



WFP/ Sandy Maroun

Highlights

- As of September 2014, the value of the WFP food basket was US\$31.94, increased by 1.7% compared to September 2013, mainly led by an increase in the price of rice and bulgur.
- The value of the Minimum Food Expenditure Basket (MFEB) was US\$37.52 as of September 2014 and increased by 3.4% compared to October 2013.
- During the reporting period WFP contracted 42 shops, making a total of 399 shops by September 2014.
- Prices in Beirut, Mount Lebanon and South Lebanon regions remained higher than in the other regions of the country due to generally higher prices in urban areas.
- Throughout the third quarter of 2014, the prices of staples and essential foods remained stable.
- The prices of eggs, lemon, lettuce and cabbage significantly increased over the past quarter since July 2014 due to seasonality and low precipitation rate throughout the year.

Overview

This consolidated price monitoring report provides an overview of the World Food Programme's (WFP) price monitoring activities in Lebanon as part of the food voucher programme monitoring activities from July to September 2014. This report discusses the price trends in Lebanon, the value of the WFP food basket and impacts of WFP's activities on food prices at WFP-contracted shops.

The objective of price monitoring is to follow up the value of the WFP food basket and to detect any inflation that could affect vulnerable beneficiaries.

Annex 1 provides further details on individual commodity price changes. Annex 2 sheds more light on the methodology.

I. Market Monitoring

Overall inflation patterns

The Central Administration of Statistics (CAS) in Lebanon publishes monthly Consumer Price Index (CPI) percentage change, taking December 2013 as the base month. CAS reported an increase in the CPI for food and non-alcoholic beverages during the third quarter of 2014. The percentage change in the CPI for the months of July, August and September were: 0.3%, 0.7% and 0.8% respectively (Figure 1). The CPI includes a larger variety of commodities monitored including foods and beverages that are not monitored by WFP. The CPI, thus serves as an indicator for the overall change in prices for food and beverages in Lebanon.

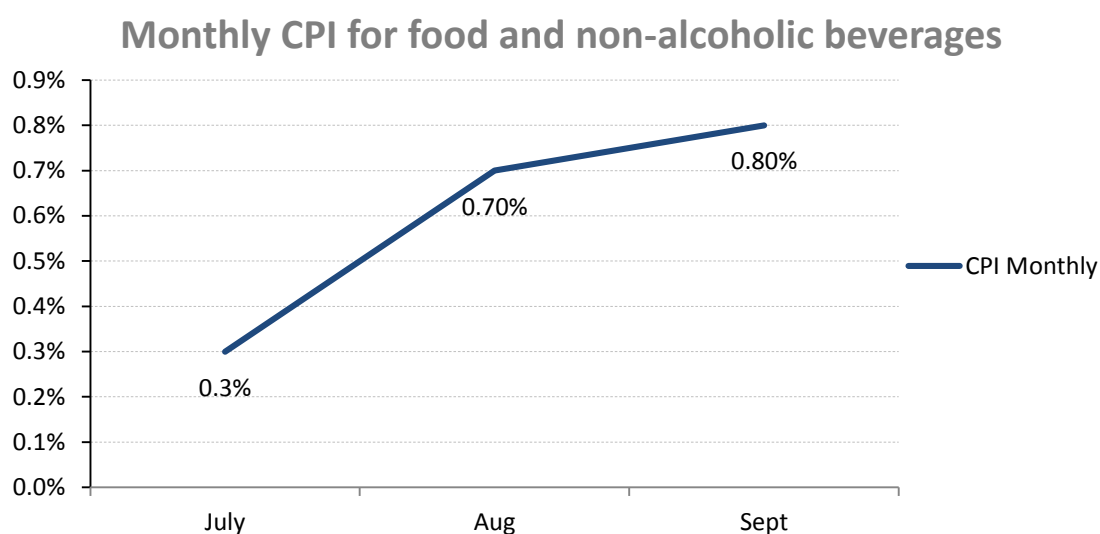


Figure 1: CAS CPI percentage change for food and non-alcoholic beverages.

According to the economic highlights for September 2014 published by the Ministry of Economy and Trade in Lebanon, the coincident indicator which is an economic indicator published by Banque du Liban, the Central Bank of Lebanon, registered a negative growth over the past eight months of 2014. Trade also began to decrease by the end of August with trade deficit continuing to increase over the past eight months.¹

Analysis of WFP Food Basket Value

As shown in Figure 2, the value of the WFP food basket demonstrates a growth in both years, although the prices in 2012-2013 show more fluctuation than 2013-2014 prices. During this quarter the WFP basket value steadily decreased in price after recording the highest value of US\$32.5 in June 2014. The WFP basket value experienced a 1.7% growth rate in September 2014 compared to September 2013, from US\$31.4 in September 2013 to US\$31.94 in September 2014.

¹ Retrieved from the monthly economic highlights from the Ministry of Economy and Trade monthly.

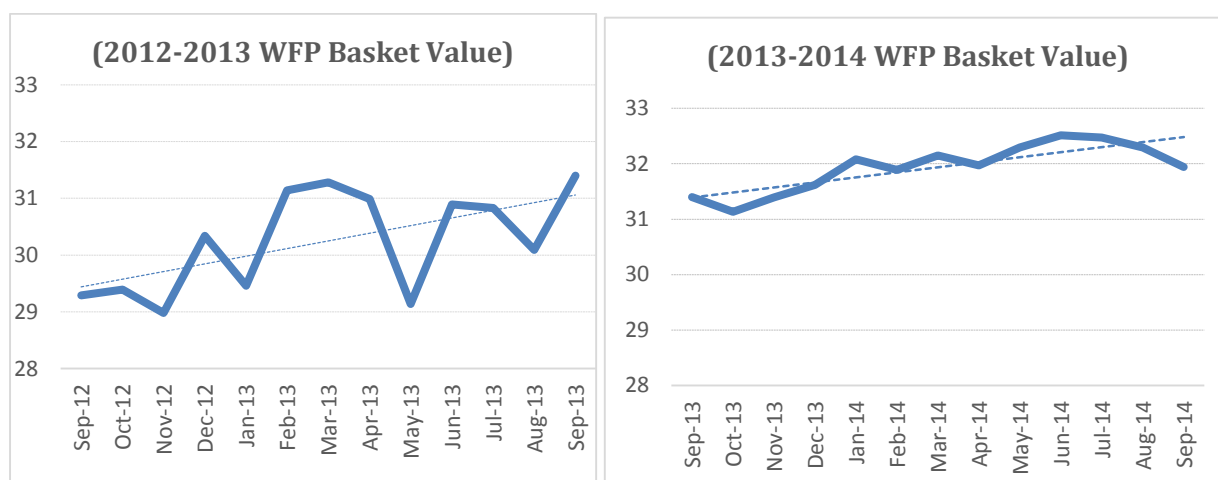


Figure 2: WFP basket value evolution from September 2012 to September 2014.

As seen in figure 3 below, the WFP basket value fluctuation decreased since the fourth quarter of 2012. This decrease is because WFP continued to increase the number of contracted shops which in return increased price competition between the contracted shops. WFP also began using e-cards in the third quarter of 2013 and enhanced data collection as the programme developed. Over this quarter, the WFP basket value decreased by 1.8% since June 2014.

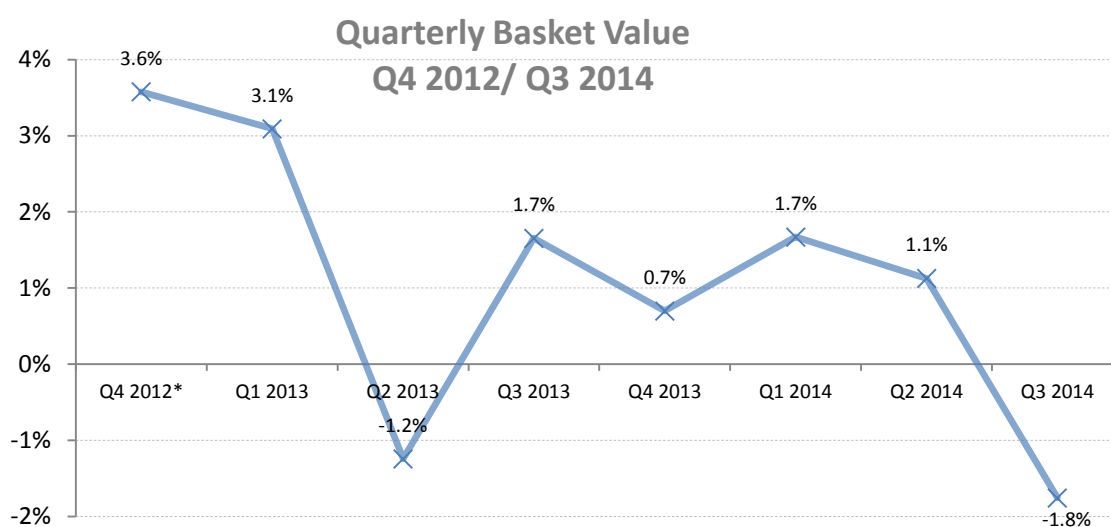


Figure 3: WFP basket value evolution from September 2012 to September 2014

As shown in figure 4, the prices in the North Lebanon region witnessed more stability compared to the prices in the Bekaa Valley and Beirut, Mount Lebanon and South Lebanon (BMS) region due to a larger sample size monitored every month. During the month of July an overall decrease in the basket value at the national level was observed in North Lebanon and the Bekaa Valley regions, while BMS region experienced an increase of 0.6% in prices. Regional analysis reveals that the price of the voucher food basket continues to be highest in BMS region where the price steadily increased from US\$33.18 in July to US\$33.41 in August, then decreased to US\$33.14 in September. In the Bekaa Valley, prices decreased over the reporting period from US\$33.2 in July to US\$32.13 in September. The lowest basket value was found in North Lebanon where the price decreased from US\$31.02 in July to US\$30.56 in September.

Over the past year (from September 2013 to September 2014), while the prices fluctuated and exhibited an increasing trend in all regions in Lebanon, the prices started a decreasing trend in June 2014.

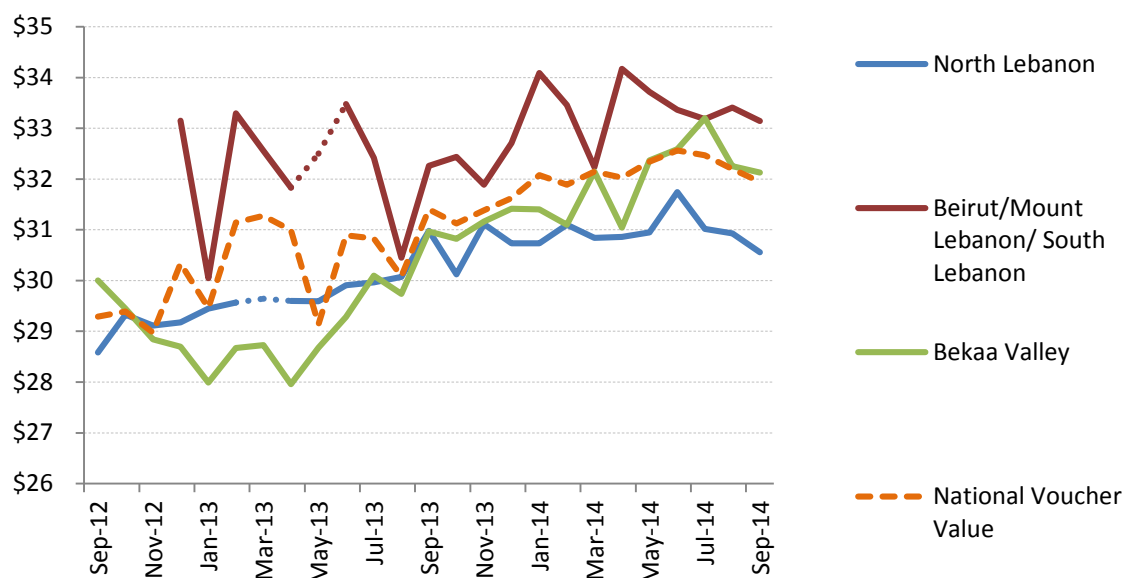


Figure 4: WFP basket value from September 2012 to September 2014

Minimum Food Expenditure Basket (MFEB)

WFP began monitoring the value of the MFEB in October 2013 to compare with the WFP basket value. The MFEB includes all commodities in the WFP basket with adjusted weights and extra commodities such as vegetables, bread and dairy products to fulfil the kilocalorie (Kcal) as well as macro and micro nutrient needs. The price of the MFEB continued to increase over this quarter from US\$36.93 in July to US\$37.51 in August, and US\$37.52 in September 2014. From July 2014 to September 2014 the price of the MFEB recorded an increase of 1.6%. This is due to the increase in the prices of bulgur, fresh eggs, green leaves and lemon. Fresh vegetables and dairy products are part of the MFEB but are not included in the WFP basket. This difference in prices is clear in the graph below (figure 5).

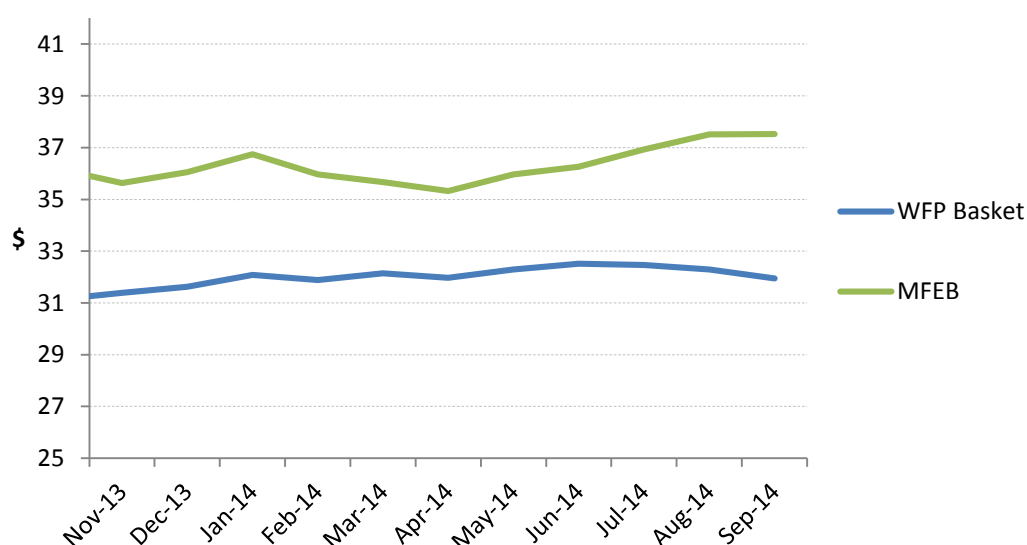


Figure 5: MFEB and the WFP basket from November 2013 to September 2014

II. Commodity Price Tracking

The prices of staple foods remained fairly stable during the quarter, from July to September 2014, fluctuating within the 5% margin, as shown in Figure 6 below. During the month of Ramadan (June-July) the prices of basic food commodities remained stable and no major price variations were witnessed. Regarding the annual price changes, the prices of staple foods remained fairly stable fluctuating within the 5% margin. This means that beneficiaries still had good access to the most basic food commodities.

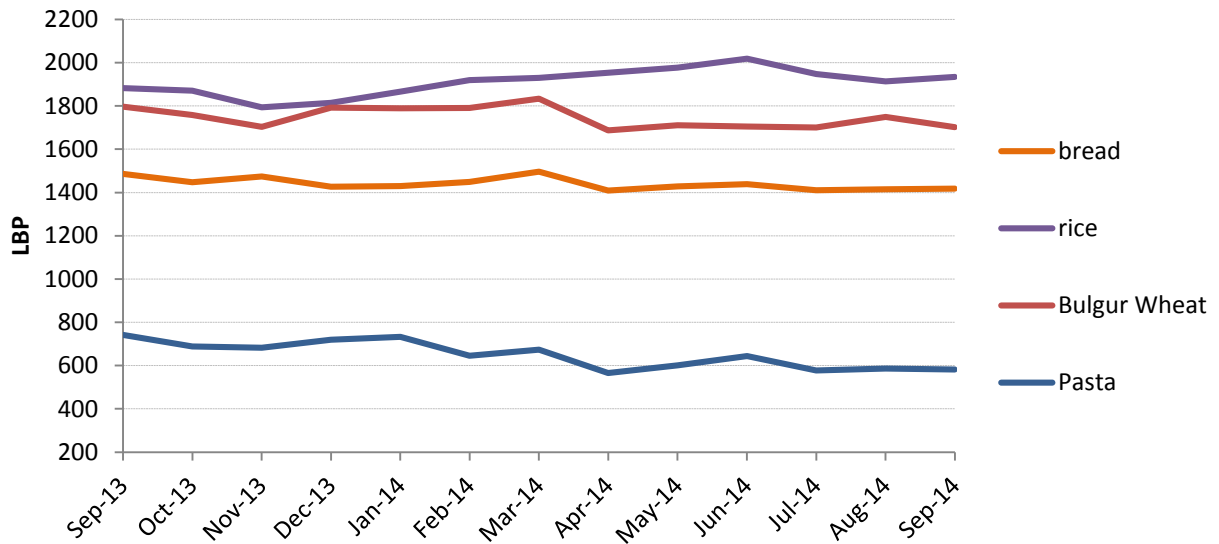


Figure 6: Price of staple foods from September 2012 to September 2014.

In terms of the prices of other essential foods most consumed by refugees in Lebanon, the price of canned meat in September 2014 fluctuated within the 5% margin. Compared to September 2013, sunflower oil recorded a significant decrease in price by 16% and sugar recorded a 15% decrease due to the decrease in global price of oil and sugar during this period as reported by the FAO Food Price Index.

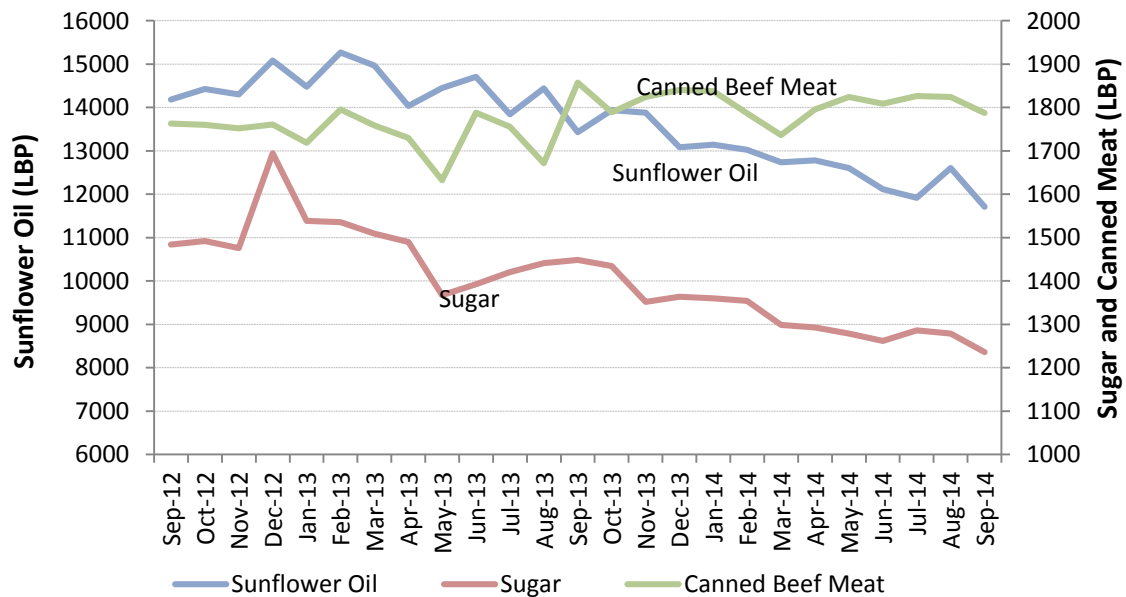


Figure 7: Price of other essential foods, September 2012 to September 2014

As indicated previously, white beans are also one of the key commodities that explain the difference in price trends between the WFP basket and the MFEB. White beans recorded an overall price increase by

29% over the past year (September 2013–September 2014), but the price was fairly stable during the reporting period, recording a decrease by 3%. Over the past year and as indicated in Figure 8 below, the variation in the price of white beans was due to (i) different (non-standard) types and sizes of white beans being available at any given time in the market; and (ii) the price difference between brands. The prices of other pulses like lentils, which was used to calculate the MFEB value, were lower and more stable.

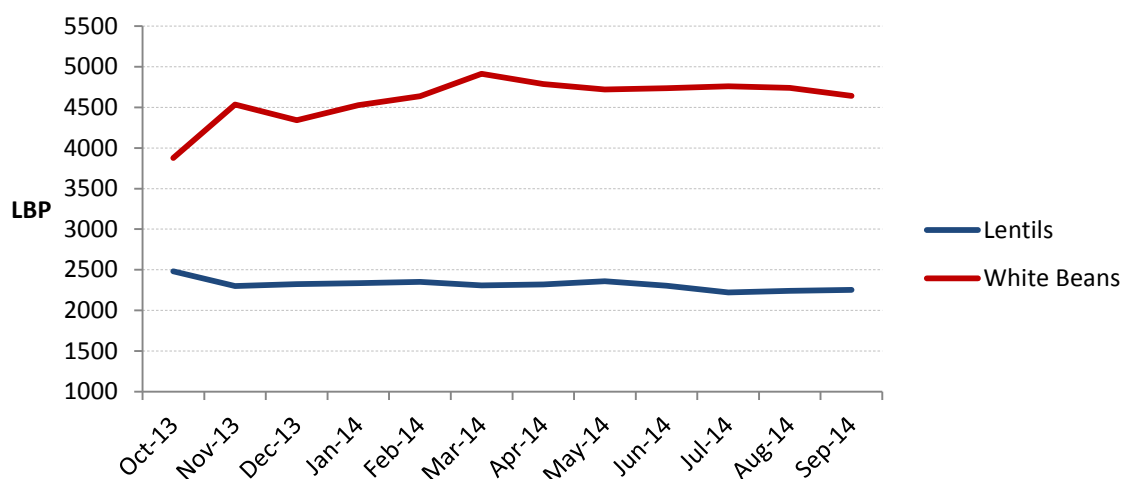


Figure 8: Price of two monitored pulses—lentils and white beans

The other commodities such as milk, eggs, lemon, lettuce and cabbage (leafy vegetables) witnessed a sharp increase over the quarter and over the past year. The increase in prices of these commodities resulted in the spike of the price of the MFEB over this quarter. These commodities are not accounted for individually in the WFP basket, however they are assumed to constitute 10% of the basket value. While the price of milk remained fairly stable with an increasing trend, the price of fresh eggs increased dramatically since July 2014 by 38%. The increase in prices of powdered milk over the past year represented in the Figure 9 below was due to a spike in international prices of dairy products that brought up the local prices of powdered milk². The price of fresh eggs increased during this quarter due to the low egg layer counts in summer which lead to less supply and generally higher price.

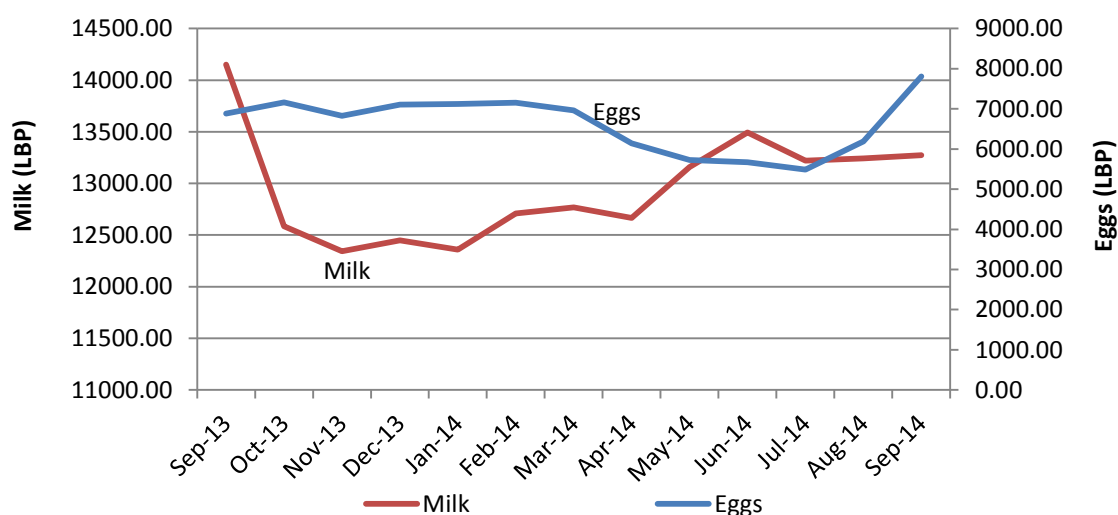


Figure 9: Prices of two dairy products—Powdered milk and eggs.

The prices of lemon, lettuce and cabbage witnessed a significant increase since July 2014, respectively by 40%, 41% and 100%. These products are locally produced and highly affected by seasonal variation.

² Retrieved from the FAO Food Index.

Nevertheless, the prices of these commodities continued to increase over the past year and specifically over this quarter. Low precipitation rate and deteriorated security situations could have affected the harvest of these crops over summer, as well as transportation across Lebanon. Figure 10 shows the fluctuation of prices of these three commodities since WFP began price monitoring in October 2013.

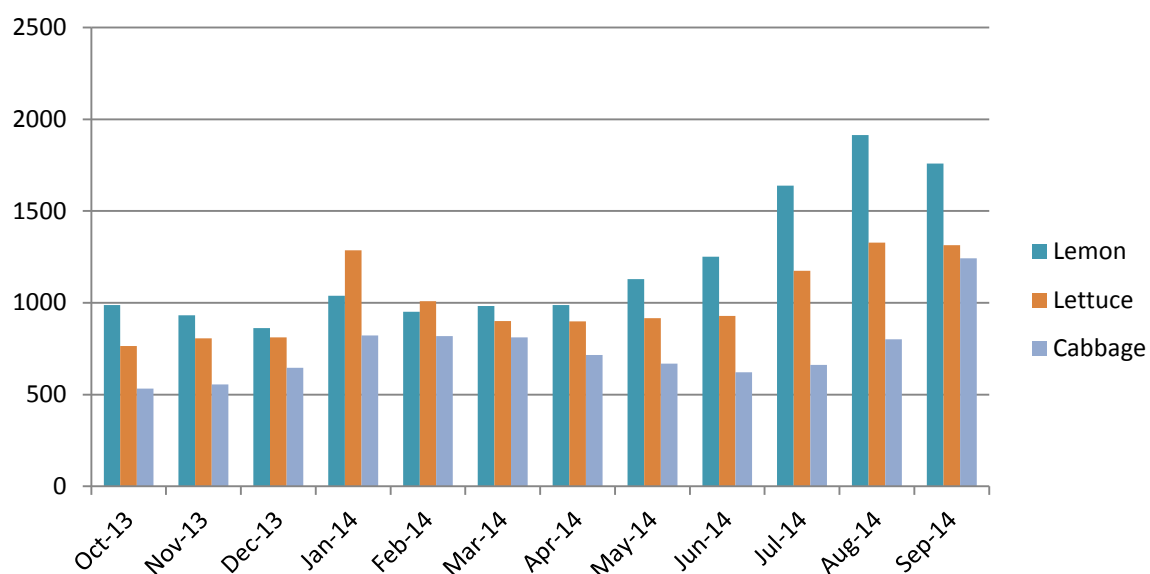


Figure 10: Prices of vegetables monitored for the MFEB– lemon, lettuce and cabbage

Table 1 below summarizes the price changes of commodities over the past year, past six months and the this quarter according to the prices collected by WFP from contracted shops. Red arrows show *increases* larger than or equal to 5% and green arrows show *decreases* larger than or equal to 5%.

Region	Commodities	1 year	6 months	July–September 2014
NORTH LEBANON	Fresh bread	→	→	→
	Powdered milk 900g	↓	→	→
	Processed cheese (Picon brand)	→	→	→
	Veg. sunflower oil 5L	↓	↓	→
	Egyptian Rice 1kg	→	→	→
	Bulgur wheat 1kg	→	↑	→
	Pasta 250g	↓	→	→
	White beans 1kg	↑	→	→
	Canned beef meat 200g	→	→	→
	Canned tuna 200g	→	↑	→
	Sugar 1kg	↓	→	→
	Lentils 1kg	-	→	→
	Canned sardines 125g	-	→	↓
	Tomato paste 1.4kg	-	→	→
BEIRUT, MOUNT LEBANON, SOUTH LEBANON	Fresh bread	→	→	→
	Powdered milk 900g	↓	→	→
	Processed cheese (Picon brand)	→	→	→
	Veg. sunflower oil 5L	↓	↓	→
	Egyptian Rice 1kg	↑	→	→
	Bulgur wheat 1kg	→	→	→
	Pasta 250g	↓	→	→
	White beans 1kg	↑	→	↓
	Canned beef meat 200g	↓	→	→
	Canned tuna 200g	↑	↓	↓
	Sugar 1kg	↓	↓	↓
	Lentils 1kg	-	→	→
	Canned sardines 125g	-	↓	↓
	Tomato paste 1.4kg	-	→	→
BEKAA VALLEY	Fresh bread	↓	→	→
	Powdered milk 900g	→	↑	→
	Processed cheese (Picon brand)	→	→	→

Veg. sunflower oil 5L	↓	↓	→
Egyptian Rice 1kg	↑	↑	→
Bulgur wheat 1kg	↓	↑	→
Pasta 250g	↓	↑	↓
White beans 1kg	↑	→	→
Canned beef meat 200g	→	→	↓
Canned tuna 200g	↓	↓	→
Sugar 1kg	↓	→	→
Lentils 1kg	-	→	→
Canned sardines 125g	-	→	↓
Tomato paste 1.4kg	-	→	→

Table 1: Commodity Price Growth Summary, by region of Lebanon

ANNEX I. WFP Basket tracking: September 2012 to September 2014

	Sunflower Oil (LBP)	Rice (LBP)	Bulgur (LBP)	Pasta (LBP)	Pulses (LBP)	Canned Meat (LBP)	Sugar (LBP)	Ration cost per day (LBP)	Ration cost per day (USD)	Basket Cost without fresh food(USD)	Fresh items Additional Cost (10% of basket cost) (USD)	Voucher Value (with 10% of basket cost)
Sep-12	94	367	211	118	133	335	74	1,331	0.89	26.63	2.66	29.29
Oct-12	95	369	215	110	138	334	75	1,336	0.89	26.72	2.67	29.39
Nov-12	94	360	211	106	139	333	74	1,317	0.88	26.34	2.63	28.98
Dec-12	100	379	216	115	150	335	85	1,379	0.92	27.58	2.76	30.34
Jan-13	96	368	213	110	148	327	77	1,339	0.89	26.78	2.68	29.46
Feb-13	101	383	228	122	164	341	77	1,416	0.94	28.31	2.83	31.14
Mar-13	99	380	234	133	167	334	75	1,422	0.95	28.43	2.84	31.28
Apr-13	93	386	229	126	172	329	75	1,409	0.94	28.17	2.82	30.99
May-13	95	357	221	112	160	310	68	1,324	0.88	26.49	2.65	29.14
Jun-13	97	380	230	124	164	340	70	1,404	0.94	28.08	2.81	30.89
Jul-13	94	381	226	119	164	335	71	1,390	0.93	27.80	2.78	30.83
Aug-13	95	373	226	118	162	328	70	1,373	0.92	27.46	2.75	30.09
Sep-13	92	374	229	115	194	340	72	1,415	0.94	28.30	2.83	31.40
Oct-13	92	374	229	115	194	340	72	1,415	0.94	28.30	2.83	31.13
Nov-13	92	359	221	114	227	347	68	1,427	0.95	28.53	2.85	31.39
Dec-13	86	363	233	120	217	350	68	1,437	0.96	28.75	2.87	31.62
Jan-14	87	373	233	122	226	349	68	1,458	0.97	29.16	2.92	32.08
Feb-14	86	384	233	108	232	339	68	1,449	0.97	28.99	2.90	31.89
Mar-14	84	386	238	112	246	330	65	1,461	0.97	29.23	2.92	32.15
Apr-14	84	391	219	113	239	341	65	1,453	0.97	29.06	2.91	31.97
May-14	83	395	222	120	236	347	64	1,468	0.98	29.35	2.94	32.29
Jun-14	80	404	222	129	237	344	63	1,478	0.99	29.55	2.96	32.51
Jul-14	79	402	221	125	238	347	64	1,476	0.98	29.52	2.95	32.47
Aug-14	83	395	222	120	236	347	64	1,468	0.98	29.35	2.94	32.29
Sep-14	77	397	221	121	235	340	62	1,452	0.97	29.03	2.90	31.94

ANNEX II: Background and Methodology

WFP is implementing a voucher programme under the framework of its Regional Emergency Operation "Food assistance to vulnerable Syrian populations in Lebanon affected by the events in Syria". Vouchers were adopted as the primary modality of assistance in Lebanon as the local market is capable of providing sufficient food and the food is easily accessible for refugees in the market. In addition, vouchers allow the vulnerable Syrian households to select their preferred foods to meet their own needs. WFP completed the transition from paper voucher to electronic voucher (e-card) in December 2013 and the value of the e-card voucher increased from US\$27 to US\$30 in January 2014.

Each targeted Syrian refugee households registered with the United Nations High Commissioner for Refugees (UNHCR) receive an e-card uploaded with a monthly entitlement of US\$30 per household member. These e-cards can be redeemed in shops contracted by WFP in near proximity to the location of refugees where high numbers of refugees are residing. Shop monitoring started in July and August 2012 and retail prices were collected on a monthly basis from most partner shops in the Bekaa Valley and North Lebanon. In Beirut, Mount Lebanon and South Lebanon (BMS) region price data collection started in December 2012.

WFP monitors two baskets in Lebanon, the WFP food basket and the Minimum Food Expenditure Basket (MFEB). Both baskets ensure coverage of minimum individual calorific requirements per day. The WFP food basket is composed of 8 main commodities: rice, bulgur, pasta, pulses, sugar, sunflower oil, canned meat and salt. MFEB is composed of 13 key commodities: rice, bulgur, pasta, pulses, sugar, sunflower oil, canned meat, salt, milk, eggs, bread lemon and leafy vegetables.

The goal of the price monitoring is to follow up the value of the WFP food basket and to detect any inflation that could affect vulnerable beneficiaries.

Prices are collected from all partner shops during the reporting period and the WFP basket value is calculated according to the aggregated prices per region per month. Three regions are considered covering all districts in Lebanon. WFP has sub offices in all three regions to conduct monitoring activities.

The number of partner shops increased from 357 in June 2014 to **399** in September 2014. This increase aims to meet the demand from the increasing number of beneficiaries of WFP's voucher programme. WFP will continue to increase the number of shops contracted. Table 2 shows the number of shops per region:

Regions	Number of contracted shops as of September 2014
Beirut, Mount Lebanon & South Lebanon	133
North Lebanon	101
The Bekaa Valley	165
Total # of contracted shops	399

Table 2: Number of Shops per Region as of September 2014

Over the quarter, prices are collected from all contracted shops at least once by WFP Sub-offices and CPs. As part of the WFP shop strategy, contracted shops are requested to label the prices of all commodities. WFP monitors the prices of some selected brands and in case not specified or available the

cheapest price for each commodity is monitored³. There are no significant price variations among the shops in the same region.

Any positive or negative difference in prices between 5% and 10% over the reporting period is considered slightly significant; and any positive or negative change in prices more than 10% will be considered significant.

Limitations

Monthly price changes of various brands for the same commodity make price monitoring challenging, particularly for white beans and vegetable oil. When the brand to be monitored is unavailable and the cheapest commodity available in that shop is relatively expensive, the average of the price for the WFP basket voucher increases due to the increase in price of that specific commodity. Also, wide variety of unit weights of commodities within the same brand, whether in a single shop or between several shops, made it difficult to compare the price. Several adjustments of previously collected prices were carried out in the monitoring database, in order to avoid artificial price distortions due to new packaging or brands. Thus, a fully accurate examination of any single commodity's monthly price evolution may not be pertinent due to variations such as brand or unit weight. Rather, general observations based on the average prices of the monitored basket between areas and between several months are more appropriate.

WFP Lebanon does not currently monitor prices in shops not contracted by WFP.

³ For more information on units of measure of commodities, refer to Annex IV for the price monitoring form.

ANNEX III. Basket Definition- WFP Voucher Basket and the MFEB basket

WFP monitors retail prices of **19 key food commodities** which are included in the WFP food basket and/or the Minimum Food Expenditure Basket (MFEB) as well as some additional commodities frequently purchased by refugee households. The commodities monitored are in line with the most preferred food commodities purchased by refugees in contracted stores. WFP's voucher programme has an open basket policy which allows the beneficiaries to freely choose their preferred food items.

The monitored commodities include: fresh bread, eggs, powdered milk (Nido brand), processed cheese (Picon brand), sunflower oil, Egyptian rice, bulgur wheat, lentils, pasta, white beans, canned meat, canned sardines, canned tuna, salt, sugar, cabbage, tomato paste, lemon and lettuce.

Out of the commodities mentioned above, the WFP voucher value is calculated using eight main commodities: rice, bulgur, pasta, white beans, sunflower oil, canned beef, sugar and salt, plus 10% accounted for vegetables and dairy products.

On the other hand, MFEB in Lebanon is calculated using all the items from the WFP food basket (basic commodities mentioned above), as well as fresh food items that have been translated into commodities. These additional commodities included in the MFEB are: bread, eggs, milk, lemon and leafy vegetables. Tracking the MFEB allows WFP to better assess changes in refugees' purchasing power.

The WFP voucher value was calculated to provide 2,114 kilocalories (Kcal) per day and per person with basic, affordable and readily available commodities in the Lebanese market. The breakdown of each commodity is shown in Table 3. The WFP basket monitored on a monthly basis is based on this calculation. WFP is tracking the price evolution of the WFP basket which used to determine the value of its voucher in Lebanon.

Commodity	Ration Kg/day/person	Calories Kcal/day/person
Medium Grain Rice	0.2	720
Bulgur	0.13	455
Pasta	0.05	174
Pulses	0.05	167
Sugar	0.05	200
Sunflower Oil (L)	0.033	295
Iodized Salt	0.005	0
Canned Meat	0.038	84
Sub Total	0.556	2,095
Plus 10% of the voucher value for dairy products and Vegetables		
Milk	5	3
Lemon	5	5
Leaves, green vegetables	42	11
Total	0.608	2,114

Table 3: Voucher value calculation (July 2013)

The MFEB in Lebanon contains all items from the WFP food basket (basic commodities). However, while the WFP basket includes fresh food items, to constitute 10% of the value of the basket's dry items, the contribution of fresh foods (dairy products and vegetables) in the MFEB has been translated into commodities based on the population's food preferences and nutrient value of the commodities. For this, prices from price monitoring in 2013 and a rapid price assessment for newly added commodities were used. Additionally, the contribution of pulses in the MFEB is based on "lentils" while "white beans" was used to define the value of the WFP Basket. The nutrient value of the basket is calculated using Nut Val.

Commodity	Ration Kg/day/Person	Calories Kcal/day/person
Medium Grain Rice	0.1	360
Bulgur	0.13	455
Pasta	0.05	174
pulses	0.06	200
Sugar	0.05	200
Sunflower Oil	0.033	294
Iodized Salt	0.005	0
Canned Meat	0.038	84
milk	0.02	13
Egg	0.02	30
bread	0.07	183
Lemon	0.03	18
Leaves	0.065	17
Total	0.671	2,028

Table 4: WFP Minimum Food Expenditure Basket as of August 2013

Nutritional Requirements

The MFEB meets more than 100% of nutritional requirements for most of the nutrients, and at least 75% of all nutrients required, except riboflavin (63%) (Figure 11).

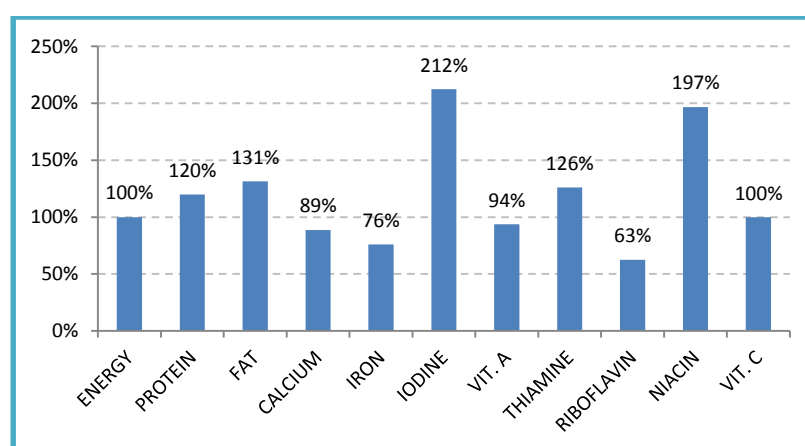


Figure 11: Nutritional coverage of the Minimum Food Expenditure Basket

ANNEX IV. Retail Prices Survey- Price Monitoring, September 2014


		Retail Prices Survey- Price monitoring			
		WFP Lebanon		<u>EMOP 200433 Syrian crisis</u> <u>5.0</u>	
1. GENERAL INFORMATION					
Location of the shop				Governorate	Kaza
Shop's Name & Vouchers partner				Name	Partner (Y/N)
Shop Code Number					
Month					
WFP Sub-Office					
Name of reporting FMA & Survey Date				Name	Date
2. PRICES AND AVAILABILITY					
Items	Packaging	Unit weight	Brand or Type	Prices (LBP)	
1 Lemon	Loose	1kg	Medium Size		
2 Lettuce	Loose	1 piece	Medium Size		
3 Eggs	Carton	30 pcs	White, medium size		
4 Bread	Packet, 7 pcs	900 grs	Flat Round		
5 Cheese (Picon)	Box, 8 pcs	160 grs	Picon		
6 Milk Powder	Packet	900 grs	Nido		
7 Egyptian Rice	Packet	1 kg	Bulk		
8 Spaghetti	Packet	250grs	Pasta Sara, Deli		
9 Bulgur	Packet	1 kg	Bulk, Brown		
10 White Beans	Packet	1 kg	Bulk, small		
11 Canned Meat	Can	200grs	Al Taghzia, Al Tanmya, Al Maraa		
12 Canned Tuna	Can	200grs	White Bell/Three Stars/Maxims		
13 Canned Sardine	Can	125 grs	Sidi Daoud/Atlantis		
14 Sunflower Oil	Gallon	5L	Elita/Filza/Brinto		
15 Sugar	Packet	1 kg			
16 Lentils	Packet	1 Kg	Bulk, brown		
17 Salt Iodized	Packet	1kg	Bulk		
18 Cabbage	Loose	1 kg	Medium Size		
19 Tomato Paste	Can	1.4kg	Globus/Fancy/La Bella/Al Maha		
Comments on the market context, prices and availabilities. Compare to previous months					

Table 5: Price monitoring form-September 2014.



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