



Lebanon

Price Monitoring Report- January to March 2014

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 during the months of January to March 2014. This report discusses the price trends in Lebanon, the value of the WFP voucher and any impact of WFP's activities on local prices.

Highlights

- The value of the WFP food basket was found to be US\$ 32.15 as of March 2014.
- As of March 2014, the total value of the minimum food expenditure basket (MFEB) was US\$ 35.66.
- Prices in Beirut, Mount Lebanon and South Lebanon continue to be higher than in the other areas of the country.
- Prices of staple food remained stable. Significant price variations were noticeable for white beans (+6%) and canned tuna (+8%) during the current monitoring cycle.

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 six partners: the Danish Refugee Council (DRC), Action Contre la Faim (ACF), Premiere Urgence (PU), World Vision (WV), InterSOS and Save the Children International 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 March 2014, WFP had contracted 282 shops.

Over the reporting period, all 282 shops were monitored for prices at least once. No significant price variations were recorded between shops in the same region.

I. Background

The **World Food Programme (WFP)** and its partners the Danish Refugee Council (DRC), World Vision International (WVI), Action contre la Faim (ACF), Premiere Urgence (PU), InterSOS and Save the Children International are implementing a e-card/voucher programme under the framework of its Emergency Operation "Food assistance to vulnerable Syrian populations in Lebanon affected by the events in Syria".

Each targeted Syrian refugee household **registered with the United Nations High Commissioner for Refugees (UNHCR)** receives an E-Card uploaded monthly with an entitlement of US\$ 30 per household member. These E-Cards can be redeemed in shops selected by WFP and its partners in near proximity to the location of refugees.

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 assistance programme in the Bekaa Valley and North Lebanon. Price collection in South Lebanon, Mount Lebanon and Beirut (BMS) started in December 2012.

The goal of the shop monitoring is to survey the cost of the WFP food basket, to track the impact of WFP's activities on local prices, and to detect any inflation that could affect vulnerable beneficiaries.

The number of partner shops grew to 282 **shops** across all regions in March 2014 during the reporting period. This growth was linked to an increase in the number of beneficiaries that the WFP e-card/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 in which they are procured. Additionally, only some of the partner shops sell vegetables and fruit.

The MFEB in Lebanon contains all items from the WFP Food Basket (basic commodities). However, while the WFP Basket account for 10% of the basket dry items value for fresh items, the contribution of fresh items (dairy products and vegetables) in the MFEB has been translated into commodities based on the population's food preferences, nutrient value of the commodities and using prices from price monitoring in 2013 as well as a rapid price assessment for newly added commodities. Additionally, the contribution in 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 the Nut Val system (See Annex III). Tracking the MFEB will allow WFP to better evaluate the change in purchasing power from refugees.

Any increase in prices higher than 5% or -5% is considered slightly significant, anything above 10% will be considered significant over the reporting period.

2. Limitations

Monthly price changes of various available brands for the same commodity (especially white beans and 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.

WFP Lebanon Country Office does not currently monitor prices in shops not contracted by WFP in a consistent manner.

3. Broader Economic Conditions

During the first quarter of 2014, the Centre for Statistics Research (CAS) indicated a 4% consumer price index (CPI) increase in January 2014, and a 0.5% and 0.3% decrease in the CPI of food and non-alcoholic beverages in February and March 2014 respectively¹. This is in line with findings from WFP's price monitoring as highlighted in Figure 1 below. Interestingly, while the CPI for food and beverages was decreasing during the first part of 2014, CAS recorded an overall increase of the CPI in January (+0.9%) and March (+1.6%) 2014.

¹ <http://www.cas.gov.lb/index.php/en/economic-statistics-en/cpi-en#cpireults>

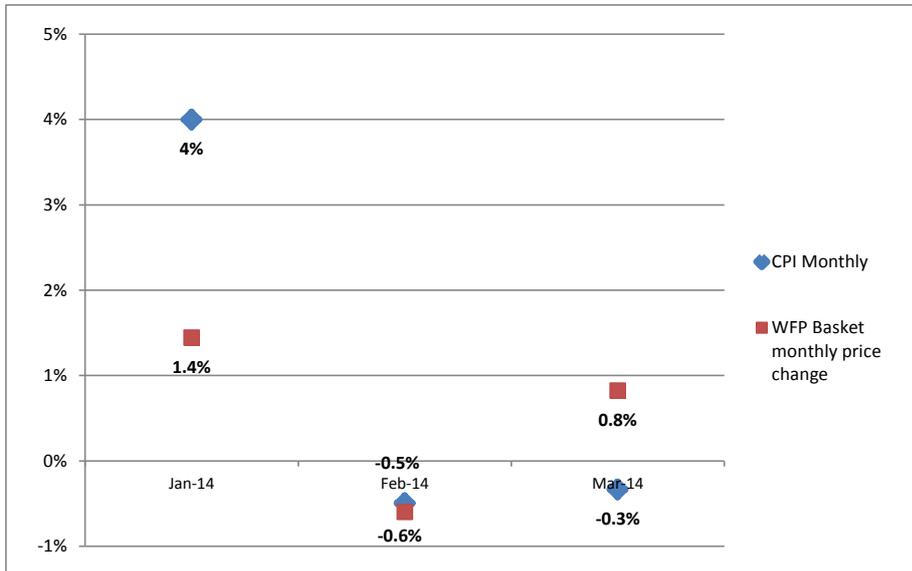


Figure 1. CAS CPI on food and non-alcoholic beverages vs. WFP Basket monthly price change

II. WFP Basket and Voucher Analysis

As can be seen in Figure 2, the value of the WFP basket was higher than the \$30 individual entitlement over the reporting period. The value of the WFP basket was US\$ 32.08 in January, US\$31.89 in February, and US\$32.15 in March 2014.

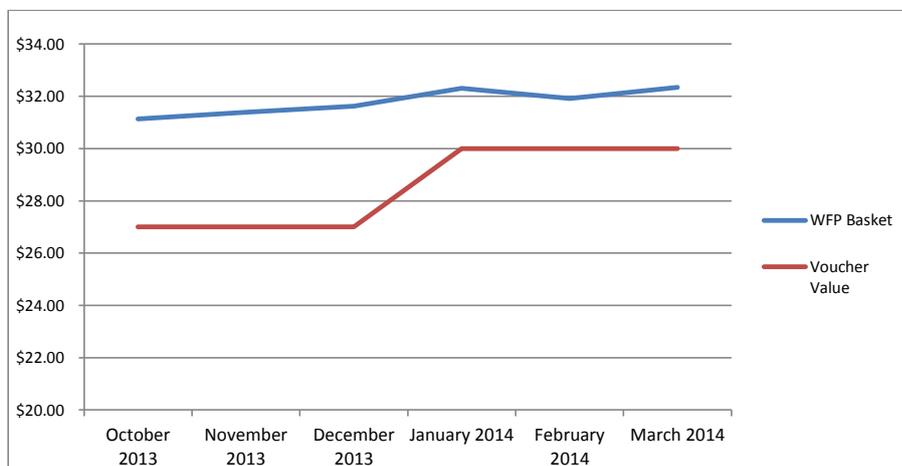


Figure 2. WFP Basket value evolution from October 2013 to March 2014

The WFP basket value was also higher than the \$30 individual entitlement in all regions of the country as shown in Figure 3. In March 2014, the value of the voucher was US\$ 33.37 in Beirut, Mount Lebanon and South Lebanon, US\$ 30.84 in North Lebanon and US\$ 32.22 in the Bekaa Valley. Similar to the previous monitoring cycles, prices in

Beirut, Mount Lebanon and South Lebanon were higher than in the other areas of the country.

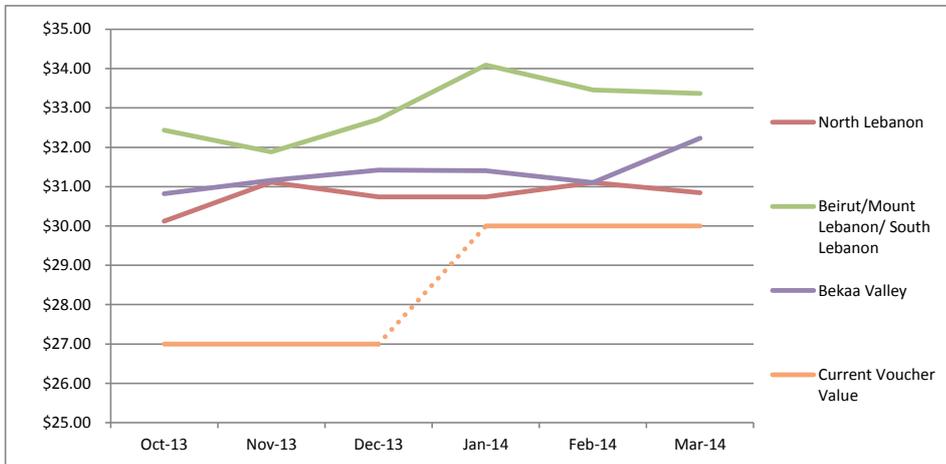
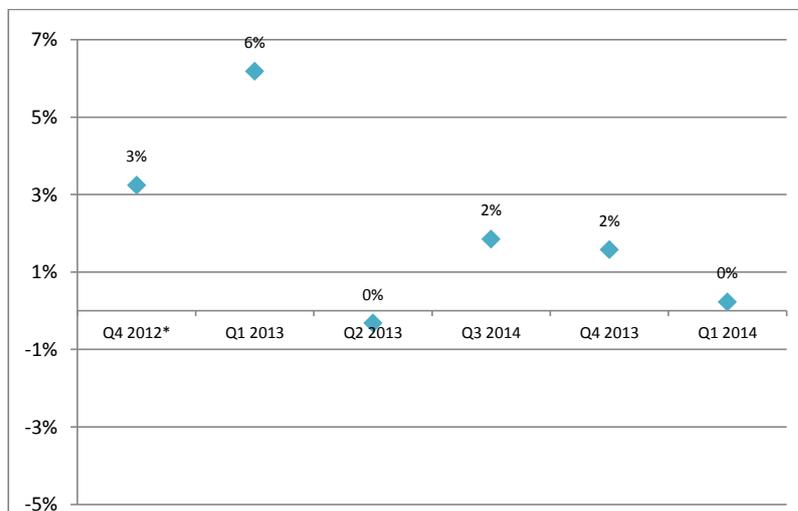


Figure 3. WFP Basket value from October 2013 to March 2014

The value of the WFP basket remained rather stable over time except for an increase during the last quarter of 2012 and the first quarter of 2013 when the inclusion of Beirut, Mount Lebanon and South Lebanon into the voucher programme took place and led to an increase in the assistance given to Syrian refugees in Lebanon (see Figure 4).



*Only prices in the Bekaa Valley and North Lebanon were monitored

Figure 4. Percentage change of the WFP Basket on a quarterly basis

III. Market Monitoring

1. Minimum Food Expenditure Basket (MFEB)

In the Beirut, Mount Lebanon, and South Lebanon region, the MFEB decreased by 3% from US\$36.75 in January 2014 to US\$35.66 in March 2014. From October 2013 to March 2014, the value of the MFEB seems to have stabilized (+1%). The WFP basket value has increased slightly more than the MFEB particularly due to price variations in white beans which are used to calculate the value of the WFP basket while lentils are included within the MFEB.

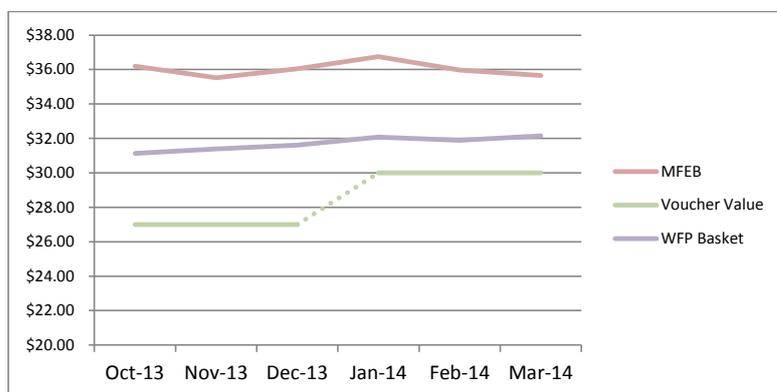


Figure 5. Minimum Food Expenditure Basket from October 2013 to March 2014

2. Commodities Tracking

The price of staple food items has remained fairly stable across the monitoring cycle. Only pasta has witnessed a noticeable increase across the quarter (+8%). This may well mean that beneficiaries still have good access to the most basic food commodities.

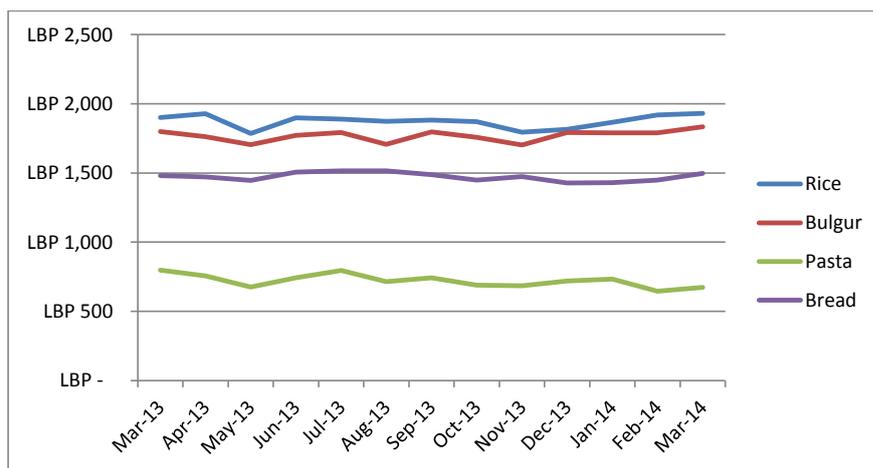


Figure 6. Price of staple items from March 2013 to March 2014

In terms of the prices of other essential food items most consumed by refugees, only canned meat has experienced a noticeable decrease (-5%).

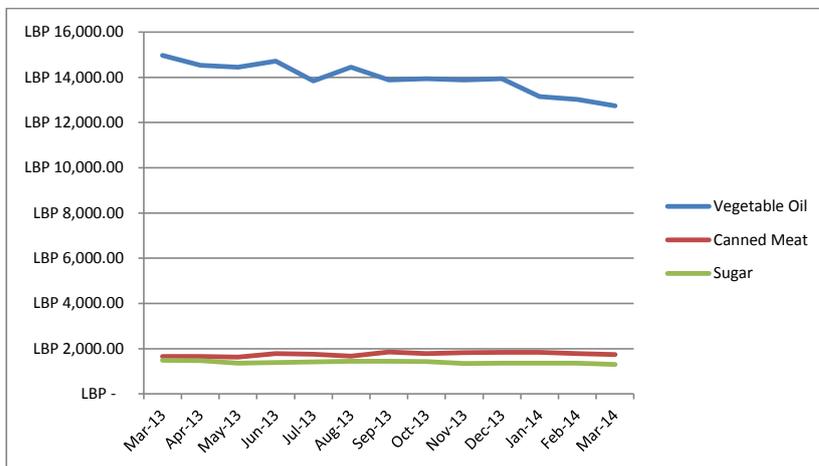


Figure 7. Price of other essential items

As indicated previously, the main variation in the value of the WFP basket is white beans, which has experienced an overall price change of +9% throughout the quarter. The variation in the price of white beans is due to 1) the different type of white beans available (small and large) and 2) the high price difference between brands. The price of other pulses however is more stable and lower as seen in Figure 7. This could explain the difference in price increases between the WFP Basket and the MFEB.

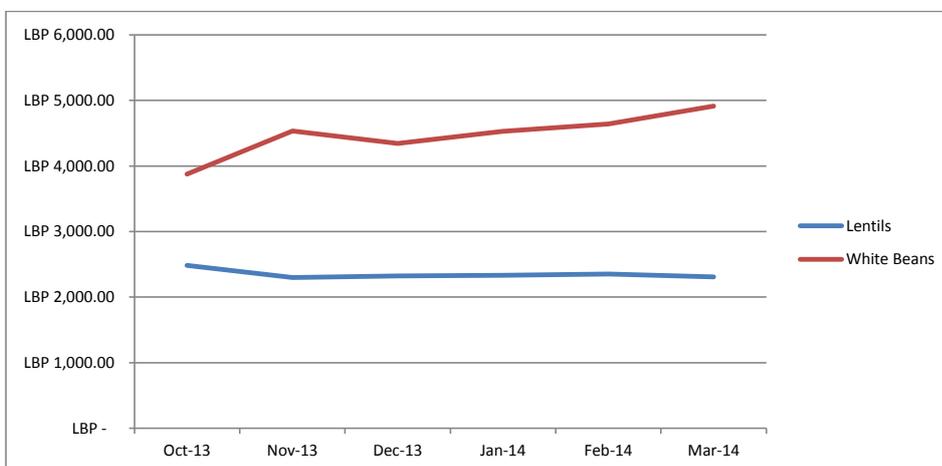


Figure 8. Price of two monitored pulses- lentils and white beans

Table 1 below summarizes the price changes of commodities over the past three and six months. Red arrows show increases higher than 5% and green arrows show decreases higher than or -5%.

Area	Commodities	1 year	6 Months	January-March 14
NORTH LEBANON	Fresh Bread	→	→	↑
	Powdered Milk 900g	→	→	↑
	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	↓	↓	→
	Lentils 1 Kg	-	→	→
	Canned Sardines	-	↓	↓
	Tomato Paste	-	↓	↑
BEIRUT, MOUNT LEBANON, SOUTH LEBANON	Fresh Bread	→	→	→
	Powdered Milk 900g	→	→	→
	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	→	→	→
	Lentils 1 Kg	-	↓	→
	Canned Sardines	-	→	↓
	Tomato Paste	-	↓	→
BEKAA VALLEY	Fresh Bread	→	→	→
	Powdered Milk 900g	→	→	→
	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	↓	↑	→
Lentils 1 Kg	-	↓	↓
Canned Sardines	-	→	→
Tomato Paste	-	↑	↑

Table 1. Commodity Price Growth Summary

Observations and Recommendations

- During the January to March 2014 monitoring cycle, WFP has witnessed price stability which may well have contributed to a stabilization of the food consumption scores of refugees.
- Based on observations of the price of white beans, lentils could be used as reference for the calculation of the WFP Basket as pulses. Lentils are cheaper and more regularly consumed by refugees. Therefore, they could act as a more accurate substitute. It would also align the composition of the WFP Basket with the composition of the MFEB.

Comment [EE1]: Cleared with REC? Implications on monitoring?

Comment [HJ2]: To be cleared with REC.

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

	Veg.Sunflower Oil	Rice	Bulgur	Pasta	Pulse	Canned Meat	Sugar	Fresh Items Additional Cost (10% of basket cost) (USD)	Voucher Value (with 10% of basket cost)
Sep-12	LBP 94	LBP 367	LBP 211	LBP 118	LBP 133	LBP 335	LBP 74	\$ 2.66	\$ 29.29
Oct-12	LBP 95	LBP 369	LBP 215	LBP 110	LBP 138	LBP 334	LBP 75	\$ 2.67	\$ 29.39
Nov-12	LBP 94	LBP 360	LBP 211	LBP 106	LBP 139	LBP 333	LBP 74	\$ 2.63	\$ 28.98
Dec-12	LBP 100	LBP 379	LBP 216	LBP 115	LBP 150	LBP 335	LBP 85	\$ 2.76	\$ 30.34
Jan-13	LBP 96	LBP 368	LBP 213	LBP 110	LBP 148	LBP 327	LBP 77	\$ 2.68	\$ 29.46
Feb-13	LBP 101	LBP 383	LBP 228	LBP 122	LBP 164	LBP 341	LBP 77	\$ 2.83	\$ 31.14
Mar-13	LBP 99	LBP 380	LBP 234	LBP 133	LBP 167	LBP 334	LBP 75	\$ 2.84	\$ 31.28
Apr-13	LBP 93	LBP 386	LBP 229	LBP 126	LBP 172	LBP 329	LBP 75	\$ 2.82	\$ 30.99
May-13	LBP 95	LBP 357	LBP 221	LBP 112	LBP 160	LBP 310	LBP 68	\$ 2.65	\$ 29.14
Jun-13	LBP 97	LBP 380	LBP 230	LBP 124	LBP 164	LBP 340	LBP 70	\$ 2.81	\$ 30.89
Jul-13	LBP 94	LBP 381	LBP 226	LBP 119	LBP 164	LBP 335	LBP 71	\$ 2.78	\$ 30.83
Aug-13	LBP 95	LBP 373	LBP 226	LBP 118	LBP 162	LBP 328	LBP 70	\$ 2.75	\$ 30.09
Sep-13	LBP 92	LBP 374	LBP 229	LBP 115	LBP 194	LBP 340	LBP 72	\$ 2.83	\$ 31.40
Oct-13	LBP 92	LBP 374	LBP 229	LBP 115	LBP 194	LBP 340	LBP 72	\$ 2.83	\$ 31.13
Nov-13	LBP 92	LBP 359	LBP 221	LBP 114	LBP 227	LBP 347	LBP 68	\$ 2.85	\$ 31.39
Dec-13	LBP 86	LBP 363	LBP 233	LBP 120	LBP 217	LBP 350	LBP 68	\$ 2.87	\$ 31.62
Jan-14	LBP 87	LBP 373	LBP 233	LBP 122	LBP 226	LBP 349	LBP 68	\$ 2.92	\$ 32.08
Feb-14	LBP 86	LBP 384	LBP 233	LBP 108	LBP 232	LBP 339	LBP 68	\$ 2.90	\$ 31.89
Mar-14	LBP 84	LBP 386	LBP 238	LBP 112	LBP 246	LBP 330	LBP 65	\$ 2.92	\$ 32.15

ANNEX II. Voucher Definition August 2012

The WFP voucher value 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.

Commodity	Ration (Kg/day/person)	Kcal
Medium Grain Rice	0.20	498.00
Bulgur	0.13	455.00
Pasta	0.05	174.00
Pulses	0.05	178.50
Sugar	0.05	200.00
Sunflower Oil (ml)	0.33	293.70
Iodized Salt	0.01	0.00
Canned Meat	0.38	83.60
Total	0.56	1883
Monthly value	16.68	-
Additional 10% for dairy products and vegetables (Monthly)	1.67	6,510
Total Value (Monthly)	18.35	2100*30

Table 2. 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 (basic commodities). However, while the WFP Basket account for 10% of the basket dry items value for fresh items, the contribution of fresh items (dairy products and vegetables) in the MFEB has been translated into commodities (Table 12) based on the population's food preferences, nutrient value of the commodities and using prices from price monitoring in 2013 as well as a rapid price assessment for newly added commodities. Additionally, the contribution in 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 (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 more than 100 % of energy and macronutrients and more than 75 % of the micronutrients, apart from the vitamin Riboflavin (only 63 %) (Figure 2).

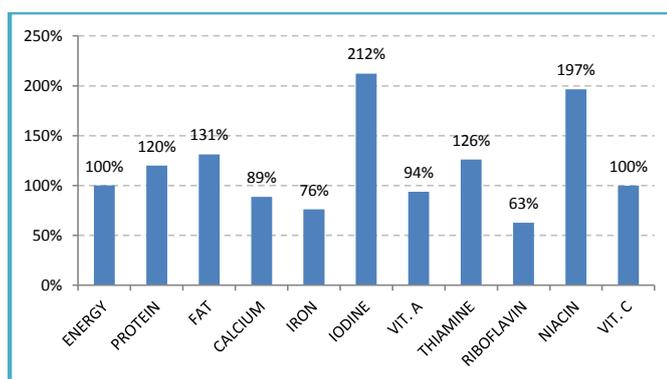


Figure 2. Nutritional coverage of the Minimum Food Expenditure Basket



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