



Lebanon

Price Monitoring Report — April to June 2014

Overview

This consolidated price monitoring report provides an overview of the World Food Programme's (WFP) price monitoring activities in Lebanon in support of the food voucher programme during the months of April to June 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\$ 32.51 as of June 2014.
- As of June 2014, the total value of the minimum food expenditure basket (MFEB) was US\$ 36.26.
- Prices in Beirut, Mount Lebanon and South Lebanon continue to be higher than in the other regions of the country.
- Prices of staple and essential food remained stable throughout the second quarter of 2014, with the exceptions of pasta (increased by 14%), powdered milk (increased by 7%) and vegetable oil (decreased by 5%), which witnessed large variations in prices.

WFP began its operations to provide food assistance to Syrian refugees in Lebanon in June 2012, following an official request from the Government of Lebanon. Since the start of the operation, refugee numbers have sharply increased, and as of June 2014 WFP delivers monthly assistance to over 778,000 vulnerable refugees across Lebanon through the provision of food vouchers and one-off food parcels. The voucher programme has been WFP's principal means of providing food assistance to the refugees, accounting for over 95 percent of the monthly caseload.

WFP has been implementing the voucher programme through partnership with six NGOs, including Danish Refugee Council (DRC), Action Contre la Faim (ACF), Première Urgence-Aide Médicale Internationale (PU-AMI), World Vision International, InterSOS and Save the Children International. WFP scaled up the operation over time, gradually adding more shops to the programme in order to cope with the rising demand by an increasing refugee population. By June 2014, WFP had contracted 357 shops.

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

I. Background

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. In addition, vouchers provide vulnerable Syrian households to select their preferred food items and thereby meet their individual consumption and nutritional needs more effectively. WFP completed the transition from paper voucher to electronic voucher (e-card) in December 2013.

Each targeted Syrian refugee households **registered with the United Nations High Commissioner for Refugees (UNHCR)** receive 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.

Methodology and Objectives

As part of the project implementation activities, shops were contracted in locations 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 the Bekaa Valley and North Lebanon. Price collection in the Beirut, Mount Lebanon and South Lebanon (BMS) region 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. Prices are collected from all partner shops during the reporting period and the voucher value is calculated according to the aggregated prices per region per month.

The number of partner shops increased from 282 in March 2014 to **357** in June 2014. This increase was linked to an increase in the number of beneficiaries of WFP's voucher programme.

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.

Basket Definition

WFP monitors retail prices of **19 key food commodities** which are included in the WFP food basket and the Minimum Food Expenditure Basket (MFEB). The commodities were selected on the basis of preferences declared by Syrian refugees and on their availability in all shops for comparison purposes. WFP's voucher programme allows the beneficiaries to freely choose their preferred food items.

The 19 key food commodities monitored includes: fresh bread, eggs, powdered milk (Nido brand), processed cheese (Picon brand), sunflower oil, Egyptian rice, bulgur wheat, lentils, pasta, white beans, canned beef, canned sardines, canned tuna, salt, sugar, cabbage, tomato paste, lemon and lettuce. 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.

Vegetables (lemon, cabbage and lettuce) are monitored but are excluded from the WFP basket in order to avoid distortions, as the price of these items highly vary depending on the seasons. Additionally, only some of the partner shops sell vegetables and fruit. However, the MFEB accounts for vegetables and dairy products items separately.

The Minimum Food Expenditure Basket (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. The nutritional value of the basket is calculated using the Nut Val system. Tracking the MFEb will allow WFP to better evaluate changes in refugees' purchasing power¹.

Limitations

Monthly price changes of various available brands for the same commodity, particularly white beans and vegetable oil made monthly comparison challenging. 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 of the food item. 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 in a consistent manner.

Broader Economic Conditions

The Central Administration of Statistics (CAS) in Lebanon reported a decrease in the Consumer Price Index (CPI) for the second quarter of 2014. The percentage change in the CPI for the months of April, May and June were: -1.4%, -2.2 and -0.6% respectively. The WFP basket prices recorded a similar decrease in the month of April (-0.6%) but an increase in the months of May (1.0%) and June (0.7%).

The difference in the CPI and WFP basket prices is due to the differences in commodities monitored. While the WFP basket is calculated using eight main commodities (sunflower oil, Egyptian rice, bulgur wheat, pasta, white beans, canned beef, salt and sugar plus 10% for vegetable and dairy products), the CPI includes a larger variety of commodities like meat, chicken, fish and non-alcoholic beverages, which are not monitored by WFP. Additionally, the CPI does not monitor bulgur, pasta, salt and canned meat, which constitute a significant proportion of the WFP basket. For example, pasta recorded a 14% increase in price over this quarter but this was not accounted for in the CPI. Variations in the prices of such commodities that are not common between the CPI and the WFP basket could account for the differences in prices over this quarter.

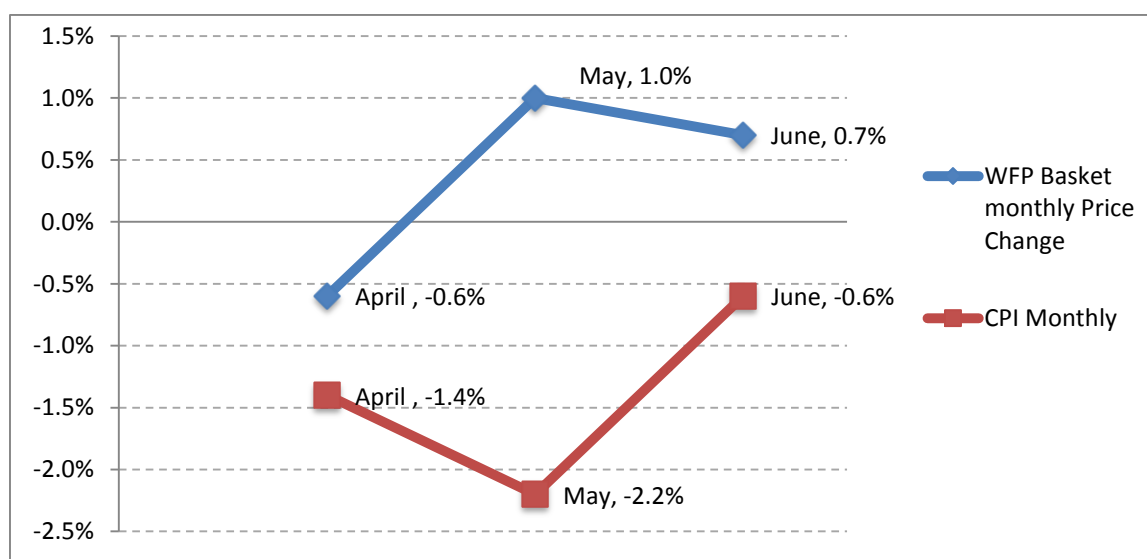


Figure 1. CAS CPI on food and non-alcoholic beverages vs. WFP Basket monthly price change

¹ See Annex II and Annex III.

II. WFP Basket and Voucher Analysis

As shown in Figure 2, the value of the WFP basket remained higher than the US\$ 30 individual entitlement over the reporting period. The WFP basket price was US\$ 31.96 in April, US\$ 32.29 in May and US\$ 32.51 in June 2014, and it recorded a 1.7% increase during this period.

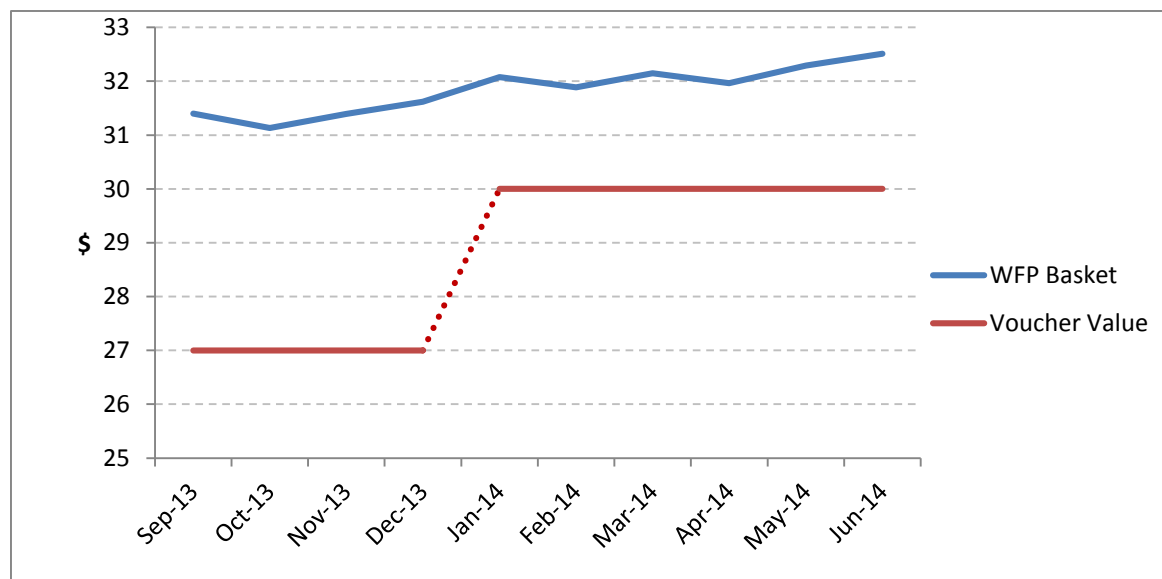


Figure 2. WFP basket value evolution from October 2013 to June 2014

The WFP basket value was also higher than the US\$ 30 individual entitlement in all regions of the country, as shown in Figure 3. In June 2014, the value of the voucher was US\$ 33.36 in Beirut, Mount Lebanon and South Lebanon (BMS); US\$ 31.74 in North Lebanon; and US\$ 32.59 in the Bekaa Valley. Similar to the previous monitoring cycles, prices in the region of BMS were higher than in other regions of the country.

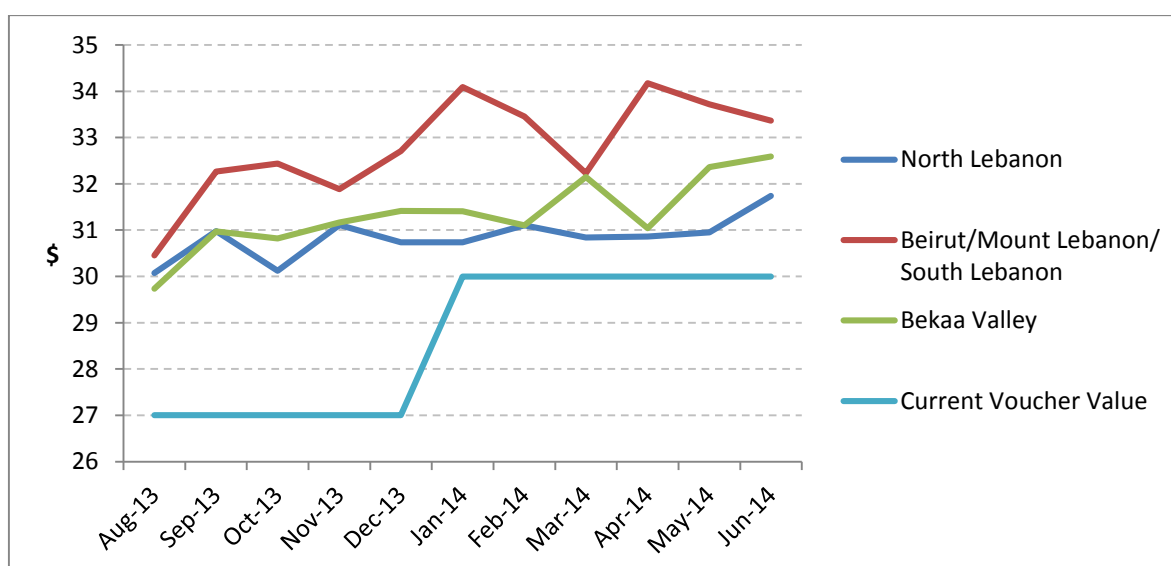
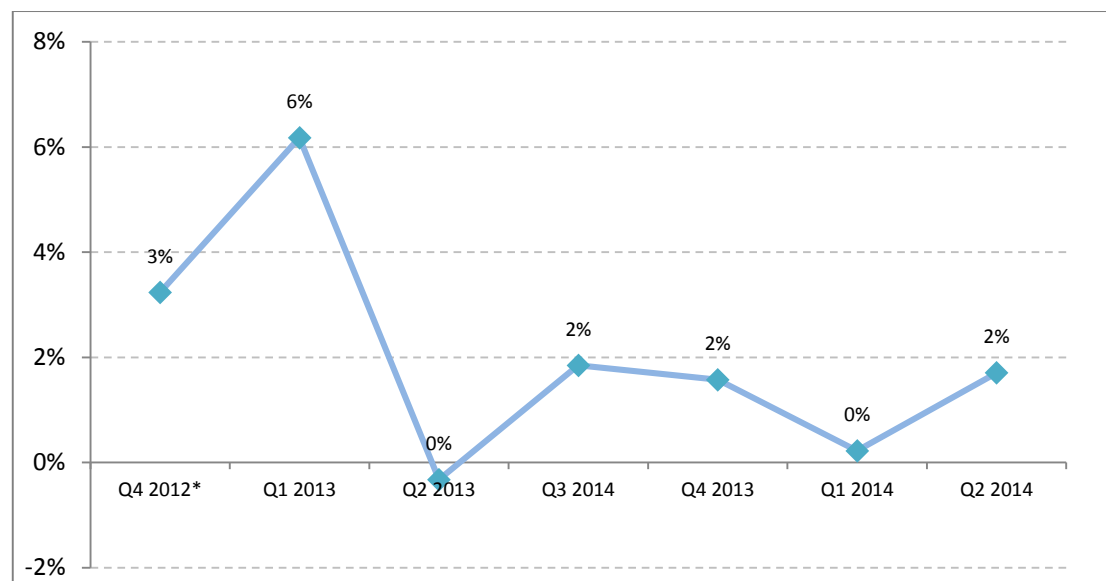


Figure 3. WFP basket value from August 2013 to June 2014

The value of the WFP basket has remained relatively stable over time, except for an increase above 5 % observed in the first quarter of 2013, when the shops of BMS region were included into the voucher price monitoring (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

Minimum Food Expenditure Basket (MFEB)

The MFEB recorded a 2.6% increase during the reporting period, from US\$ 35.32 in April 2014 to US\$ 36.26 in June 2014. The MFEB and the WFP basket both recorded positive percentage changes in prices and show similar trends in price changes—2.6% for the MFEB and 1.7% for the WFP basket. The difference in percentage changes between the MFEB and the WFP basket over this quarter is due to an increase in the prices of lemon and powdered milk. These two commodities are accounted for in the MFEB and not the WFP basket. However, fruits and dairy products in the WFP basket are accounted as 10% of the basket price.

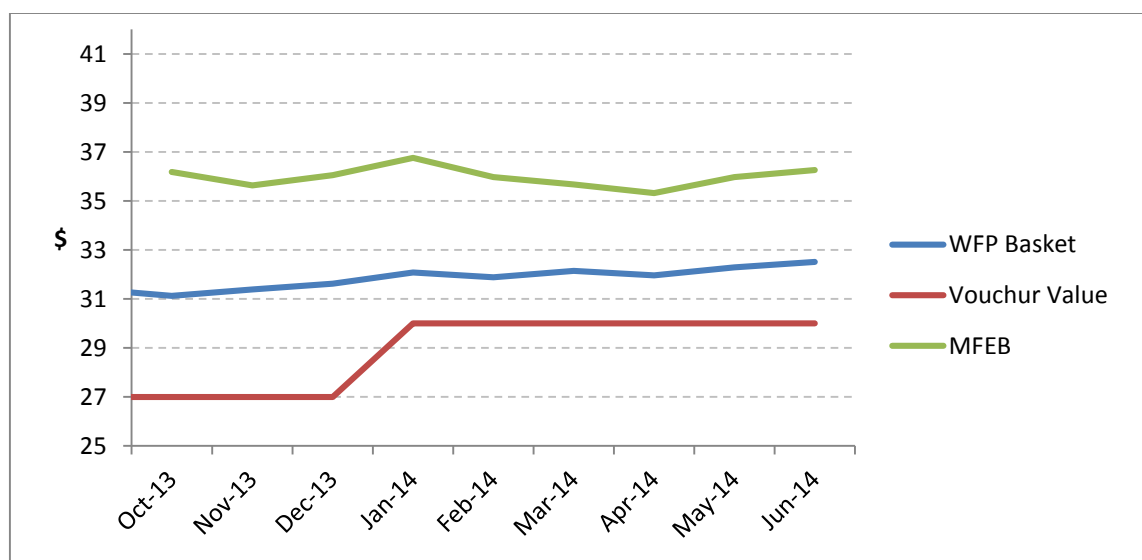


Figure 5. Minimum Food Expenditure Basket from October 2013 to June 2014

Commodities Tracking

The prices of staple food items have remained fairly stable across the monitoring cycle from April to June 2014. Of the staple food items monitored, only pasta has witnessed a noticeable increase of 14% during the monitoring cycle. However, looking at the annual changes in prices of staple foods, rice recorded a 6% increase in price over the past year, whereas pasta recorded a 13% decrease. The price of other staple foods remained fairly stable, fluctuating only within a 5% margin. This may well mean that beneficiaries still have good access to the most basic food commodities.

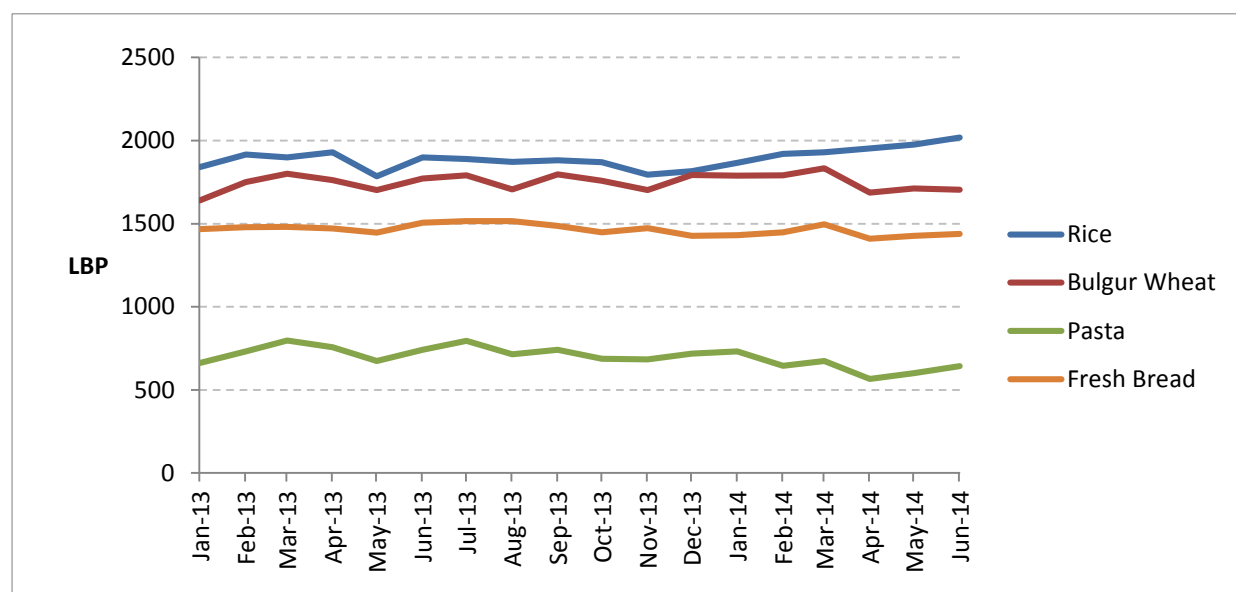


Figure 6. Price of staple items from June 2013 to June 2014

In terms of the prices of other essential food items most consumed by refugees in Lebanon, sunflower oil has recorded a noticeable decrease in price by 5% during this quarter, and an overall 18% decrease over the past year. While the price of sugar and canned beef meat remained with no significant changes in this quarter, sugar recorded a decrease in price by 9% over the past year.

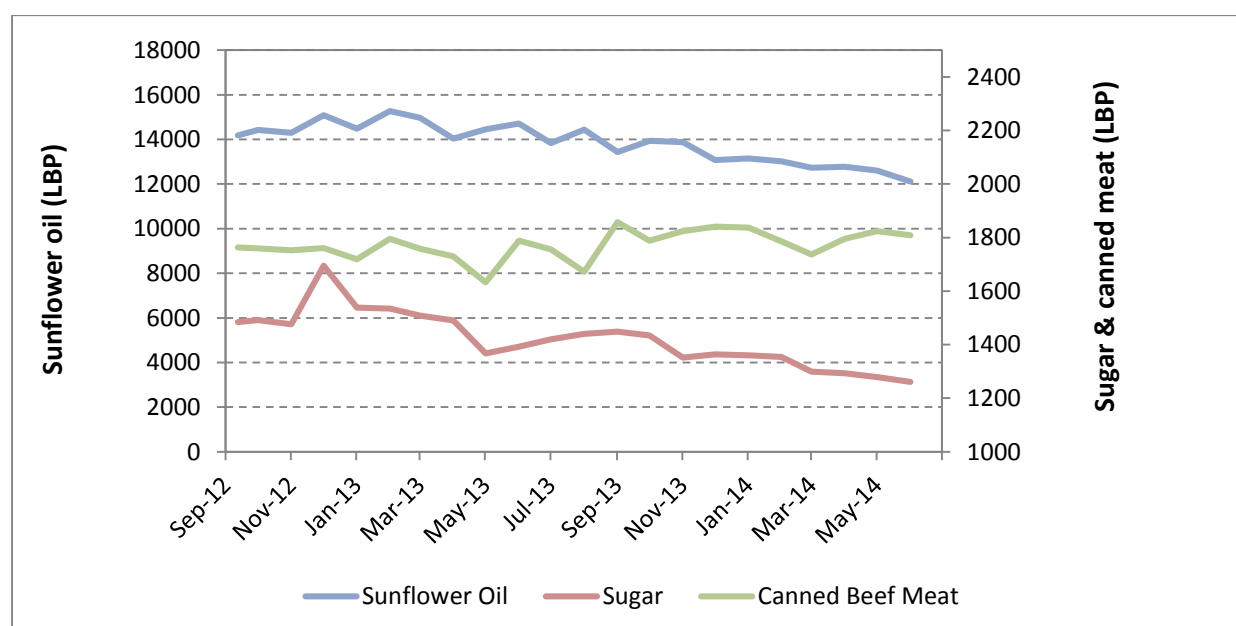


Figure 7. Price of other essential items, September 2012 to June 2014

As indicated previously, the main variation in the value of the WFP basket over quarters was due to fluctuations in the price of white beans. 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 45% over the past year (July 2013–June 2014), but the price was fairly stable during the reporting period, April–June 2014. 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 high price difference between brands. The prices of other pulses however were more stable and lower (see Figure 7).

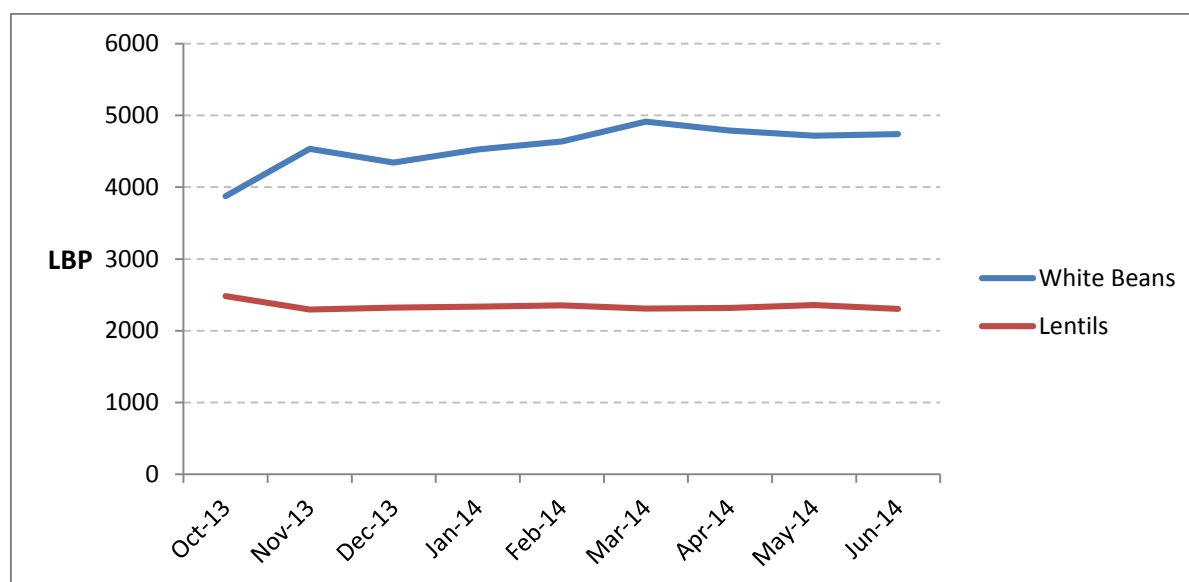


Figure 8. Price of two monitored pulses—lentils and white beans

Table 1 summarizes the price changes of commodities over the past year, past six months and the past quarter. 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	April–June 2014
NORTH LEBANON	Fresh bread	↓	↑	→
	Powdered milk 900g	→	↑	→
	Processed cheese (Picon brand)	→	→	→
	Veg. sunflower oil (5L)	↓	→	→
	Rice (Egyptian) 1kg	↑	↑	→
	Bulgur wheat 1kg	→	→	↑
	Pasta 300g	↓	↓	→
	White beans 1kg	↑	↑	→
	Canned beef meat 200g	→	→	↑
	Canned tuna 160g	→	↑	↑
	Sugar 1kg	↓	↓	→
	Lentils 1kg	-	→	→

	Canned sardines	-	↓	→
	Tomato paste	-	↑	→
BEIRUT, MOUNT LEBANON, SOUTH LEBANON	Fresh bread	↓	→	→
	Powdered milk 900g	→	↑	↑
	Processed cheese (Picon brand)	→	→	→
	Veg. sunflower oil (5L)	↓	↓	↓
	Rice (Egyptian) 1kg	↑	↑	→
	Bulgur wheat 1kg	↓	↓	↓
	Pasta 300g	↓	↓	↑
	White beans 1kg	↑	→	↓
	Canned beef meat 200g	↓	↓	→
	Canned tuna 160g	↑	↑	→
	Sugar 1kg	↓	↓	↓
	Lentils 1kg	-	→	→
	Canned sardines	-	↓	↓
	Tomato paste	-	↓	→
BEKAA VALLEY	Fresh bread	↓	→	→
	Powdered milk 900g	→	↑	↑
	Processed cheese (Picon brand)	→	→	→
	Veg. sunflower oil (5L)	↓	↓	↓
	Rice (Egyptian) 1kg	↑	↑	→
	Bulgur wheat 1kg	→	→	↑
	Pasta 300g	→	→	↑
	White beans 1kg	↑	↑	↑
	Canned beef meat 200g	↑	→	→
	Canned tuna 160g	↑	↑	→
	Sugar 1kg	↓	→	→
	Lentils 1kg	-	↓	→
	Canned sardines	-	→	→
	Tomato paste	-	→	→

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

IV. Observations

During the reporting period, WFP basket value remained fairly stable at US\$ 32.51 in June 2014. As the food consumption scores of refugees improved during this quarter,² this might indicate that refugees were not adversely affected by the fluctuation in prices of some commodities.

² WFP Post Distribution Monitoring report April- June 2014

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

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

ANNEX II. Voucher Definition, July 2013

The WFP voucher value was calculated to provide 2,100 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 2. 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)	Kcal/day/person
Medium Grain Rice	0.2	498
Bulgur	0.13	455
Pasta	0.05	174
Pulses	0.05	178.5
Sugar	0.05	200
Sunflower Oil (ml)	0.033	293.7
Iodized Salt	0.005	0
Canned Meat	0.038	83.6
Total	0.556	1882.8
Monthly value	16.68	56484

Table 2. Voucher value calculation (July 2013)

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 includes fresh food items, to constitute 10% of the value of the basket's dry items, the contribution of fresh food items (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 (g)/day
Medium Grain Rice	100
Bulgur	130
Pasta	50
pulses	60
Sugar	50
Sunflower Oil	33
Iodized Salt	5
Canned Meat	38
milk	20
Egg	20
bread	70
Lemon	30
Leaves	65

Table 3. 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 9).

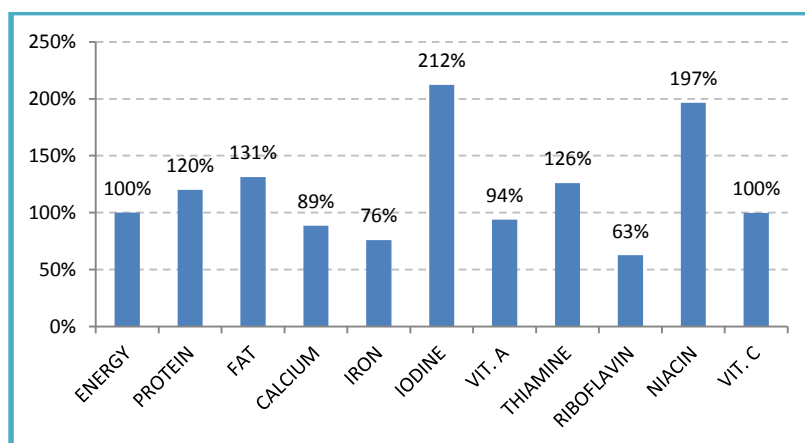


Figure 9. Nutritional coverage of the Minimum Food Expenditure Basket



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