



Lebanon

Price Monitoring Report-August-December 2013

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 August to December 2013. This report discusses price trends, 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 US\$ 31.54 as of December 2013.
- As of December 2013, the total price of the WFP monitored food basket has increased by 4% so compared to a year ago.
- Overall, commodity prices remained stable across Lebanon over the reporting period, with some specific exceptions
- Prices that fluctuated the most were: white beans (+15%), canned tuna (+8%) and canned meat (+8%).
- No significant price variations were recorded between shops in the same region.

I. Background

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 (BMS) and the Bekaa Valley. WFP is implementing its voucher operations through six partners: the Danish Refugee Council (DRC), Action Contre la Faim (ACF), Premiere Urgence (PU), World Vision (WV), InterSOS and Save the Children International. As part of the project implementation activities, shops were contracted in locations where high numbers of the refugees are residing. 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.

Through the voucher/E-Card programme, 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.

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 (BMS) started in December 2012.

II. Objective and Methodology

1. Objectives

-The main goal of WFP's price monitoring are:

- To track the value of the WFP food basket
- Evaluate the impact of WFP activities on local prices
- Detect any inflation that could affect beneficiaries.

2. Methodology

a) Data collection

Source of Information. WFP monitors 100% of its shops in each region quarterly. In December 2013, WFP had 251 shops contracted.

Frequency. WFP and partners field monitors are collecting data on a monthly basis, as part of their monthly shop monitoring activities. Monitoring is conducted during the last week of the month. This is important for consistency of the results and to avoid any time bias, to monitor each shop at the same time every month (e.g. fourth week of the month) and ideally, at the same time of the day.

Basket. WFP's monitored basket is composed of 19 items, inclusive of the WFP Food Basket and the Minimum Food Expenditure Basket: lemon, lettuce, white beans, lentils, bulgur, chickpeas, canned meat, canned tuna, canned sardines, processed cheese, eggs, bread, sugar, salt, vegetable oil, tomato paste, cabbage, spaghettis, powder milk. 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. Brands were selected based on preferences reported by Syrian refugees and availability in all shops for comparison purposes. Out of a total of 223 evaluated brands and packaging sizes/weights for the key commodities, 43 brands were selected for regular monitoring.

Price labelling. WFP shops have to label all prices either on the items or on the shelves. A team of two monitors goes to each shop, one conducts the shop-owner interview while the other checks prices and overall state of the shop.

b) Analysis

-WFP is tracking the value of two baskets:

- The **WFP food basket** which determines the value of the WFP voucher (see Annex II) and represents the minimum amount money to cover 2100 kilocalories and minimum macronutrient requirements
- **The Minimum Food Expenditure Basket (MFEB)** which represents the minimum amount of money the refugees need to spend in order to cover all macronutrient and most of micronutrient requirements (see Annex III). Analysis for the MFEB cover the last four months of 2013 as data collection for some of the items (lemon, lettuce) only started in September 2013.

-WFP is also tracking individual commodities prices.

-The analysis is done at the national level and disaggregated at the sub-office level. WFP is analysing price trends over three months, six months and a year.

-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.

c) Secondary Data Review

To provide an overview of the last findings on markets in Lebanon and the impact on the population, a secondary literature and data review is included in the results under the header of “Broader economic conditions”. In the present issue August-December 2013, 2 main sources of information have been considered: the World Bank and UN Development Programme (UNDP) report on the “Economic Impact of the Syrian crisis in Lebanon”, published in October 2013 and, the Centre for Statistics Research (CAS) monthly economic report.

3. Limitations

-The changes on monthly prices 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, due to variations on brands or unit weight, the interpretation of any single commodity’s monthly price evolution is limited and rather it is recommended general observations based on the average prices of the monitored basket between areas and longer time periods. Results are based on WFP contracted shops and therefore the extrapolation to non-WFP-contracted shops is limited.



In December 2013, WFP had 251 shops contracted as part of its E-Card programme.

III. Secondary data review: Broader Economic Conditions

- In September 2013, the World Bank published a report on the economic impact of the Syrian Crisis in Lebanon¹. The report shows that the impact of the crisis has been large, negative and rapidly increasing. They estimate the lost in GDP at US\$ 2,500 million in 2013 and the loss in fiscal revenues (economic output) is close to US\$ 500 million. Predictions for 2014 establish the lost in GDP at US\$3,800 million and a loss in fiscal revenues of US\$780 million. Two main areas are of concern: the direct impact of the crisis on the Government of Lebanon's budget mainly due the increased demand for public services (electricity, water...) and second, the depreciation in infrastructures also due to the pressure on public services.
- As far as the impact on food is concerned, the report emphasizes three points:
 - The impact of the crisis on the trade sector affecting goods and services, particularly food products. In 2012 Lebanon has become a net exporter of food products to Syria causing prices to go up in Lebanon for some staples such as wheat flour. However, although Syrian conflict is expected to exert upward pressure on Lebanon's domestic prices, especially on food and rents, existing data do not yet show such pressures.
 - Domestic price pressures are being observed for grains and flours due to a surge in Syrian demand for these staple goods.
 - These observations have important welfare implications particularly for the poorer households in Lebanon. Increases in food staples prices are immediately translated into substantial losses of purchasing power for poor households who are net food consumers. This is expected to have a larger impact in rural areas where a larger proportion of households are involved in agricultural activities. Additionally, the report also highlights a negative economic impact of the refugee crisis caused by a reduction of employment opportunities and higher rental costs.
- In the second half of 2013, the Centre for Statistics Research (CAS) calculated a 3% inflation from December 2012 to December 2013 for food and beverages². This is in line with findings from WFP price monitoring. The Price Index has increased by 3% -from 137.2 to 142 LBP- from July to December 2013 for food and beverage, showing a slight increase in price levels at the end of 2013³.

¹ http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/09/24/000333037_20130924111238/Rendered/PDF/810980LB0box379831B00P14754500PUBLIC0.pdf

² <http://www.cas.gov.lb/index.php/en/economic-statistics-en/cpi-en#cpireults>

³ http://www.cas.gov.lb/images/PDFs/cpi_july_2013.pdf

IV. Results

1. WFP Food Basket

-The value of WFP food basket ranged from US\$ 30.68 in October to US\$31.54 in December 2013 according to Figure 1. Values ranged from US\$30.12 (North Lebanon, October 2013) to US\$32.52 (BMS, December 2013).

-The value of the WFP basket increased by 2% from August to December 2013 and by 4% from December 2012 to December 2013. This is comparable to the figures found by the Lebanese Centre for Statistics Research (CAS). At regional level, the price of the WFP food basket increased by 4% in the Bekaa and 2% in North Lebanon and 4% in BMS over the reporting period. Compared to same time last year, the price of the WFP basket has increased by 7% in the Bekaa and 6% in North Lebanon while it has decreased by 2% in BMS.

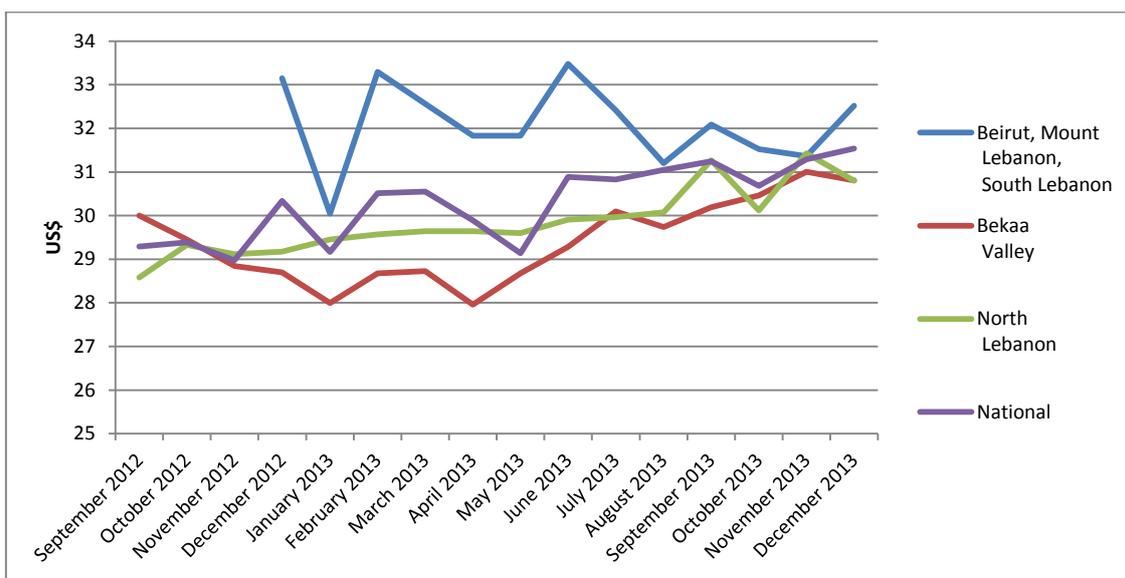


Figure 1. WFP Food basket value by month from September 2012 to December 2013-National average.

2. Minimum Food Expenditure Basket

From September to December 2013, the Minimum Food Expenditure Basket has increased by only 1% from US\$ 34.37 in December 2013 as compared to US\$ 34.04 in September 2013 according to Figure 2. The trend in the price of the MFEB is similar to the price trend of the WFP voucher as both baskets contain the same dry items, which accounts for the majority of the basket prices. Whereas in the WFP basket, the share of fresh items is 10% of the dry share and accounted for US\$ 2.83 in December 2013, the fresh items in the MFEB accounted for US\$ 3.43. Figure 3 compares the change in prices during the last quarter of 2013.

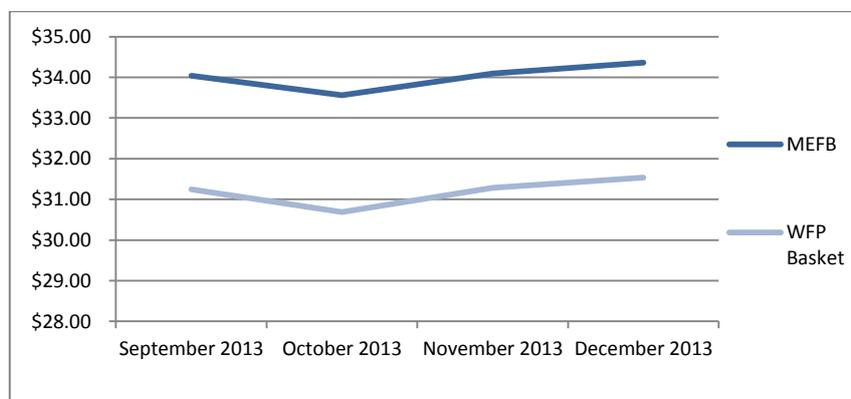


Figure 2. Minimum Food Expenditure Basket and WFP Food Basket s from September to December 2013

-Figure 3 shows the percentage change in the value of the WFP Food Basket and the MFEB. While the value of the basket has remained stable across the reporting period, there are some slight variations in October and November 2013.

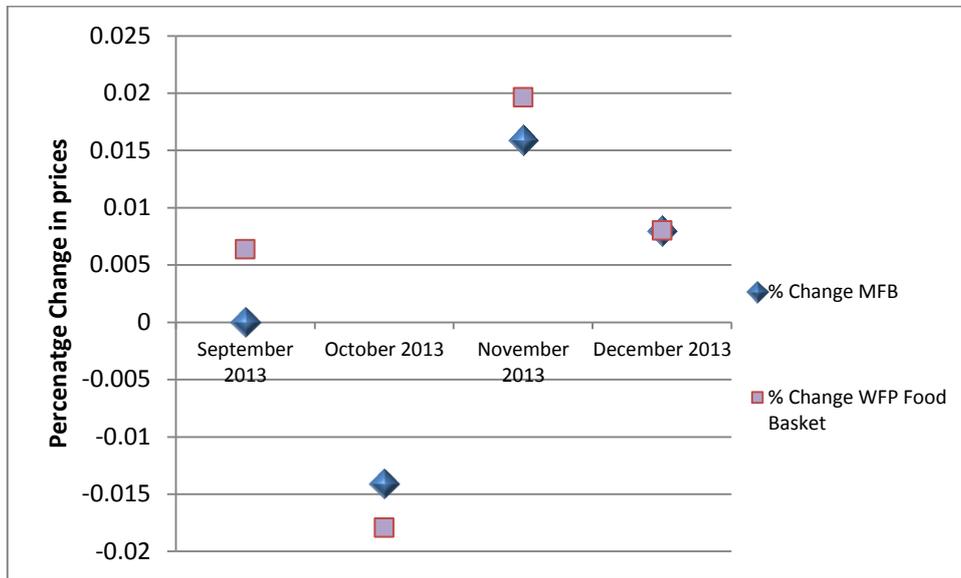


Figure 3. Percentage change in prices From September to December 2013

3. Commodity Price Tracking

Overall, commodity prices remained stable across Lebanon over the reporting period. Marked increases were reported in the prices of white Beans (+16%), canned tuna (+11%) according to Table 1. The large difference in prices from one brand to the other, could explain the high variability of monitored price for white beans canned tuna depending on brand availability at shops being monitored. In all three sub-offices, price fluctuation was highest for White Beans (+7% in North Lebanon and the Bekaa Valley, +15% in BMS), Canned Meat (+11% in North Lebanon and the Bekaa Valley and +6% in BMS) and Canned Tuna (+14% in North Lebanon and the Bekaa Valley and +8% in BMS), whereas other commodity prices remained stable. Figure 3 to 13 below shows the price trend of individual commodities monitored by WFP from September 2012 to December 2013.

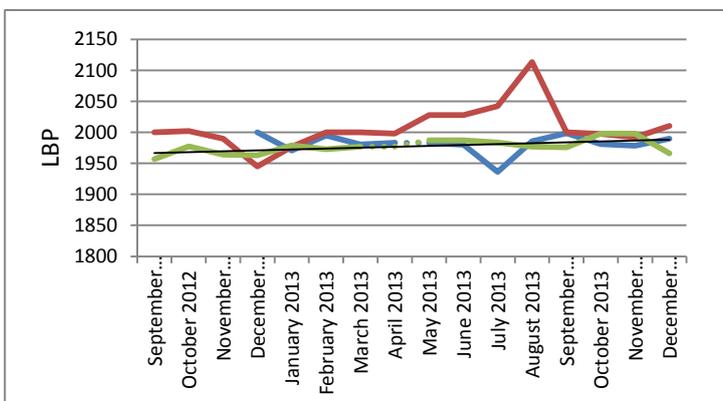
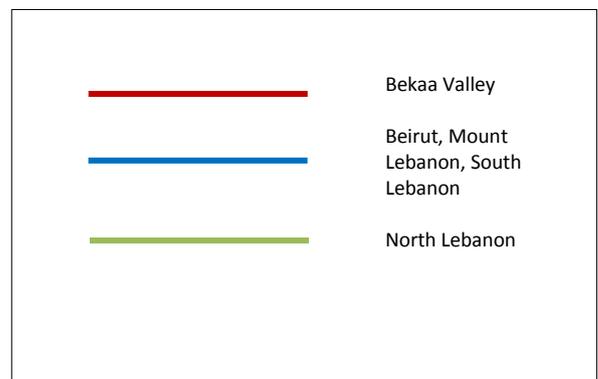


Figure 3. Picon Cheese



Legend

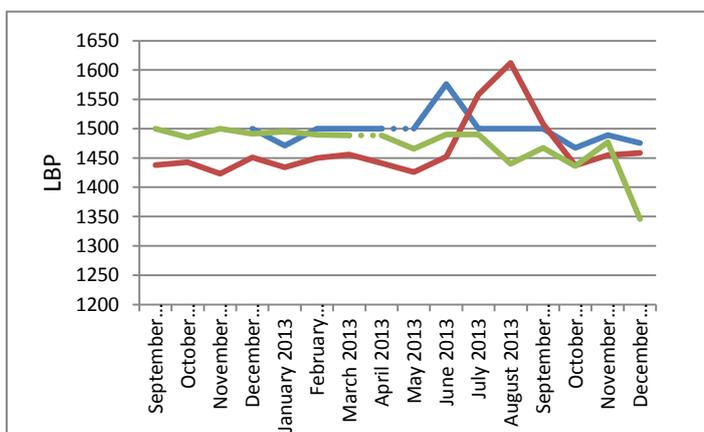


Figure 4. Fresh Bread

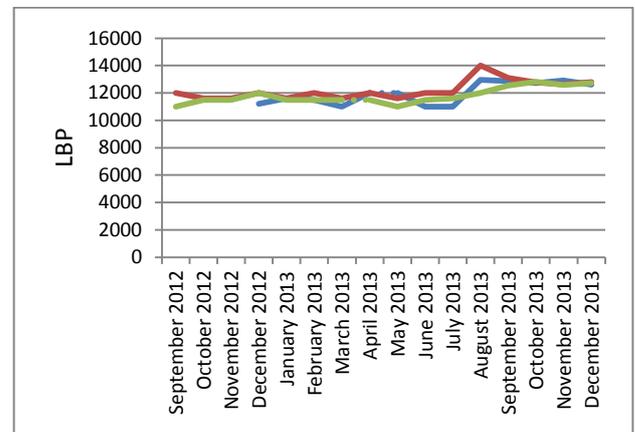


Figure 5. Powder Milk

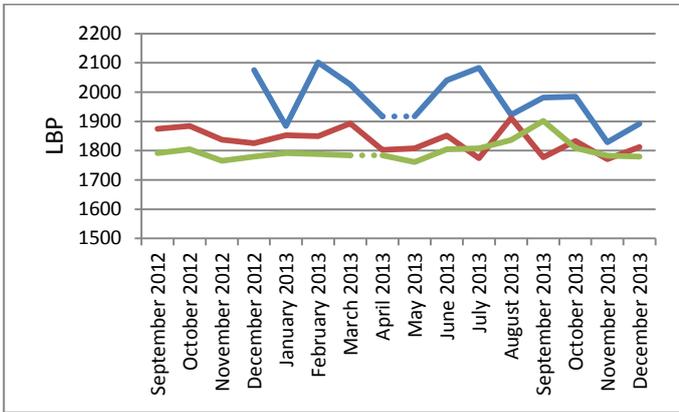


Figure 6. Egyptian Rice

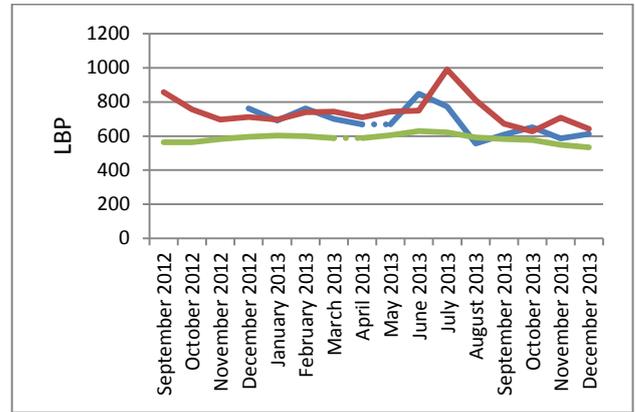


Figure 7. Spaghetti

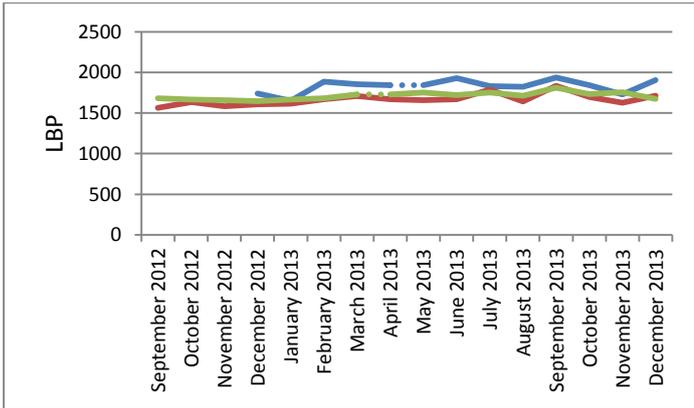


Figure 8. Bulgur

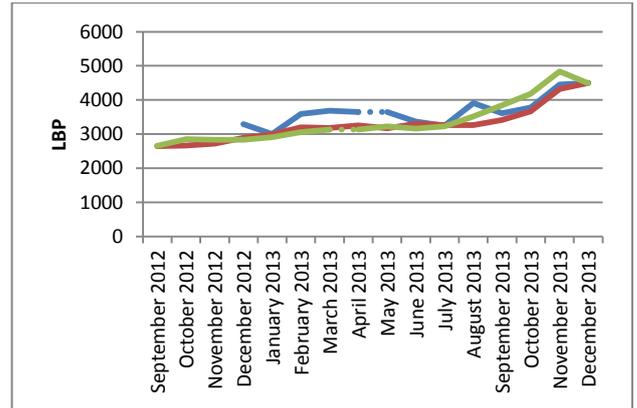


Figure 9. White Beans

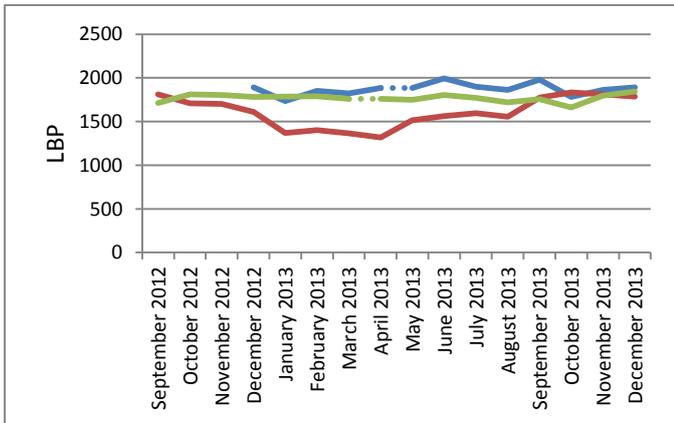


Figure 10. Canned Beef Meat

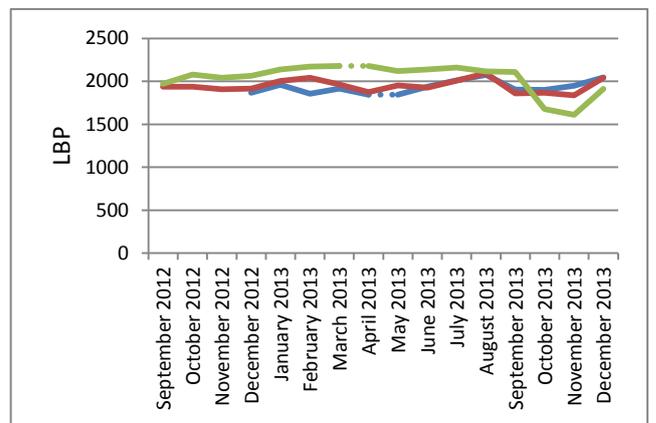


Figure 11. Canned Tuna

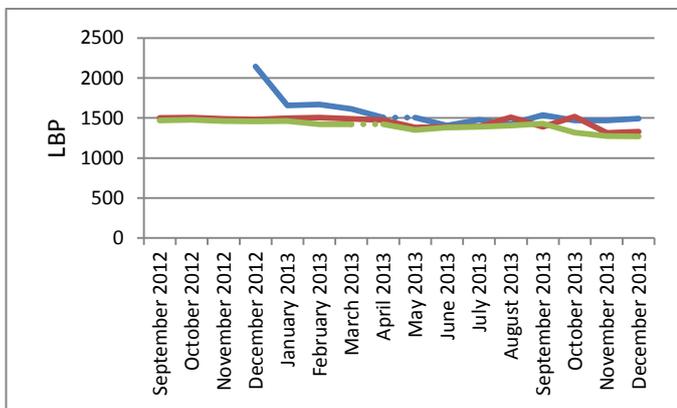


Figure 12. Sugar

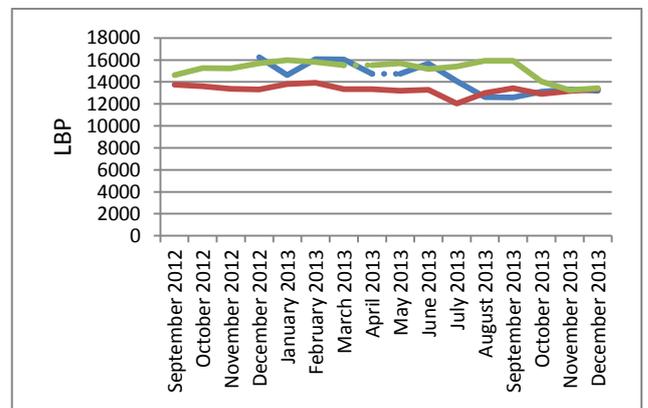


Figure 13. Vegetable oil

Area	Commodities	Price Change (%)		
		3 months	6 months	1 year
NORTH LEBANON	Fresh Bread	↓	↓	→
	Powdered Milk 400g	→	↑	↑
	Processed Cheese (Picon)	→	→	→
	Veg. Sunflower Oil (5L)	→	↓	↓
	Rice (Egyptian) 1Kg	→	→	↓
	Bulgur Wheat 1Kg	→	→	→
	Spaghetti 300g	↓	↓	↓
	White Beans 1Kg	→	↑	↑
	Canned Beef Meat 200g	↑	→	↑
	Canned Tuna 160g	↑	↓	→
	Sugar 1Kg	↑	↓	↓
	Sardines	→	-	-
	Lentils	↓	-	-
	Salt	↑	-	-
	Tomato paste	↓	-	-
BEIRUT, MOUNT LEBANON,	Fresh Bread	→	→	→
	Powdered Milk 400g	→	↑	↑
	Processed Cheese (Picon)	→	→	→
	Veg. Sunflower Oil (5L)	→	↓	↓
	Rice (Egyptian) 1Kg	→	↓	→
	Bulgur Wheat 1Kg	→	→	↑
	Spaghetti 300g	↓	↓	↓
	White Beans 1Kg	↑	↑	↑
	Canned Beef Meat 200g	↑	→	→
	Canned Tuna 160g	↑	→	↑
	Sugar 1Kg	→	→	↓
	Sardines	→	-	-
	Lentils	↓	-	-
	Salt	↑	-	-
	Tomato paste	↓	-	-
BEKAA VALLEY	Fresh Bread	↓	↓	↑
	Powdered Milk 400g	→	↑	↑
	Processed Cheese (Picon)	→	→	→
	Veg. Sunflower Oil (5L)	→	↑	↓
	Rice (Egyptian) 1Kg	→	→	→
	Bulgur Wheat 1Kg	↑	→	↑
	Spaghetti 300g	↓	↓	↓
	White Beans 1Kg	↑	↑	↑
	Canned Beef Meat 200g	↑	↑	→
	Canned Tuna 160g	↑	→	↑
	Sugar 1Kg	→	→	↓
	Sardines	→	-	-
	Lentils	↓	-	-
	Salt	↑	-	-
	Tomato paste	↑	-	-

Arrow	Legend
→	-5%≤Price increase≤ 5%
↑	Price increase > 5%
↓	Price Increase <-5%

Table 1. Price Growth Summary in 2013- Table 1 summarizes the price growth over the past three and six months. Red arrows show increases superior to 5% and green arrow a decrease larger than 5%.

V. Discussion

- Price monitoring in WFP shops in Lebanon shows an increase of 2% from August to December 2013 which is lower than the yearly inflation (+4%).
- Price monitoring shows an increase in the price of white beans in all three regions, as well as an increase in the price of bulgur in the Bekaa Valley and BMS. Post distribution monitoring shows that the consumption of cereals has decreased from September to December 2013 from 4 days a week to 3 days a week (excluding bread and pasta consumption). In particular, in BMS and Bekaa the frequency of consumption of cereals (excluding bread and pasta) decreased. In BMS the consumption of pulses has decreased from 3 to 2 times a week from September to December 2013. Interestingly, this is also where the increase in the price of the WFP voucher is most noticeable (+4%).

Possible Implications

This increase in the price of the WFP vouchers has possible implications for food security of refugees as it is likely to alter their purchasing power. Post-distribution monitoring from September to December 2013 shows an increase in the food-consumption-based coping strategies applied by refugees since July 2013. In particular, monitoring shows an increase in number of households reporting limiting portions size (+30%), relying on cheaper/lesser quality food (+53%), and reducing the number of meals eaten per day (+33%). Post-distribution monitoring also shows an increase in beneficiaries reporting spending savings and buying food on credit. During the reporting period, there was also an increase in the number of beneficiaries not being able to apply coping strategies because they have already exhausted this option: sell household goods (+5%) and sell productive assets (+2.7%). These increases in coping strategies could also be partly the result of an increase in the cost of living



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ANNEX I. WFP Food Basket tracking- September 2012 to December 2013

Table 1 shows the breakdown of the price of the WFP Food basket used to calculate the value of the WFP voucher.

	Oil	Rice	Bulgur	Pasta	Pulse	Meat	Sugar	Salt	Basket monthly	Fresh items	WFP Basket
September 2012	\$ 0.06	\$ 0.24	\$ 0.14	\$ 0.08	\$ 0.09	\$ 0.22	\$ 0.05	\$ -	\$ 26.63	\$ 2.66	\$ 29.29
October 2012	\$ 0.06	\$ 0.25	\$ 0.14	\$ 0.07	\$ 0.09	\$ 0.22	\$ 0.05	\$ -	\$ 26.72	\$ 2.67	\$ 29.39
November 2012	\$ 0.06	\$ 0.24	\$ 0.14	\$ 0.07	\$ 0.09	\$ 0.22	\$ 0.05	\$ -	\$ 26.34	\$ 2.63	\$ 28.98
December 2012	\$ 0.07	\$ 0.25	\$ 0.14	\$ 0.08	\$ 0.10	\$ 0.22	\$ 0.06	\$ -	\$ 27.58	\$ 2.76	\$ 30.34
January 2013	\$ 0.07	\$ 0.25	\$ 0.14	\$ 0.07	\$ 0.10	\$ 0.21	\$ 0.05	\$ -	\$ 26.51	\$ 2.65	\$ 29.16
February 2013	\$ 0.07	\$ 0.26	\$ 0.15	\$ 0.08	\$ 0.11	\$ 0.21	\$ 0.05	\$ -	\$ 27.74	\$ 2.77	\$ 30.51
March 2013	\$ 0.07	\$ 0.25	\$ 0.15	\$ 0.08	\$ 0.11	\$ 0.21	\$ 0.05	\$ -	\$ 27.77	\$ 2.78	\$ 30.55
April 2013	\$ 0.06	\$ 0.25	\$ 0.15	\$ 0.08	\$ 0.11	\$ 0.20	\$ 0.05	\$ -	\$ 27.18	\$ 2.72	\$ 29.89
May 2013	\$ 0.06	\$ 0.24	\$ 0.15	\$ 0.07	\$ 0.11	\$ 0.21	\$ 0.05	\$ -	\$ 26.49	\$ 2.65	\$ 29.14
June 2013	\$ 0.06	\$ 0.25	\$ 0.15	\$ 0.08	\$ 0.11	\$ 0.23	\$ 0.05	\$ -	\$ 28.08	\$ 2.81	\$ 30.89
July 2013	\$ 0.06	\$ 0.25	\$ 0.16	\$ 0.09	\$ 0.11	\$ 0.22	\$ 0.05	\$ -	\$ 28.02	\$ 2.80	\$ 30.83
August 2013	\$ 0.06	\$ 0.26	\$ 0.16	\$ 0.06	\$ 0.13	\$ 0.23	\$ 0.05	\$ -	\$ 28.22	\$ 2.82	\$ 31.05
September 2013	\$ 0.07	\$ 0.25	\$ 0.16	\$ 0.07	\$ 0.13	\$ 0.23	\$ 0.05	\$ -	\$ 28.37	\$ 2.84	\$ 31.24
October 2013	\$ 0.06	\$ 0.25	\$ 0.15	\$ 0.07	\$ 0.13	\$ 0.22	\$ 0.05	\$ -	\$ 27.89	\$ 2.79	\$ 30.68
November 2013	\$ 0.06	\$ 0.24	\$ 0.15	\$ 0.07	\$ 0.15	\$ 0.23	\$ 0.05	\$ -	\$ 28.44	\$ 2.84	\$ 31.29
December 2013	\$ 0.06	\$ 0.25	\$ 0.15	\$ 0.07	\$ 0.15	\$ 0.23	\$ 0.05	\$ 0.01	\$ 28.67	\$ 2.87	\$ 31.54

Table 1. WFP Food Basket Calculation from September 2012 to December 2013

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.

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

Table 1. Voucher Value calculation (June 2012)

ANNEX III. Minimum Food Expenditure Basket- August 2013

The MFEB in Lebanon contains all items from the WFP Food Basket. The contribution of dairy products and vegetables have been translated into commodities (Table 2) based on population food preferences, nutrient value of the commodities and prices. The nutrient value of the basket is calculated using Nut Val.

Commodity	Ration (g)/day	Cost (LBP/ration size)
Medium Grain Rice	100	155
Bulgur	130	162.5
Pasta	50	75.5
pulses	60	145.8
Sugar	50	65
Sunflower Oil	33	82.5
Iodized Salt	5	2.585
Canned Meat	38	418
milk	20	296.875
Egg	20	84.8
bread	70	105
Lemon	30	30
Leaves	65	65
Total cost in LBP		1588.56 LBP
Total Cost in \$		1.06 \$

Table12. WFP Minimum Food Expenditure Basket as of August 2013

Nutritional Requirements. The MFEB meets energy, macronutrients and a mean probability of adequate nutrient intake (MPA) higher than 75% for most micronutrients but Riboflavin (63 %) (Figure 2). Micronutrients are dietary components, often referred to as vitamins and minerals, which although only required by the body in small amounts, are vital to development and disease prevention⁴. Deficiencies in micronutrients such as iron, iodine or vitamin A, can have important consequences such as anemia (iron deficiency), diarrhea and measles (vitamin A deficiency), goiters (iron deficiency).

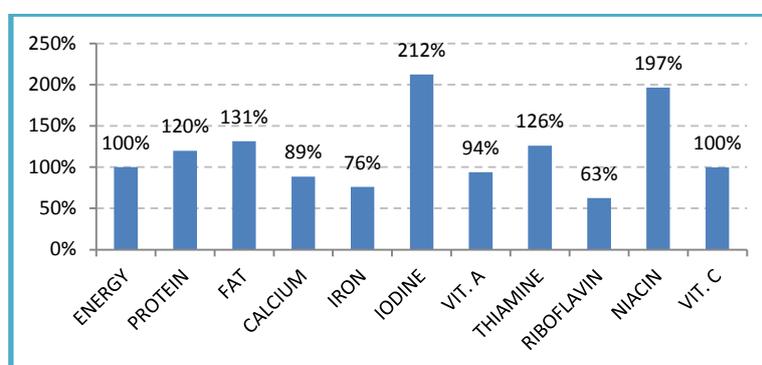


Figure 2. Nutritional coverage of the Minimum Food Expenditure Basket

-Table 2 shows the evolution of the price of MFEB at the end of 2013.

	Bread	Milk	Egg	Lettuce	Lemon	Salt	Oil	Rice	Bulgur	Pasta	Pulse	Meat	Sugar	MEFB
September 2013	\$ 0.77	\$ 1.87	\$ 0.15	\$ 0.16	\$ 0.35	\$ 0.01	\$ 0.07	\$ 0.25	\$ 0.16	\$ 0.07	\$ 0.13	\$ 0.23	\$ 0.05	\$ 34.04
October 2013	\$ 0.75	\$ 1.87	\$ 0.16	\$ 0.19	\$ 0.42	\$ 0.00	\$ 0.06	\$ 0.25	\$ 0.15	\$ 0.07	\$ 0.13	\$ 0.22	\$ 0.05	\$ 33.56
November 2013	\$ 0.77	\$ 1.85	\$ 0.16	\$ 0.21	\$ 0.46	\$ 0.00	\$ 0.06	\$ 0.24	\$ 0.15	\$ 0.07	\$ 0.15	\$ 0.23	\$ 0.05	\$ 34.09
December 2013	\$ 0.75	\$ 1.87	\$ 0.16	\$ 0.22	\$ 0.47	\$ 0.00	\$ 0.06	\$ 0.25	\$ 0.15	\$ 0.07	\$ 0.15	\$ 0.23	\$ 0.05	\$ 34.37

Table 2. Minimum Food Expenditure Basket- September to December 2013.

⁴ <http://www.cdc.gov/impact/micronutrients/>