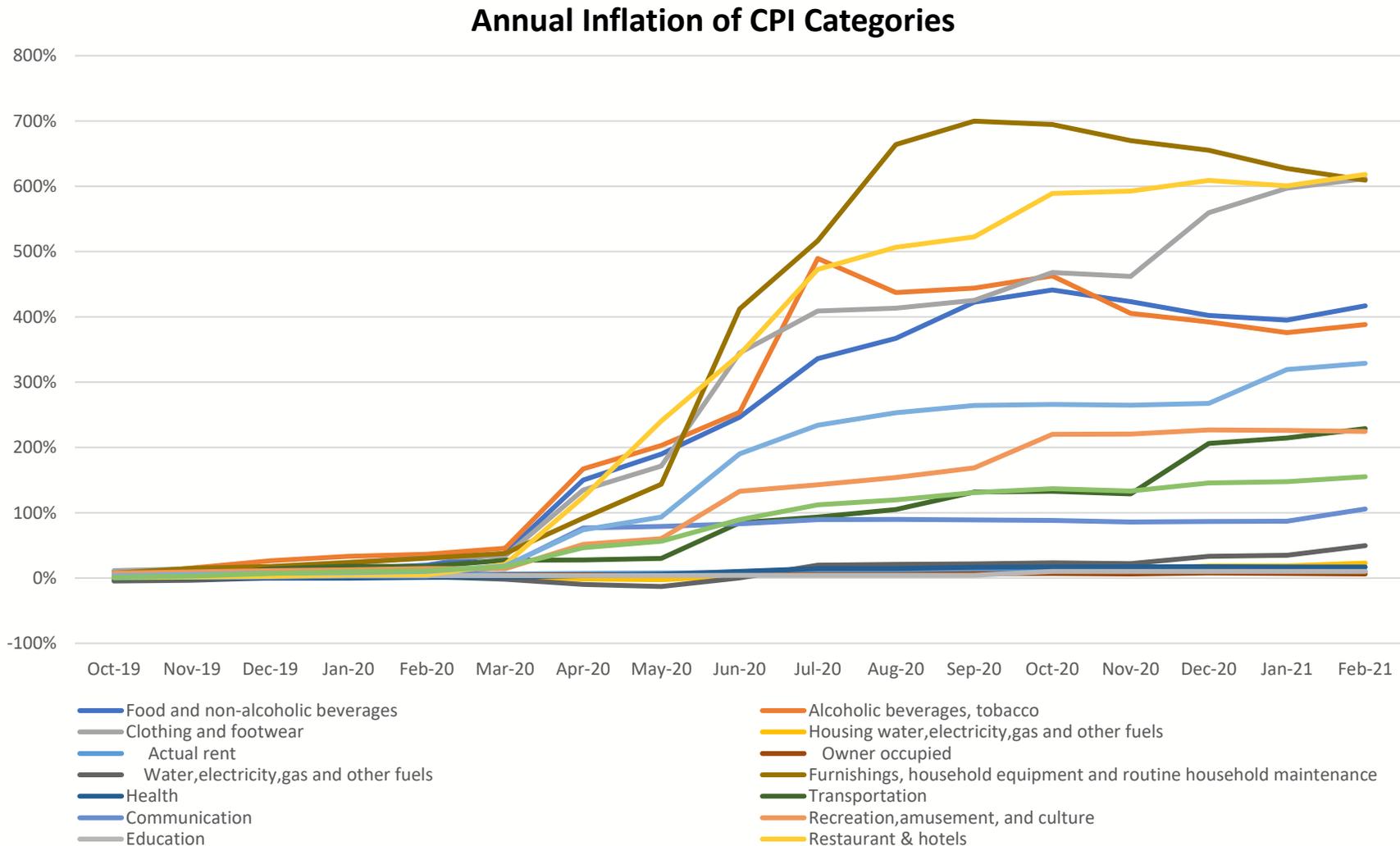
Annual Consumer Price Index (CPI) and Food Price Index Development (FPI) (October 2019 – February 2021)



Source: Central Administration for Statistics (CAS)

- Between October 2019 and February 2021:
 - The Consumer Price Index (CPI) witnessed an annual inflation of 177%.
 - The Food Price Index (FPI) registered an inflation of 536%
- Between February 2020 and February 2021:
 - The CPI witnessed an annual inflation of 155%.
 - The FPI registered an inflation of 417%.
- Between January 2021 and February 2021:
 - The CPI increased by nearly 5%, while the FPI increased by 9%

Annual Inflation of CPI Categories (October 2019 – February 2021)



- Between October 2019 and February 2021:
 - Household equipment (793%), registered the highest increase, followed by restaurants & hotels (652%) and clothing (606%)
 - Education (10%) , Actual rent (14%) and health (17%) registered the lowest inflations
- Between February 2020 and February 2021:
 - Restaurants & hotels registered the highest increase (618%), followed by clothing (612%) and household equipment (609%).
 - Education (10%), actual rent (10%) and health (17%) registered the lowest inflations
- Between January 2021 and February 2021:
 - Communication (10%) registered the highest increase, while Education & rent didn't registered any increases

Source: Central Administration for Statistics (CAS)

Subsidies Removal Latest Updates as of beginning of April 2021

- No official decision on the current subsidization mechanism covering combustible fuel, wheat, medicine/medical equipment, infant milk, and the basket of food/agricultural items has been taken yet.
- Authorities have remained vague about how the subsidies will be reduced, though meetings are ongoing. Details of the 4 modification mechanism recently emerged in media sources (albeit not officially).
- Finance Minister announced in an interview with Bloomberg that remaining reserves are around USD 16 billions, of which USD 1 to 1.5 billions can be used for subsidies, covering two to three months at the current rate
- Finance Minister indicated that certain products will be removed, including certain food items from the basket of food items, as well as lowering the fuel subsidy.
- Ministry of Economy & trade released an updated list of items in the basket of subsidized food commodities/agricultural and industrial raw materials, on March 24 . The list substantially cuts the number of items included under the subsidized industrial material components to only 4 items, from around 80 items in the previously updated list, back in November 2020
- Parliament approved a USD 200 million advance expense to buy fuel oil for electricity generation. This would cover the needs for the next two months and delay the complete blackout that was expected to happen at the end of March. However, increased blackouts registered at the end of March/beginning of April.

Exchange Rate Platform

- The Central Bank has decided to allow commercial banks to conduct currency exchanges using the platform that was previously designed for that purpose and launched back in June 2020.
- The platform was initially used by official exchange houses back then to record transaction, to sell some of the subsidized dollars that were injected in the market by the central bank at the rate of LBP 3,850-3,900.
- No indication exist currently on the rate that the platform will be using moving forward, and if it will actually be following the real market exchange rate, based on actual demand and supply forces. The Finance Minister later indicated that the platform rate is expected to hover around USD/LBP 10,000.
- In a series of circulars, the Central Bank required banks to register on the platform by April 16, indicating that the full launch is not expected before mid-April 2021.
- New platform is not expected to meet all types of demand, but mainly to provide dollars to traders for import operations not covered by the central bank. Informal market likely to remain active.

Latest Bread Price Inflation

- On March 23rd, the Ministry of Economy & trade increased the price of the large package of bread to LBP 3,000 (for 960 grams) and the medium package to LBP 2,000 (for 445 grams)
- On March 31st, the Ministry lowered back the price of the large package to LBP 2,500 (for 905 grams) and the medium package to LBP 1,750 (for 430 grams)
- The ministry stated that the central bank has accepted its request to raise the subsidy percentage on wheat from the current 85 percent to a full 100 percent. However, no circular in that regard from the Central Bank was issued yet.
- The price of the large bread package has increased by 67 percent between June 2020 and April 2021 (LBP 2,500 currently), while the medium bread package price increased by 75 percent (LBP 1,750 currently).
- The syndicates of bakeries have decided to stop distributing bread packages and limit the selling to their shops, following the latest price decrease. They cited a lack of coordination with the Ministry as the reason and that the latest decision has put additional financial burden on them.

Latest Combustible Fuel Price Inflation

Date	Gasoline 95 Oct	Diesel	Cooking Gas
December 2020	24,300	16,200	18,600
April 12, 2021	38,700	26,400	25,800
Price increase	9,200	7,200	6,700
% increase	59	63	39

- Fuel price continued their increase.
- Gasoline price has increased by 59 percent, diesel by 63 percent, and cooking gas by 39 percent, between the first week of December 2020 and April 12th 2021.

Food Security Implications

- As inflation and unemployment rates continue to rise, so does poverty. This in turn will lead to further deterioration in the food security status of Lebanon's residents.
- Beginning of 2021, 20 percent of Lebanese, 50 percent of Syrian refugees , and 33 percent of refugees of other nationalities are estimated to be food insecure. With the latest markets development these estimates have likely increased.
- Unemployment, another key reason for people's lack of income, and ultimately ability to purchase/cover essential needs, has been rising over the past year. WFP surveys found unemployment rates for both Lebanese and Syrians to be 39 percent in 2020 .
- Debt level of Lebanese, Syrian refugees and refugees of other nationalities increased; top reason for borrowing was to buy food.
- Among Syrian refugees, the increase in food insecurity goes in line with the increase in poverty (odds ratio equals to 0.74).
- In 2020, an increase in the share of food expenditure out of total expenditures was observed for all residents of Lebanon.
- In March 2020, the updated WFP/WB/UNHCR report 'Compounding Misfortunes' suggests that, the extreme poverty rates of Lebanese will continue to increase by end of 2021.
- Expected modification/removal of the current subsidies on key commodities and medicine could potentially further increase inflation trends. Social tensions and civil unrest could once again erupt across the country, as a result of the subsidy removal and decreasing households purchasing power, especially for the most vulnerable.

A woman wearing a blue WFP cap and a blue long-sleeved shirt with a logo 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 & Retail/Supply Chain Unit



WFP RAM 2020 Key Products

VASyR 2020 (UNHCR/UNICEF/WFP)

Markets Update: January, February, April, May, June, August, December, March 2021 (upcoming)

mVAM Assessments (with the World Bank): July/August, September/October, November/December

Web Survey: Round 1, Round 2

Review of the SMEB (2020) (Joint work)

MEB for Syrian Refugees in Lebanon Study

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

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

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