



Lebanon

Price Monitoring Report

Overview

This consolidated price monitoring report provides an overview of the World Food Programme (WFP) price monitoring activities in Lebanon in support of the food voucher programme, in the months of May to July 2013. This report discusses the price trends in Lebanon, the value of the WFP voucher and any impact of the WFP activities on local prices.

Highlights

- The value of the WFP food basket was found to be \$30.58 as of July 2013.
- As of July the total price of the WFP monitored food basket has decreased by 6% since April 2013.
- Overall level of prices remained the highest in Beirut, Mount Lebanon and South Lebanon and the lowest in the Bekaa Valley.
- There was reportedly no significant difference in prices between WFP and non-WFP contracted shops in the Bekaa. Prices monitored by WFP were generally found to be lower than prices monitored by the Government of Lebanon (GoL).
- Overall, commodity prices remained stable across Lebanon over the 3 month reporting period. Prices that fluctuated the most were: rice (+6.8%), spaghetti (+.8%) and canned meat (+8%).
- Over the past six months, prices that fluctuated the most were vegetable oil (-7%), (-8.1%), spaghetti (+8%), white beans (+8.4%) and canned beef (+8.5%).

Since the outbreak of the violence in Syria, the Lebanese government has maintained an open-border policy, welcoming an increasing number of refugees. Upon the invitation of the Government of Lebanon (GoL), WFP has responded to the current influx of Syrian refugees in Lebanon since 2012, targeting all regions: North Lebanon, Beirut, Mount Lebanon and South Lebanon and the Bekaa Valley, and has implemented its voucher operations mainly through four partners: the Danish Refugee Council (DRC), Action Contre la Faim (ACF), Premiere Urgence (PU) and World Vision (WV), which were already present in Lebanon. WFP and its partners scaled up the operation,, gradually adding more shops to the programme in order to cope with the rising demand by an increasing refugee population. By July 2013, WFP had contracted 221 shops. 26 shops were added during the reporting period, 16 were terminated and two shops withdrew from the programme.

Over the reporting period, all 221 shops were monitored for prices at least once. No significant price variations were recorded between shops in the same region. Monitoring will be increased in the coming months particularly in view of the upcoming transition to the e-card.

I. Background

- The **World Food Programme (WFP)** and its partners the Danish Refugee Council (DRC), World Vision International (WVI), Action contre la Faim (ACF), and Premiere Urgence (PU) are implementing a Voucher Programme under the framework of its Emergency Operation “Food assistance to vulnerable Syrian populations in Lebanon affected by the events in Syria”.
- Each Syrian refugee **registered with the United Nations High Commissioner for Refugees (UNHCR)** receives a monthly food voucher for a value of US\$ 27. These vouchers can be redeemed in shops selected by WFP and its partners in near proximity to the location of refugees. From January onwards, WFP started distributing half-value vouchers for those who registered after the monthly distribution cycle as a means to cover their needs until the next distribution cycle.

1. Methodology and Objectives

- As part of the project implementation activities, shops were contracted in locations where high numbers of the refugees are residing. Shop monitoring started in July and August 2012 and, from September 2012 onwards, the retail prices were collected on a monthly basis from most partner shops involved in the food voucher program in the Bekaa Valley and North Lebanon. **Price collection in South Lebanon, Mount Lebanon and Beirut started in December 2012.** Price monitoring was not performed in April 2013 in North Lebanon and in May 2013 in South Lebanon, due to other operational priorities including support to the VASyR.
- The goal of this monitoring is to monitor the cost of the WFP food basket, to track the impact of the WFP activities on local prices, and to detect any inflation that could affect vulnerable beneficiaries.
- The number of partner shops grew from 213 to 221 **shops** across all regions in July 2013 during the reporting period. This growth was linked to an increase in the number of beneficiaries that the WFP voucher programme supports.
- The basket of monitored retail prices focuses on **12 key food commodities**, selected on the basis of preferences declared by Syrian refugees and on their availability in all shops for comparison purposes. The monitored basket contains more items than the WFP food basket as WFP recognises that refugees buy a larger variety of items than the ones in the WFP food basket. This basket contains: fresh bread and eggs; powdered milk (Nido); processed cheese (Picon); sunflower oil; cereals (Egyptian rice and bulgur wheat); spaghetti; white beans; canned food (beef and tuna); and sugar. The prices of vegetables (tomatoes and cucumber) are also monitored but are excluded from the basket in order to avoid distortions as these items are characterized by high seasonal variations in prices and varied prices according to the time of day and the week. Additionally, only some of the partner shops sell them.
- The commodity brands to be monitored were selected after a large brand survey was carried out in every partner shop between August and October 2012 and a brand update in January 2013. Out of a total of 223 evaluated brands and packaging sizes/weights for 7 key commodities, 43 brands were selected for regular monitoring.

- In June and July 2013, prices in the Bekaa Valley were monitored in 37 non-WFP contracted shops close to WFP-contracted shops so as to constitute a small control group. Therefore, results were only indicative.
- Any increase in price change superior to 5% or inferior to -5% is considered slightly significant, anything above 10% will be considered significant over the reporting period.

2. Limitations

- However monthly price changes of the various available brands for the same commodity (especially vegetable oil) as well as the wide variety of unit weights of commodities within the same brand (whether in a single shop or between several shops) make monthly comparisons particularly challenging. 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 new 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.
- The Lebanon Country Office does not currently monitor prices in shops not contracted by WFP in a consistent manner.
- In April and May, other operational priorities, including support to the VASyR, limited the WFP price monitoring activities in Lebanon. Fewer shops were monitored in the Bekaa Valley and North Lebanon; no data collection took place in Beirut, Mount Lebanon and South Lebanon.

3. Broader Economic Conditions

- According to the Ministry of Economy trade¹, the fiscal deficit was US\$ 783 million in the first quarter of 2013, basically showing a 17% increase compared to the same period in 2012. This gap was attributed to a fall in government revenue, particularly tax revenues, value-added tax (VAT) payments, and an increase in government expenditure, particularly electricity transfers.
- Lebanon has now become a net exporter although traditionally it is a country that relies heavily on imports and has witnessed a 7.7% increase in imports in July 2013 compared to the same period in 2012. This was mainly attributed to a growth in demand from Syria with the closure and relocation of Syrian businesses.² Additionally, the current political instability in the region and the European recession – including close neighbours such as Cyprus and Greece - likely affected the overall level of prices.
- In June 2013, the consumer price index (CPI) showed a 9% increase in prices when compared to June 2012. However, the price change associated with food and non-alcoholic items was only 3%.

¹ Ministry of Economy and Trade, retrieved from: http://www.economy.gov.lb/public/uploads/files/8382_2602_1919.pdf

² Ministry of Economy and Trade, retrieved from: http://www.economy.gov.lb/public/uploads/files/8382_2602_1919.pdf

II. WFP Basket and Voucher Analysis

- The WFP basket value was higher than the current \$27 over the reporting period. The value was \$29.14 in May; \$30.89 in June and \$30.58 in July as shown by Figure 1.



Figure 1. WFP Basket value evolution from September 2012 to July 2013-National Analysis

-The WFP basket value was also higher than the current \$27 in all regions as shown in Figure 2. Values in July seem to be converging. This will have to be monitored closely at the next reporting period.

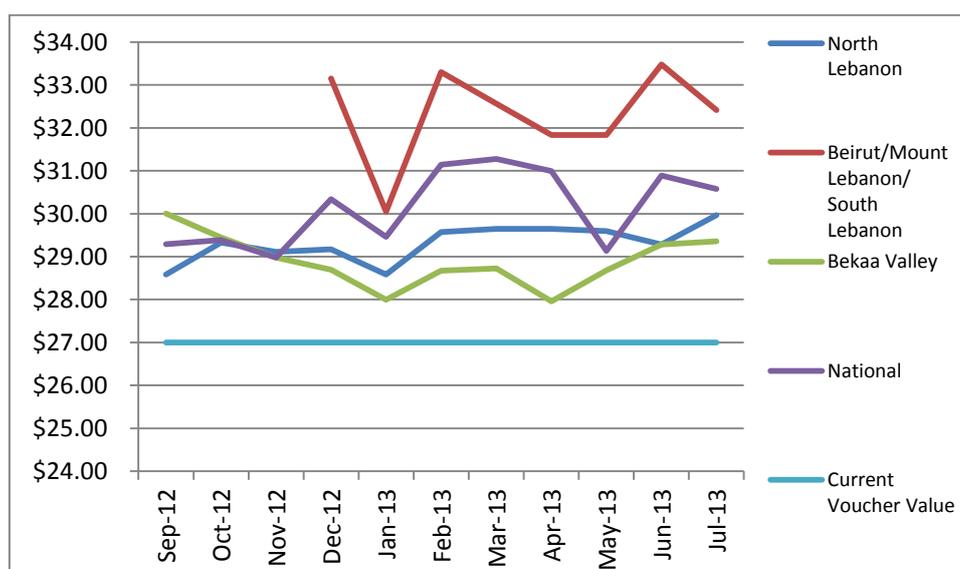


Figure 2. WFP basket value evolution from September 2012 to July 2013-Regional Analysis

III. Market Monitoring

1. January to July 2013

- According to price monitoring activities conducted by WFP from January to July 2013, the price of the monitored basket has been **decreasing** as seen in Figure 6. There was a significant price decrease in May (-5%) and the price of the basket stabilised across June (0%) and July (-1%) according to Figure 7.

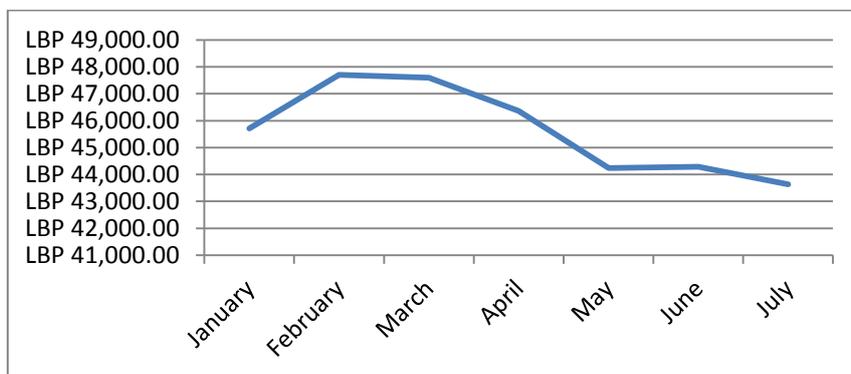


Figure 6. Price of the WFP monitoring basket from January to July 2013

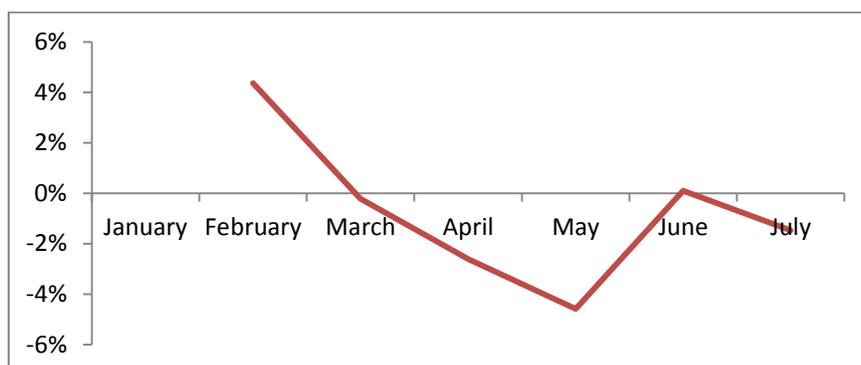


Figure 7. Price growth of the WFP monitoring basket from January to July 2013

- Prices remained the highest in Beirut, Mount Lebanon and South Lebanon, with prices on average 3% higher than in North Lebanon and 6% higher than in the Bekaa Valley. However, prices were decreasing in Beirut since January 2013 and seemed to be converging with prices from other regions according to Figure 8. Prices were the lowest in the Bekaa Valley and remained overall steady over the reporting period.

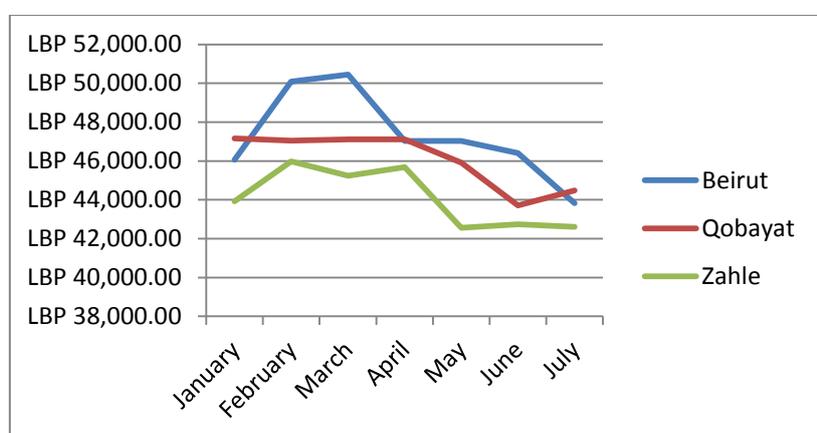


Figure 8. Basket trend broken down per sub-office from January to July 2013.

- Beirut, Jezzine, Alley Majdal Anjar, Bar Elias and Zahle were the most expensive locations in Lebanon particularly since they are important urban centers.

2. Non-WFP shops in the Bekaa Valley

June. As shown in Table 1, milk was 17% less expensive in WFP-contracted shops than in non-WFP-contracted shops and spaghetti was 32% cheaper as well. However, vegetable oil was on average 10% more expensive in WFP-contracted shops than in non-WFP contracted shops and bulgur was 6% more expensive. The overall price of the WFP food basket was 3% less expensive in WFP-contracted shops than in non-WFP contracted shops. Although 3% was not significant enough to draw any conclusions, a reason could be that WFP imposes stricter rules on pricing than other

shops in the area. Alternatively, increase in demand and associated increase in purchased supply, might have slightly driven some of the prices down.

July. As shown by Figure 4, bulgur was 15% less expensive in WFP-contracted shops than in non-WFP contracted shops, spaghetti and canned meat were 14% cheaper. Fresh commodities were more expensive in WFP-contracted shops than in non-WFP contracted shops. The price of the basket in WFP contracted shops was less than 1% lower than in non-WFP contracted shops in July.

	June	July
	%Change	% Change
Fresh Tomato	-44%	22%
Fresh Cucumber	-19%	5%
Fresh Eggs	-1%	0%
Powder Milk	-17%	-2%
Cheese	-1%	1%
Fresh Bread	3%	-1%
Veg. Oil	10%	2%
Rice	3%	2%
Bulgur Wheat	6%	-15%
Spaghetitis	-32%	-14%
White Beans	4%	3%
Canned Meat	0%	-9%
Canned Tuna	-1%	-4%
Sugar	2%	-4%
Basket	-3%	-0.4%

Table 1. Price difference between WFP and non-WFP shops in the Bekaa

3. Government of Lebanon

- The Government of Lebanon (GoL)'s consumer basket contains seven items similar to the WFP basket: sugar, tomato, cucumber, white beans, Egyptian rice; eggs and powdered milk (Nido).

- Overall, prices monitored by WFP in June and July were lower than prices monitored by the GoL, except for powdered milk as shown by Figure 9. The overall trend of prices monitored by the GoL revealed a significant increase in the price of white beans (13%), sugar (7%) and Egyptian rice (10%). Yet there was only small increases in the prices of white beans (3%), sugar (4%) and a noticeable increase in rice (7%) in WFP shops. It is worth noting that GoL price collection primarily focuses on the capital city, Beirut, where prices are usually higher, the choice of brands is more important and the shops were larger compared to shops in areas further away.³

³ Government of Lebanon, Ministry of Economy and Trade. Retrieved from: <http://www.economy.gov.lb/index.php/subCatInfo/2/39/10/4>

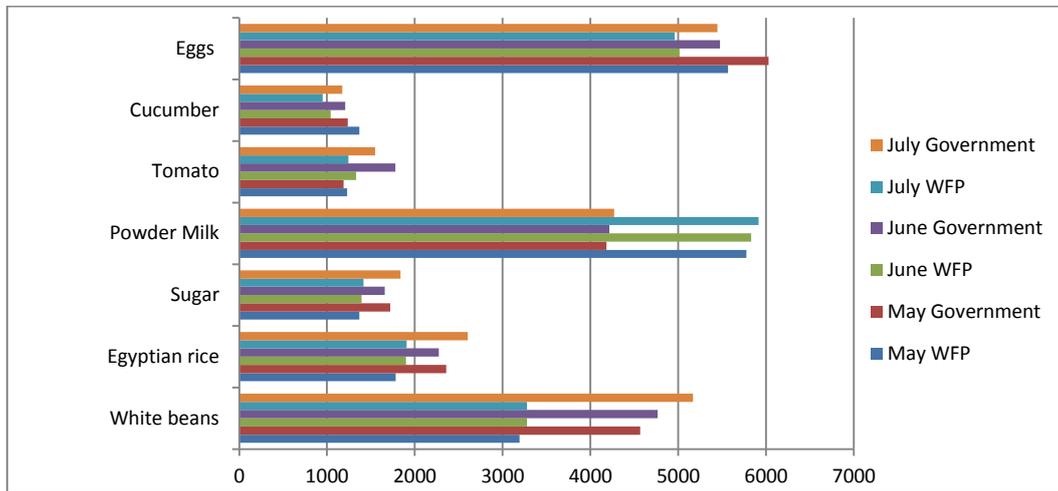


Figure 9. Price comparison between WFP and the Government of Lebanon from May to July 2013

4. Commodities Tracking

- Overall, commodity prices remained stable across Lebanon over the reporting period. Marked increases were reported in the prices of rice (+6.8%), spaghetti (+5.8%) and canned meat (+8%). In **North Lebanon**, price fluctuation was highest for powdered milk (+5.1%), whereas other commodity prices remained stable. In **Beirut, Mount Lebanon and South Lebanon**, price fluctuation was highest for Egyptian rice (+8.7%), spaghetti (+15.6%), white beans (-11%), and canned tuna (+9%). In the **Bekaa Valley**, the only price fluctuation was for white beans (+6.2%) over the reporting period.

- Over the past six months, price decrease was most significant for vegetable oil (-7%) and sugar (-8.1%). On the other hand, prices increased for spaghetti (+8%), white beans (+8.4%) and canned beef (+8.5%). In **North Lebanon**, the price of white beans increased by 10.9%. In **Beirut, Mount Lebanon and South Lebanon**, prices decreased for vegetable oil (-12%) and increased for rice (+10.5%), bulgur (+10.8%), spaghetti (-12.9%), canned meat (+10.4%) and canned tuna (+13.1%). The price of sugar decreased by 11.4%. Commodity prices are more volatile in Beirut, Mount Lebanon and South Lebanon, potentially because of the higher heterogeneity of the three regions encompassed in this sub-office. In the **Bekaa Valley** price increase was most significant for spaghetti (+7.2%), white beans (+12.4%) and canned meat (+18.3%). The price of canned tuna has decreased (-5.6%) and so has the price of sugar (-8.1%).

-The price of white beans has increased over the past six months. The price of canned meat, spaghettis, canned tuna and oil have also fluctuated significantly in the past three to six months. This could be partly explained by the fact that many brands and formats exist for these commodities and it is often difficult to find the same brand across Lebanon. Therefore, monitors are forced to make substitution in the best way they can, choosing different brand and weight (bringing down to the standard one).

- Table 3 summarizes the price growth over the past three and six months. Red arrows show increases superior 5% or decreases below 5%.

Area	Commodities	May-July Average	Price Change (%)	
			May to July	January to July
NORTH LEBANON	Fresh Bread	1984	→	→
	Powdered Milk 400g	5749	↑	→
	Processed Cheese (Picon)	1984	→	→
	Veg. Sunflower Oil (5L)	15425	→	→
	Rice (Egyptian) 1Kg	1791	→	→
	Bulgur Wheat 1Kg	1741	→	↑
	Spaghetti 300g	619	→	→
	White Beans 1Kg	3203	→	↑
	Canned Beef Meat 200g	1774	→	→
	Canned Tuna 160g	2139	→	→
	Sugar 1Kg	1374	→	→
BEIRUT, MOUNT LEBANON, SOUTH LEBANON	Fresh Bread	1524	→	→
	Powdered Milk 400g	5725	→	→
	Processed Cheese (Picon)	1961	→	→
	Veg. Sunflower Oil (5L)	14868	→	↓
	Rice (Egyptian) 1Kg	2013	↑	↑
	Bulgur Wheat 1Kg	1867	→	↑
	Spaghetti 300g	764	↑	↑
	White Beans 1Kg	3421	↓	→
	Canned Beef Meat 200g	1926	→	↑
	Canned Tuna 160g	1931	↑	↑
	Sugar 1Kg	1494	→	↓
BEKAA VALLEY	Fresh Bread	1446	→	→
	Powdered Milk 400g	6070	→	↑
	Processed Cheese (Picon)	2021	→	→
	Veg. Sunflower Oil (5L)	13211	→	→
	Rice (Egyptian) 1Kg	1829	→	→
	Bulgur Wheat 1Kg	1653	→	→
	Spaghetti 300g	747	→	↑
	White Beans 1Kg	3362	↑	↑
	Canned Beef Meat 200g	1566	↑	↑
	Canned Tuna 160g	1965	→	↓
	Sugar 1Kg	1386	→	↓

Table 3. Price Growth Summary in 2013

ANNEX I. WFP Basket tracking- September 2012 to July 2013

	Veg.Sunflow er Oil VC	Rice VC	Bulgur VC	Pasta VC	Pulse VC	Canned Meat VC	Sugar VC	Ration cost per day (LBP)	Ration cost per day (USD)	Basket Cost without fresh food(USD)	Fresh items Additional Cost (10%of	Voucher Value (with 10% of basket cost)
Sep-12	LBP 93.62	LBP 366.71	LBP 210.93	LBP 118.36	LBP 132.69	LBP 334.93	LBP 74.20	LBP 1,331.45	\$ 0.89	\$ 26.63	\$ 2.66	\$ 29.29
Oct-12	LBP 95.24	LBP 368.91	LBP 214.61	LBP 110.12	LBP 138.02	LBP 334.38	LBP 74.59	LBP 1,335.87	\$ 0.89	\$ 26.72	\$ 2.67	\$ 29.39
Nov-12	LBP 94.40	LBP 360.22	LBP 210.55	LBP 106.49	LBP 138.82	LBP 332.86	LBP 73.79	LBP 1,317.12	\$ 0.88	\$ 26.34	\$ 2.63	\$ 28.98
Dec-12	LBP 99.57	LBP 378.73	LBP 216.23	LBP 114.89	LBP 150.33	LBP 334.59	LBP 84.73	LBP 1,379.08	\$ 0.92	\$ 27.58	\$ 2.76	\$ 30.34
Jan-13	LBP 95.55	LBP 368.22	LBP 213.32	LBP 110.48	LBP 148.00	LBP 326.51	LBP 76.93	LBP 1,339.01	\$ 0.89	\$ 26.78	\$ 2.68	\$ 29.46
Feb-13	LBP 100.76	LBP 383.14	LBP 227.68	LBP 122.07	LBP 164.00	LBP 341.13	LBP 76.76	LBP 1,415.54	\$ 0.94	\$ 28.31	\$ 2.83	\$ 31.14
Mar-13	LBP 98.78	LBP 379.90	LBP 233.98	LBP 132.84	LBP 166.61	LBP 334.15	LBP 75.44	LBP 1,421.71	\$ 0.95	\$ 28.43	\$ 2.84	\$ 31.28
Apr-13	LBP 92.63	LBP 385.80	LBP 229.00	LBP 126.00	LBP 172.03	LBP 328.70	LBP 74.50	LBP 1,408.65	\$ 0.94	\$ 28.17	\$ 2.82	\$ 30.99
May-13	LBP 95.36	LBP 356.88	LBP 221.43	LBP 112.47	LBP 159.73	LBP 310.17	LBP 68.36	LBP 1,324.40	\$ 0.88	\$ 26.49	\$ 2.65	\$ 29.14
Jun-13	LBP 97.07	LBP 379.80	LBP 230.41	LBP 123.64	LBP 163.83	LBP 339.67	LBP 69.63	LBP 1,404.06	\$ 0.94	\$ 28.08	\$ 2.81	\$ 30.89
Jul-13	LBP 93.78	LBP 381.28	LBP 226.20	LBP 119.05	LBP 163.86	LBP 334.97	LBP 70.85	LBP 1,390.00	\$ 0.93	\$ 27.80	\$ 2.78	\$ 30.58

ANNEX II. Voucher Definition August 2012

- The WFP voucher value was calculated at a value of \$27 per person and per month based on prices collected in August 2012

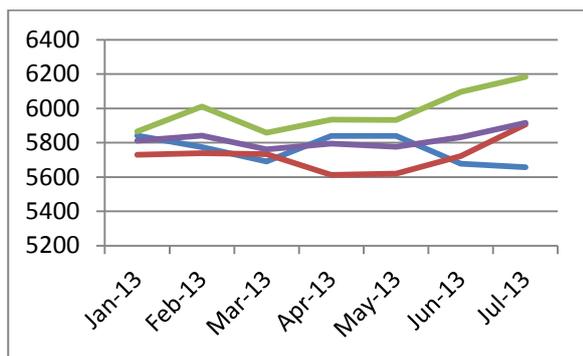
. It was calculated so as to provide 2,100 kilocalories (Kcal) per day and per person with basic, affordable and readily available commodities on the Lebanese market. Table 1 shows the detailed breakdown. The WFP basket monitored on a monthly basis is based on this calculation.

- WFP is tracking the price evolution of the WFP Basket used to determine the value of its voucher in Lebanon. The only commodity present in the original basket not monitored on a monthly basis is salt which represents a very small share of the expenditure.

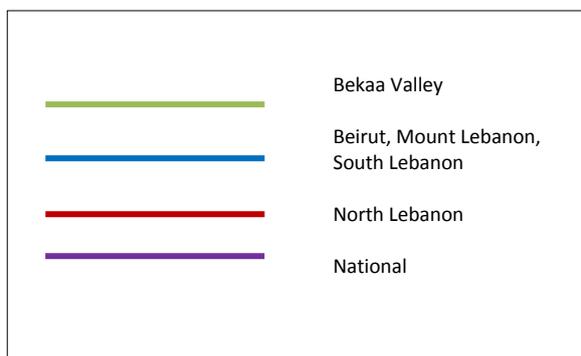
Commodity	Price (USD/kg)	Ration (Kg/day/person)	Kcal
Medium Grain Rice	0.2	0.20	498.00
Bulgur	0.1	0.13	455.00
Pasta	0.1	0.05	174.00
Pulses	0.1	0.05	178.50
Sugar	0.0	0.05	200.00
Sunflower Oil	0.1	0.03	293.70
Iodized Salt	0.0	0.01	0.00
Canned Meat	0.3	0.04	83.60
Total	0.8	0.56	1883
Monthly value	24.8	16.68	-
Additional 10% for dairy products and vegetables (Monthly)	2.5	1.67	6,510
Total Value (Monthly)	27.2	18.35	2100*30

Table 1. Voucher Value calculation (June 2012)

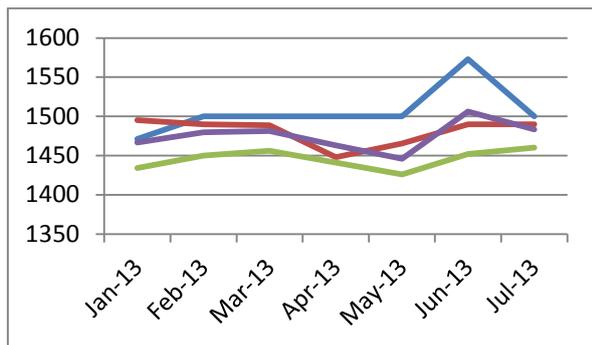
ANNEX III. Price trends by commodity from January to July 2013 in LBP



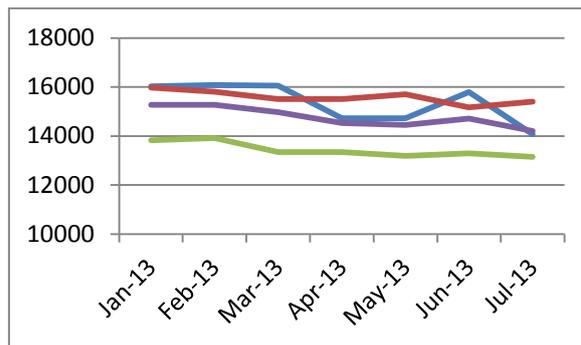
Powder Milk



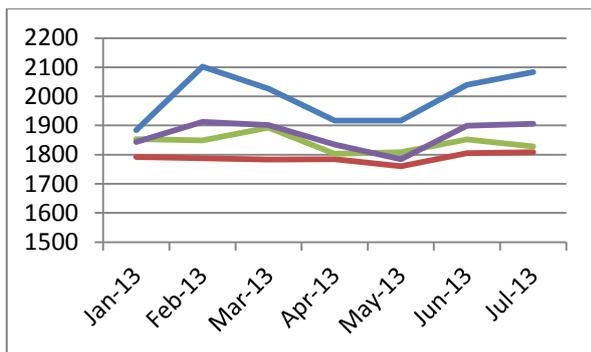
Legend



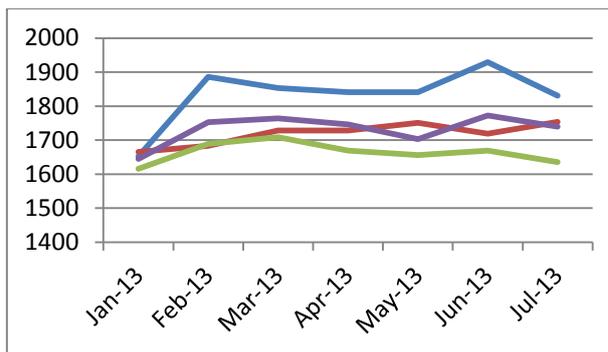
Fresh Bread



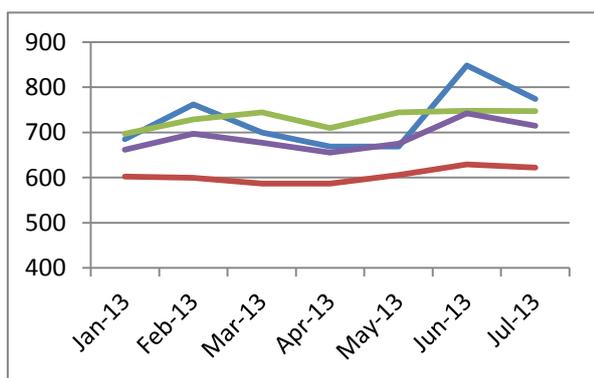
Vegetable Sunflower Oil



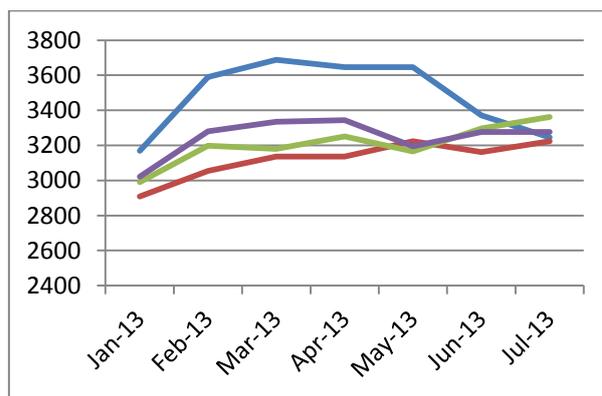
Egyptian Rice



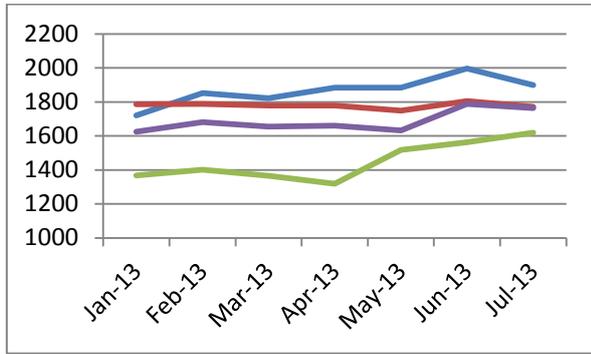
Bulgur Wheat



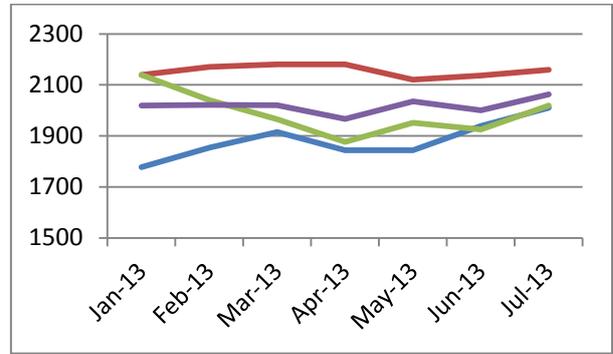
Spaghetti



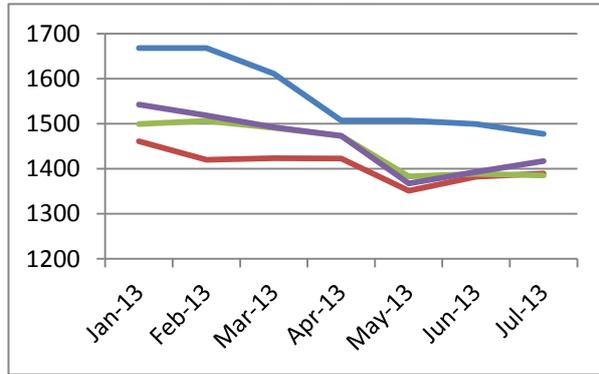
White Beans



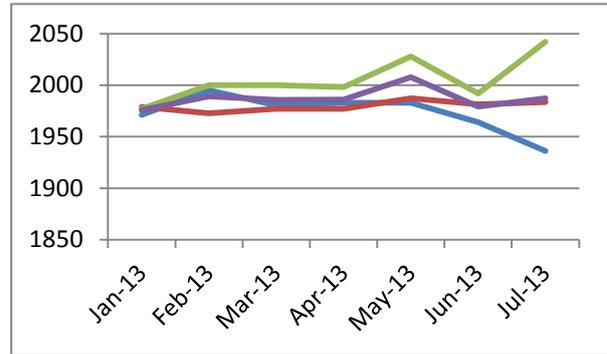
Canned Beef Meat



Canned Tuna



Sugar



Processed Cheese



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