Inter-Agency Coordination Lebanon

BASIC ASSISTANCE WORKING GROUP

21 Feb 2020

AGENDA

1) **Sector Updates:**
   a) ***Targeting Assistance***
   b) ***2019 – 2020 Winter Support Update***
   c) ***Protection Risk Analysis Consultation on Field Level Findings***
2) **Ongoing situation:**
   a) ***Update on the Economic Situation***
   b) ***Update on Food Security and Price Monitoring***
   c) ***Implications on Ongoing Programmes (Discussion)***

1) Sector Updates:

a. Targeting Assistance

Sector Updates: Targeting Assistance (Regular)

Reported activities in January 2020 (AI, RAIS)

<u>67,417</u> vulnerable households received monthly cash transfers / multi-purpose cash:

58,712 SYR HHs (ICRC, RI, UNHCR, WFP, OXFAM, LRC, IOM)
8,087 PRS HHs (UNRWA)
618 Leb HHs (LRC)

2,688 SYR HHs – Integrated Child Wellbeing Programme: $80 / Child (UNICEF)

<u>USD $11,552,440 injected in the local economy (official rate)</u>

1) Sector Updates:

b. 2019 – 2020 Winter Support Update

Sector Updates: Targeting Assistance (Seasonal)

Partners Update – as of end Jan 2020:

- UNHCR – all uploads finished by end Jan (staggered loadings – because of the ongoing situation) – SYR + LEB campaign will be completed end Feb (cash + fuel) - $75 X 5 all HHs below MEB + top up for MCAP cases – 3 X $75);
- UNICEF – all activities finalized for SYR in Dec + new social assistance programme for LEB (80,000 / LBP / Child – cap at 6 + 160,000 LBP a base amount) – one off / 13,500 HHs NPTP – white card (BLF – hayat card);
- IOM – 500 SYR ref assisted with winter cash 75

1) Sector Updates:

C. Protection Risk Analysis Consultation on Field Level Findings

Protection Risk Analysis: Overview of field-Level findings

Basic Assistance Sector

Overview

1. Methodology
2. Summary of field-level findings
3. Next steps

Methodology

- Review of protection risks through secondary data sources
- Regional workshops to review these findings & suggest actions

Summary of findings:

- Complaint & Feedback (AAP)
  - Improve **complaint handling processes in place** to avoid lengthy resolution processes which result in the suspension and termination of assistance.
  - **Take precautionary measures** to ensure accurate classification of complaints
  - Provide **feedback** to households who submit an appeal on GRM
  - To maximize the use of trends captured through **complaint, feedback, appeal & referral**

- Safe Identification & Referral
  - Build staff capacity to **safely identify and refer cases** according to **minimum standards** and **equip staff with service mapping**
  - Enhance **accountability for referrals** by reporting referrals made into the **Inter-Agency referral reporting platform**

Summary of findings:

- Voluntary return
  - Minimize harm to households by training staff on **common return messages** and **where to refer households** expressing intention to return
- Meaningful Access
  - Strengthen **availability of sufficient QL/QN information on protection risks** by reviewing data gaps in current tools and adding needed questions as needed.
  - **Capture gender, age and disability responses** through existing tools
  - Improve **sharing of protection risks within sector captured through** existing tools
  - **Include age and disability data into beneficiary lists** shared with NGO to allow for service adaptions to be made as/when needed at distribution/validation
  - **Complement 'no-show' data analysis with feedback on peoples experiences accessing the site,** when assessing appropriateness of a site location
  - Continue **efforts to reduce travel costs and overcrowding** by addressing disproportional distribution of ATMs

Summary of findings:

- Inter/intra communal tension
  - Advocate with the *HCT* for improved **communication to Lebanese to increase awareness of support being provided to Lebanese communities and address misinformation about banking practices for Syrians.**
  - Minimize risks of intra-Lebanese tension as result of basic needs assistance by **ensuring consistent targeting criteria, establishing functioning complaint & feedback measures**, and **addressing perceptions of fairness** for national systems.

Next Steps

- Review existing sector tools used with beneficiaries to ensure the sector is able to regularly identify, and monitor protection risks.
- Prioritize operational recommendations to address protection risks identified.
- Develop & endorse sector protection mainstreaming action plan (core group).

2) Ongoing Situation

a. Economic Situation (BA)

Current situation: what to look at?

limited banking operations, roadblocks, limited private/public sector functionality, shortage in liquidity.

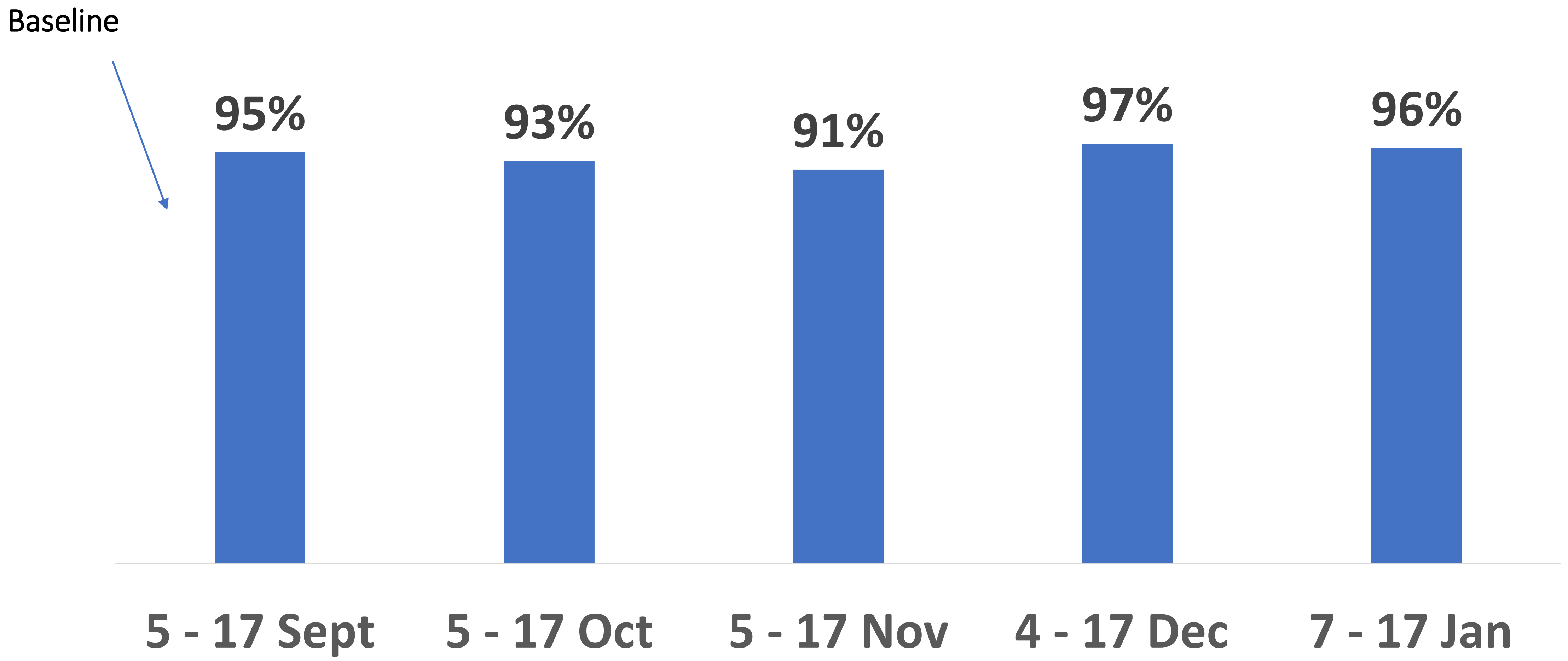
- **Consequences on markets:** fluctuation of informal exchange rate, increase is consumer goods prices.

- **Consequences on humanitarian assistance / actors**: operational delays in transfers and upload / withdrawal of assistance, interrupted operations (card issuance, distributions).

- **Consequences on households:** this can lead to an increase in vulnerability of households, catalysed by diluted purchasing power, limited access to assistance and to markets, resulting in further unmet needs.

➔ Basic Assistance sector is tracking CPI, Ex rate, and assistance redemption rates as proxies

Current situation: Redemption Rates



Current situation: Consumer Price Index

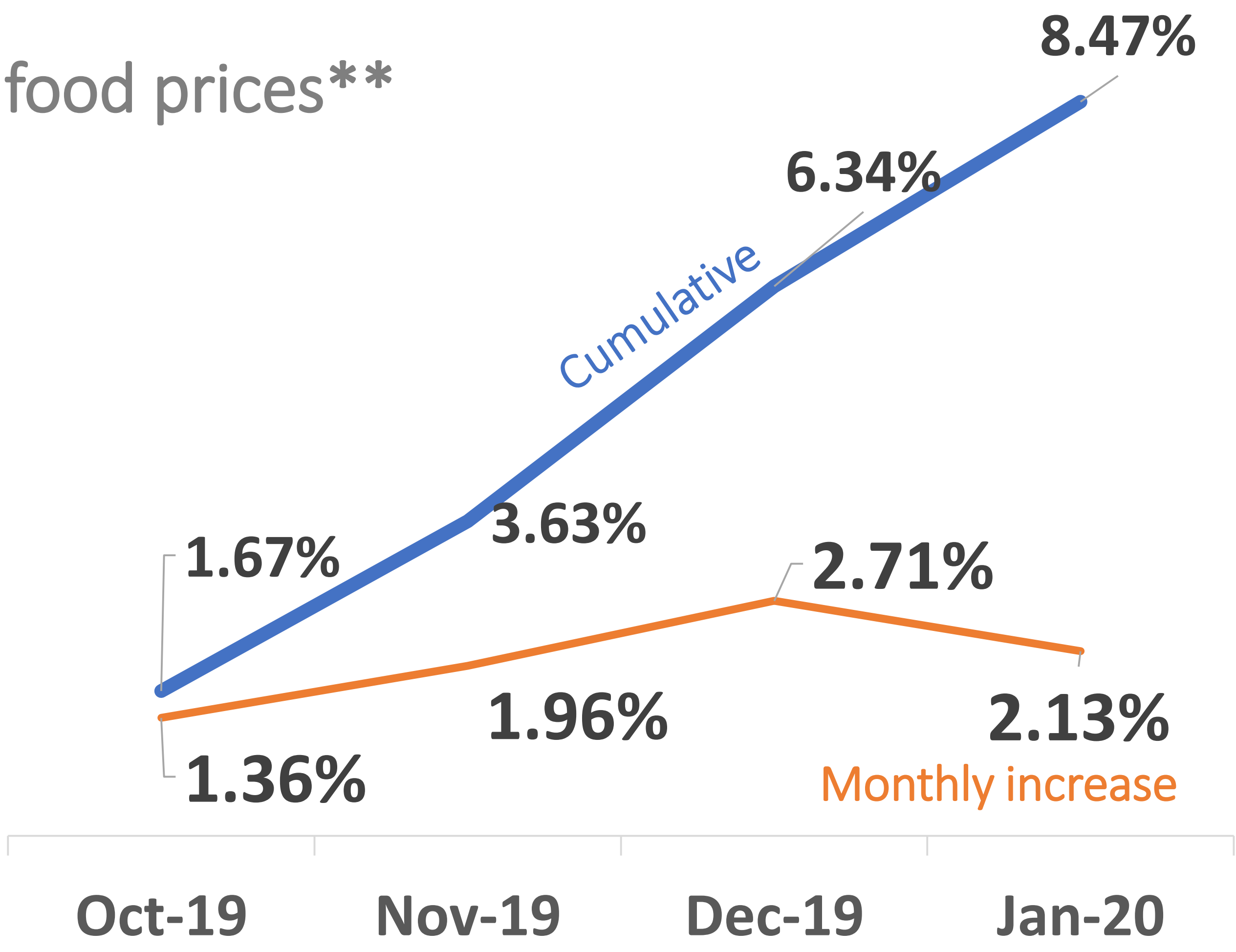
+8.47% as of Sept 2019*

CPI changes mainly driven by changes in food prices**

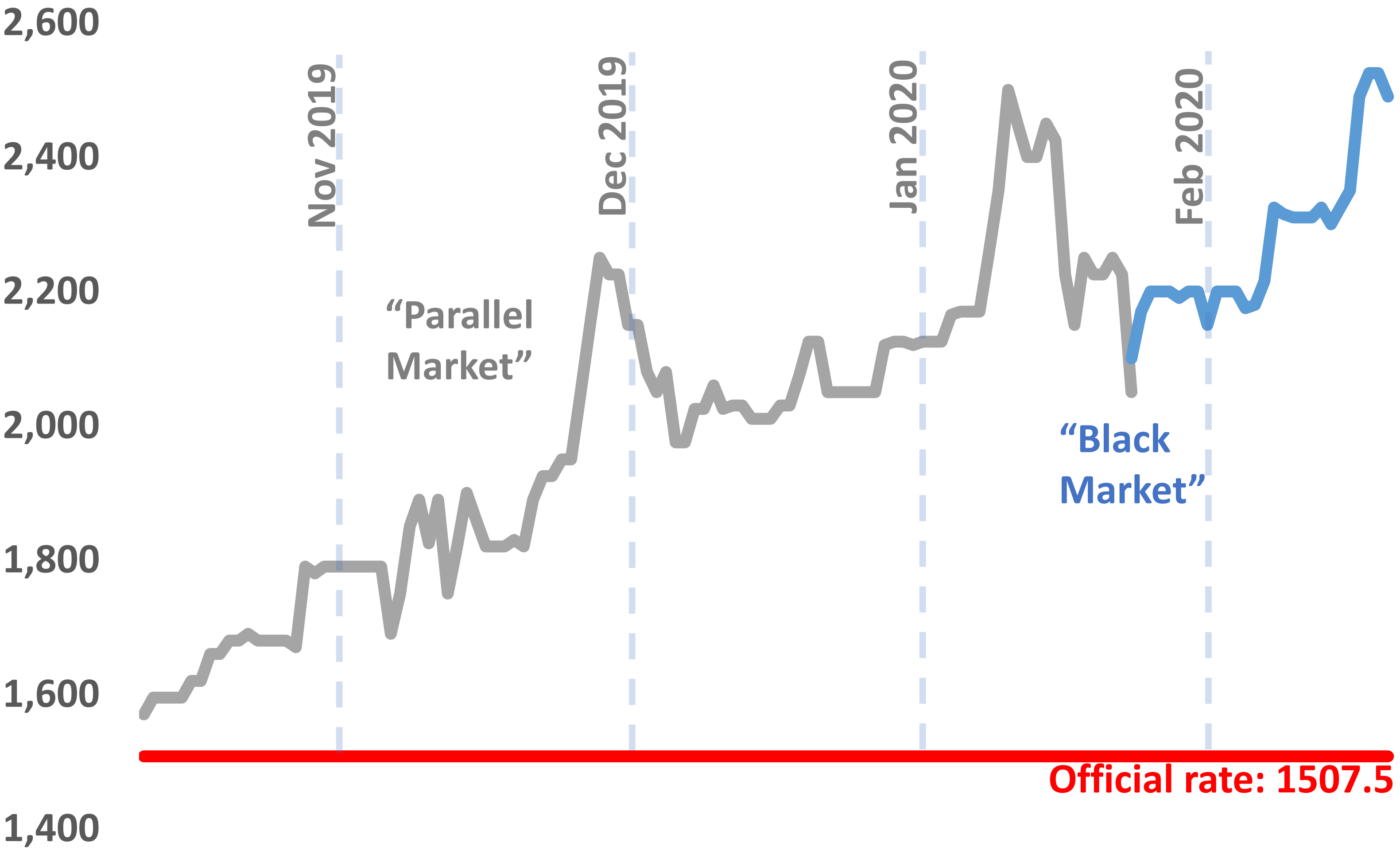
*base month for this analysis, +0.31; +10.04% compared to Jan 2019

**pushed by the fluctuation of the informal exchange rate

Source: CAS
http://www.cas.gov.lb/index.php/latest-news-en/83-inflation



Current situation: Informal Exchange Rate (USD selling price)



Observed changes in market dynamics:

- 22 Jan – 2 Feb: failed attempts to control informal rates (2100 - 2,200 LBP vs 1 USD);
- 4 Feb – 11 Feb: new measures introduced by banks – shortage in USD – biweekly & decreased limits (2,175 – 2,325);
- 12 Feb – 18 Feb: parliament confidence, increased demand on USD, MEA decisions (15 & 17 Feb) (2,300 – 2,525);
- More volatility and distortion expected as 9 March Eurobonds dues approach.

Source:

Al Akhbar news paper (7 – 31 Oct) Link;

2) Ongoing Situation

b. Food Security and Price Monitoring

World Food Programme

WFP VAM & Supply Chain Unit Lebanon

Economic Situation Analysis

Results of Supply Chain Assessment
Monitoring results for FSSWG meeting (Oct 2019 to Jan 2020)
Purchasing Pattern Assessment
Review of Food Transfer Value

February 2020

SAVING LIVES
CHANGING LIVES

Summary

- Supply Chain
- Availability of food supplies
- Access to shops
- Purchasing Patterns
- Exchange rate
- Price development
- Conclusion

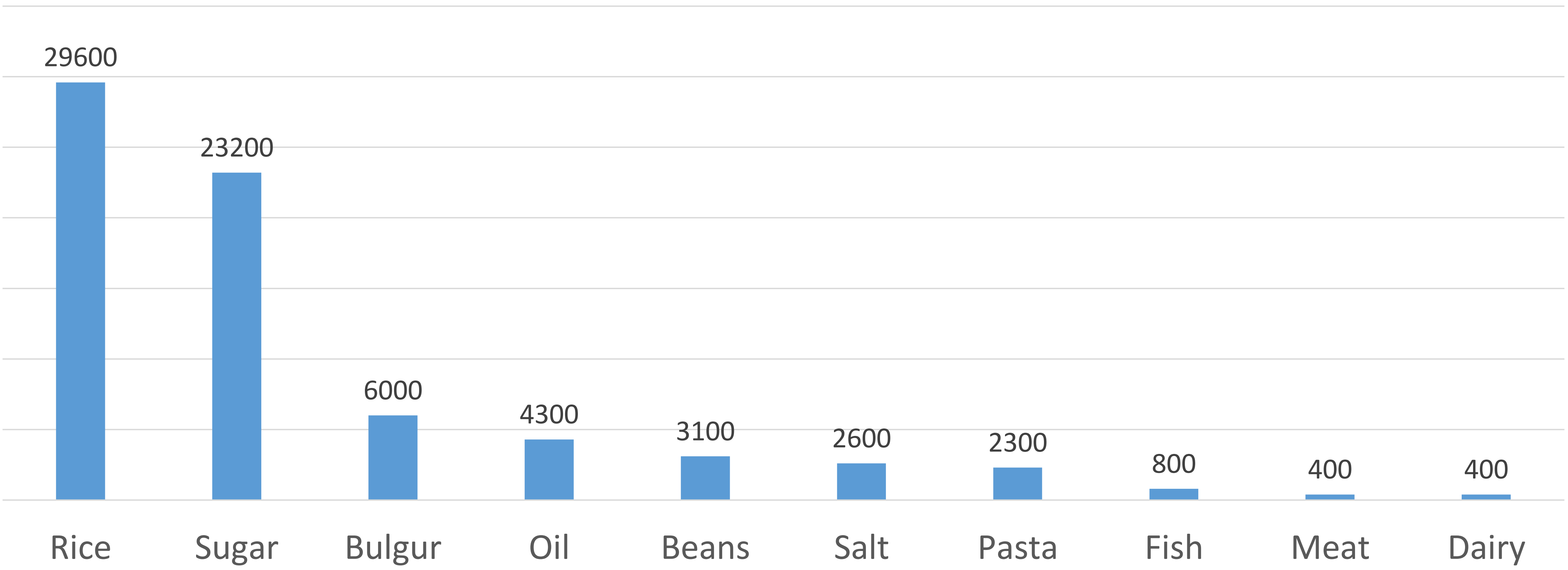
Supply Chain Assessment

Objective of Supply Chain Assessment

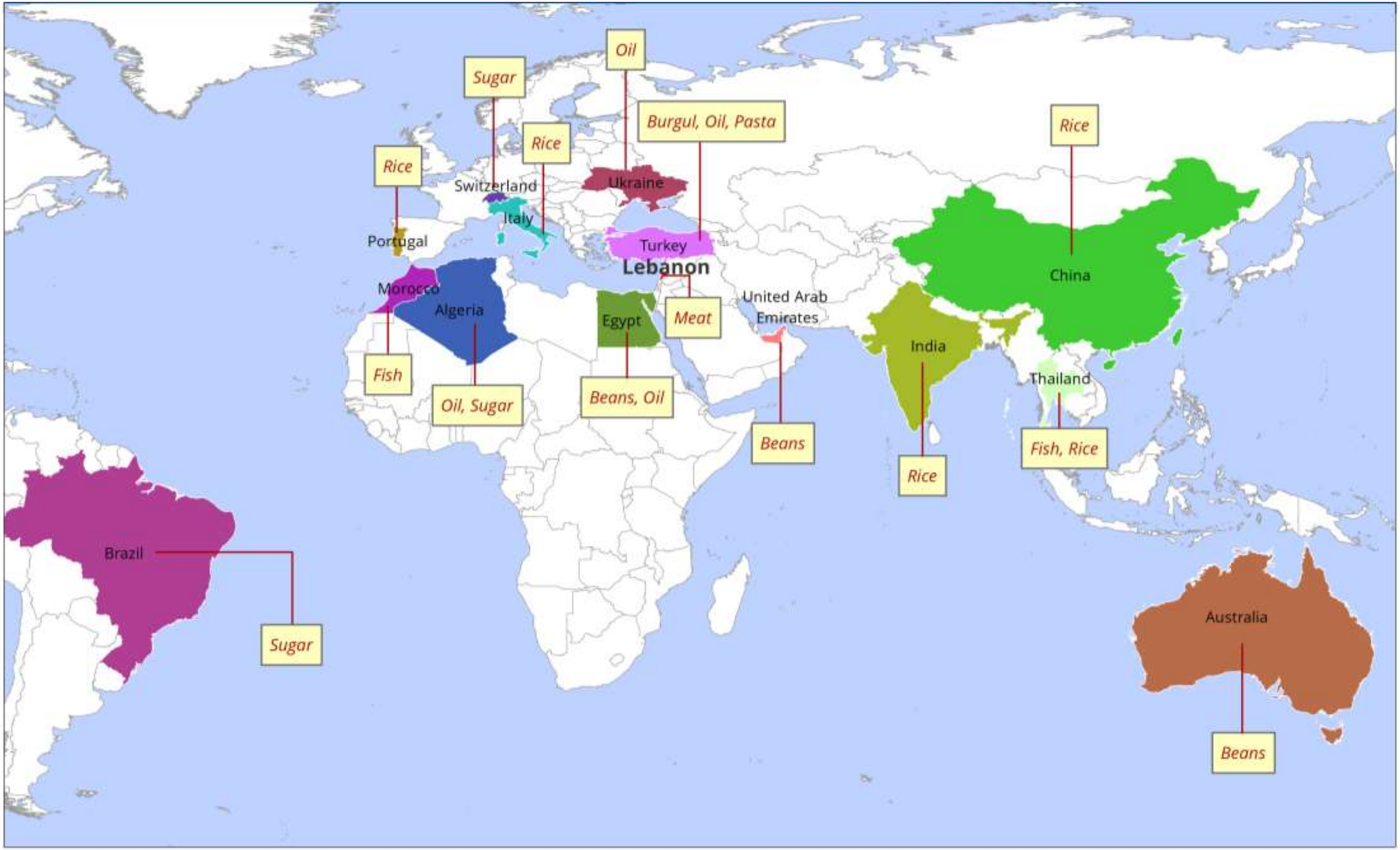
- To understand the wholesaler’s capacity and the supplier-linked risk in the supply chain of WFP contracted shops
- To analyse logistic capacity, stock availability, stock cover, pricing and liquidity of Suppliers.
- Face to Face discussion with suppliers using a pre-defined questionnaire

- 22 suppliers interviewed in Lebanon
- 10 type of food commodities assessed
- Current stock amounts to 72,599 MT (as of January 2020)
- Monthly turnover is equal to 49,982 MT

List of assessed food items and approx. available stocks in mt (as of January 2020)



Origin of food commodities
(as of January 2020)



Date Created: **26 Jan 2020** - Contact: **lebanon.mevam@wfp.org**
Website: **www1.wfp.org/countries/lebanon**
Prepared by: **LBN, VAM GIS**

Data sources :
Retail data

Supplier key activities and characteristics

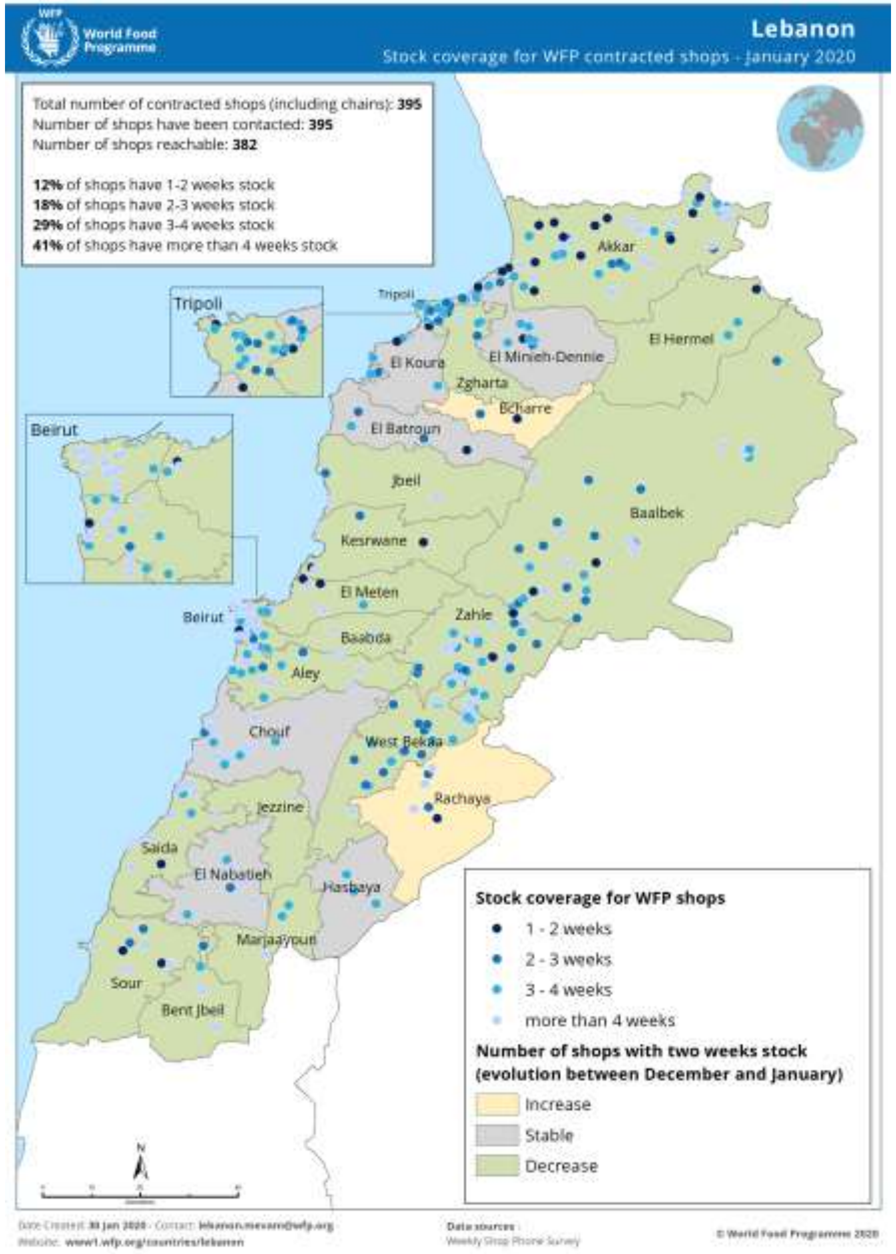
- 55% of suppliers sell only Food products while 45% of them sell both Food and Non-Food products.
- 68% of suppliers own a manufacturing/ production and packaging facilities and have their own brands.
- More than 80% of suppliers are acting as importers, distributors and wholesalers.
- 27% of suppliers have direct access to customers and also acting as retailers while the remaining 73% of suppliers only serve wholesalers, distributors and Sub-distributors.
- Food product turnover is dominated by imported (95%) vs local commodities (5%)

Take away based on suppliers feedback

- Supply issues for food items are not anticipated by the suppliers in the coming weeks.
- The main issue is the shortage of the foreign currency, leading a black market for foreign currencies.
- Shipping cost has slightly increased due to the low volume of food products ordered by suppliers leading to increase the selling price of these products.
- Supply of food commodity has been slightly affected due to the facts that suppliers and main players in the market are withholding the stock and limiting the quantity sold to 85% of the quantity ordered.
- The retailers are increasing the selling of the food commodities because consumers tend to buy more basic commodities.
- Smaller importers will not be able to adapt their business in the current situation which leads to a slightly increase in demand at supplier level.
- Large importers need to rise the volume of their orders to satisfy the increase of demand in the market.

Monitoring results for FSSWG meeting (Oct 2019 to Jan 2020)

Stock coverage of WFP contracted shops (as of 30th January 2020)



12% of shops have 1-2 weeks stock

18% of shops have 2-3 weeks stock

29% of shops have 3-4 weeks stock

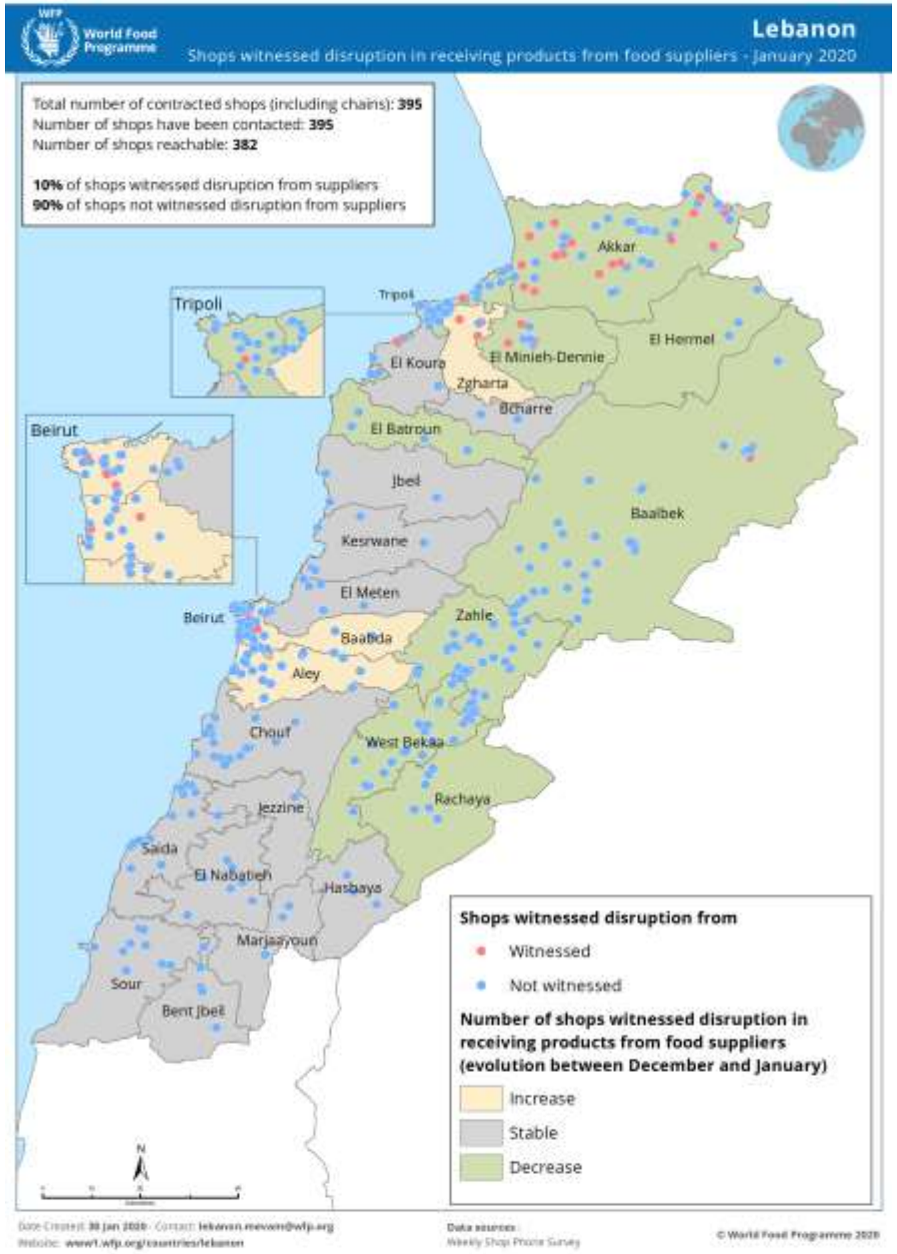
41% of shops have more than 4 weeks stock

→ 88% of WFP contracted shops say they have more than 2 weeks of stock

- Total number of shops (including chains): 395
- Number of shops have been contacted: 395
- Number of shops reachable: 382

Source: Weekly Shop Phone Survey – as of 30th January

Shops with disruption in receiving products from food suppliers (as of 30th January 2020)



10% of shops witnessed disruptions from suppliers

90% of shops did not witness disruptions from suppliers

Source: Weekly Shop Phone Survey – as of 30th January

Shops affected by the number of food ecard beneficiaries visiting the shop (as of 30th January 2020)

2% of shops affected by a change in the number of food ecard beneficiaries visiting the shop

98% of shops not affected by a change in the number of food ecard beneficiaries visiting the shop

(e.g. overcrowding or bulk purchases)

Source: Weekly Shop Phone Survey – as of 30th January

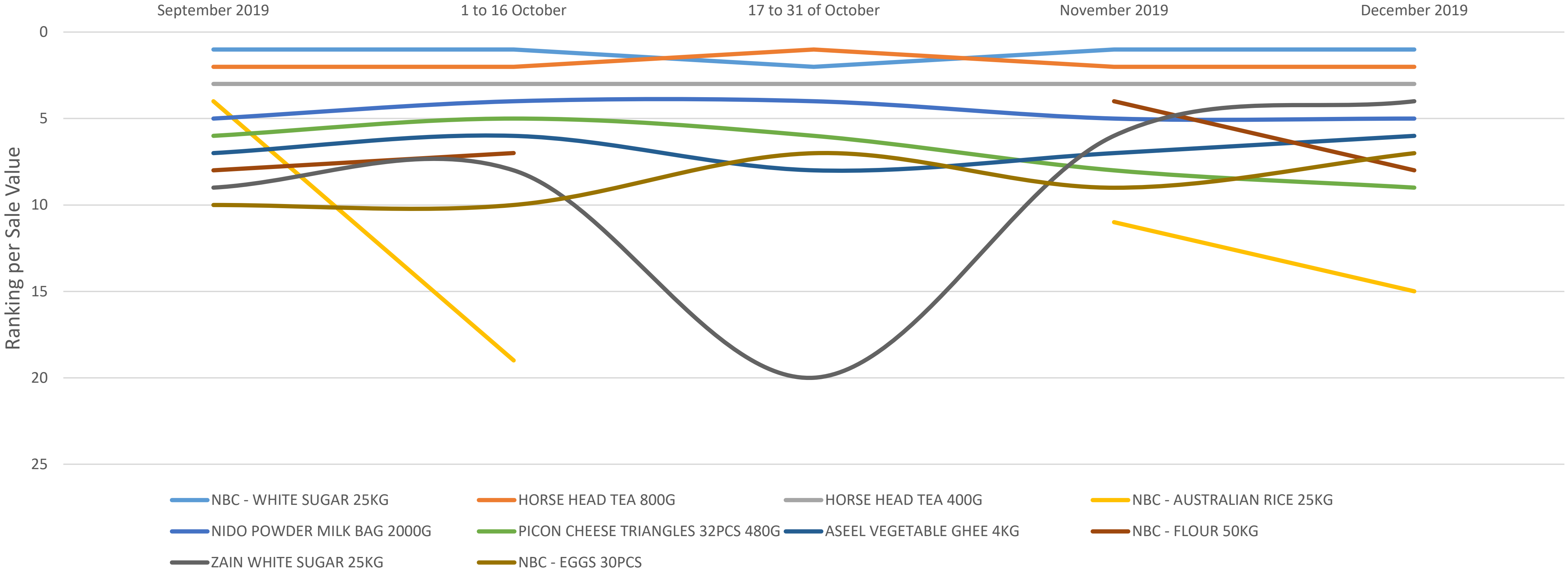
Purchasing Patterns Analysis based on WFP retail information

Purchasing Patterns Analysis based on WFP retail information

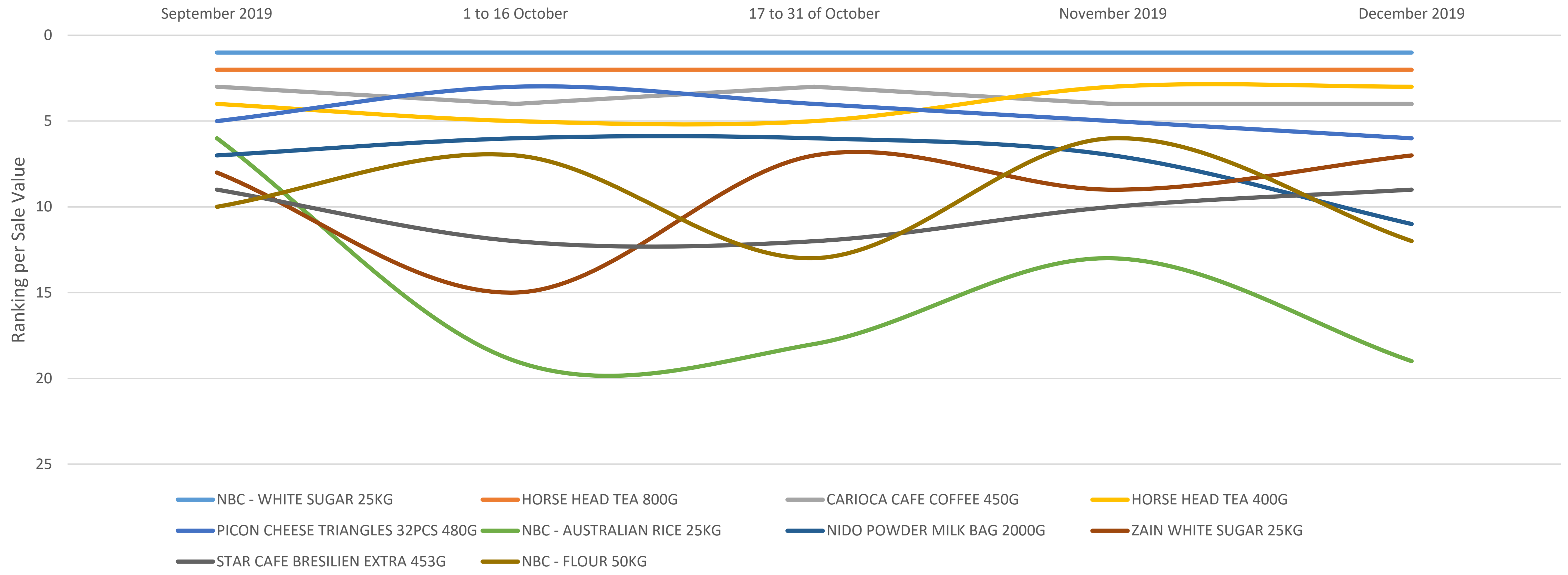
Research question: How have purchasing patterns for Syrian and Lebanese evolved since the beginning public unrest? What is the price elasticity of demand for top 10 SKUs?

- Two groups of customers analyzed: Syrian and NPTP
- Analysis:
  - Top 30 SKUs in Sale Value ($) and attributed a rank for respective month.
  - Changes of top 10 SKU rankings mapped out for each customer group.
- Periods of time: September to December 2019.
- Top 10 SKUs = around 7.5% of the total SKUs purchased in average by month in Sale Value.
- Generic analysis of price elasticity of demand – Understand the responsiveness to changes in price for top 10 SKUs

Top 10 items purchased and their rankings for Syrian Beneficiaries



Top 10 items purchased and their rankings for NPTP Beneficiaries



Take Away

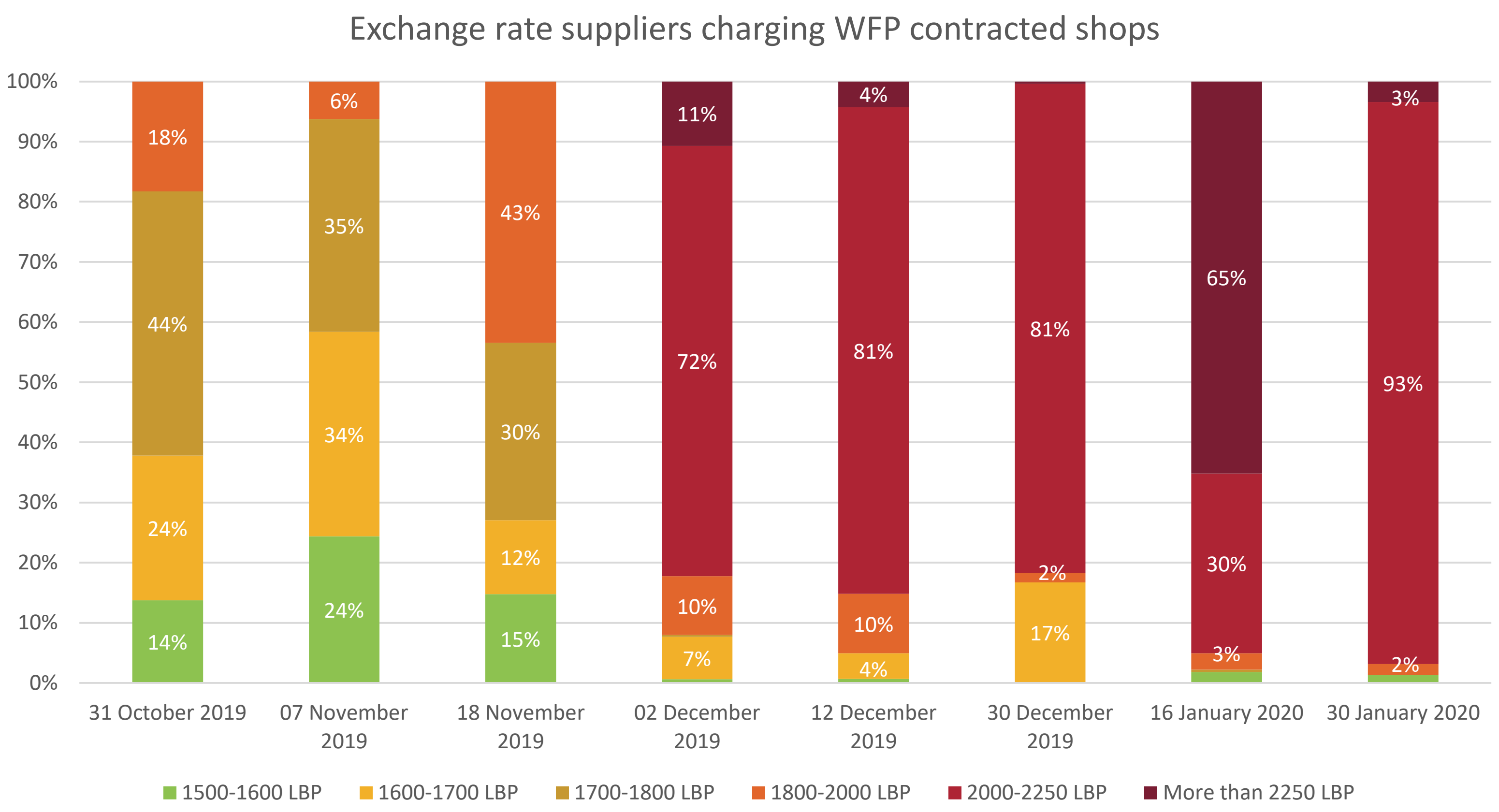
- This analysis provides an analysis for specific SKUs.
- Top 3 SKU commodities have remained the same for Syrian and NPTP beneficiaries between September 2019 and December 2019.
- Top 10 SKU commodities remain within the top 20 sales ranks.
- Top 10 SKUs analysis needs to be expanded to a larger set.
- Regrouping of commodity groups necessary to decipher changes more distinctly.
- Focus on Food Basket Commodities necessary.

Generic analysis of price elasticity of demand for Top 10 SKUs

Percentage change in Price	Percentage change in Quantity	Calculated Elasticity of Demand	Elasticity
2%	6.1%	2.8	Elastic
2%	4.8%	2.7	Elastic
3%	8.4%	2.4	Elastic
4%	8.0%	2.2	Elastic
5%	10.2%	2.2	Elastic
5%	9.9%	1.9	Elastic
4%	6.4%	1.7	Elastic
3%	-0.1%	-0.1	Inelastic
3%	-0.5%	-0.2	Inelastic
1%	-2.6%	-4.8	Inelastic

Exchange Rates and Price Developments

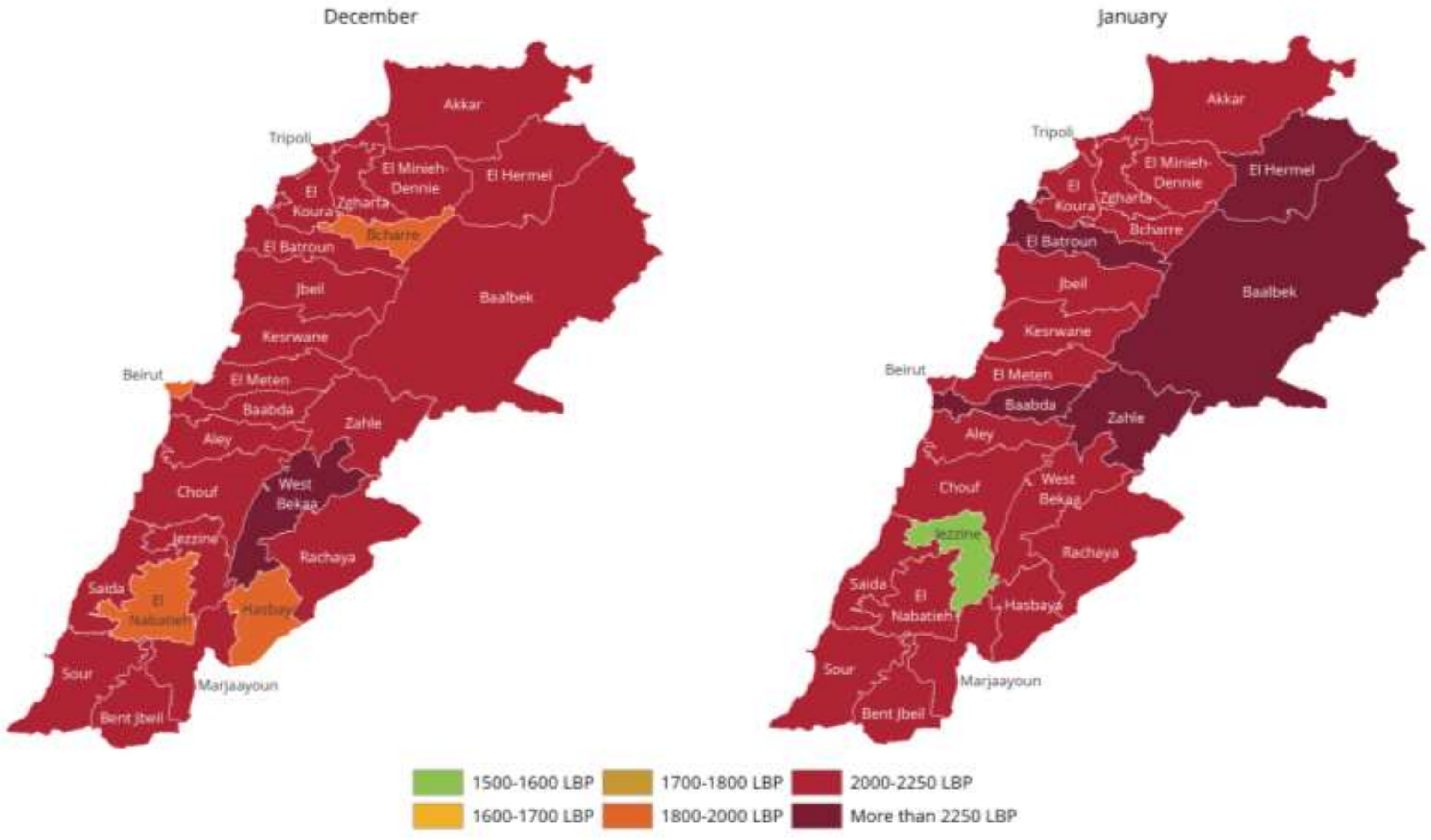
Weekly exchange rate development based on contracted retailers' feedback (national level)



- Starting from December 72% of the suppliers charged WFP contracted shops between 2000-2250 LBP and 11% of the suppliers charged WFP contracted shops above 2250 LBP.
- In mid of January 30% of the suppliers charged WFP contracted shops between 2000-2250 LBP and 65% of the suppliers charged WFP contracted shops above 2250 LBP.
- In mid of January 93% of the suppliers charged WFP contracted shops between 2000-2250 LBP and 3% of the suppliers charged WFP contracted shops above 2250 LBP.

Source: WFP retail data, 2019/2020

Weekly exchange rate development based on contracted retailers' feedback (district level)

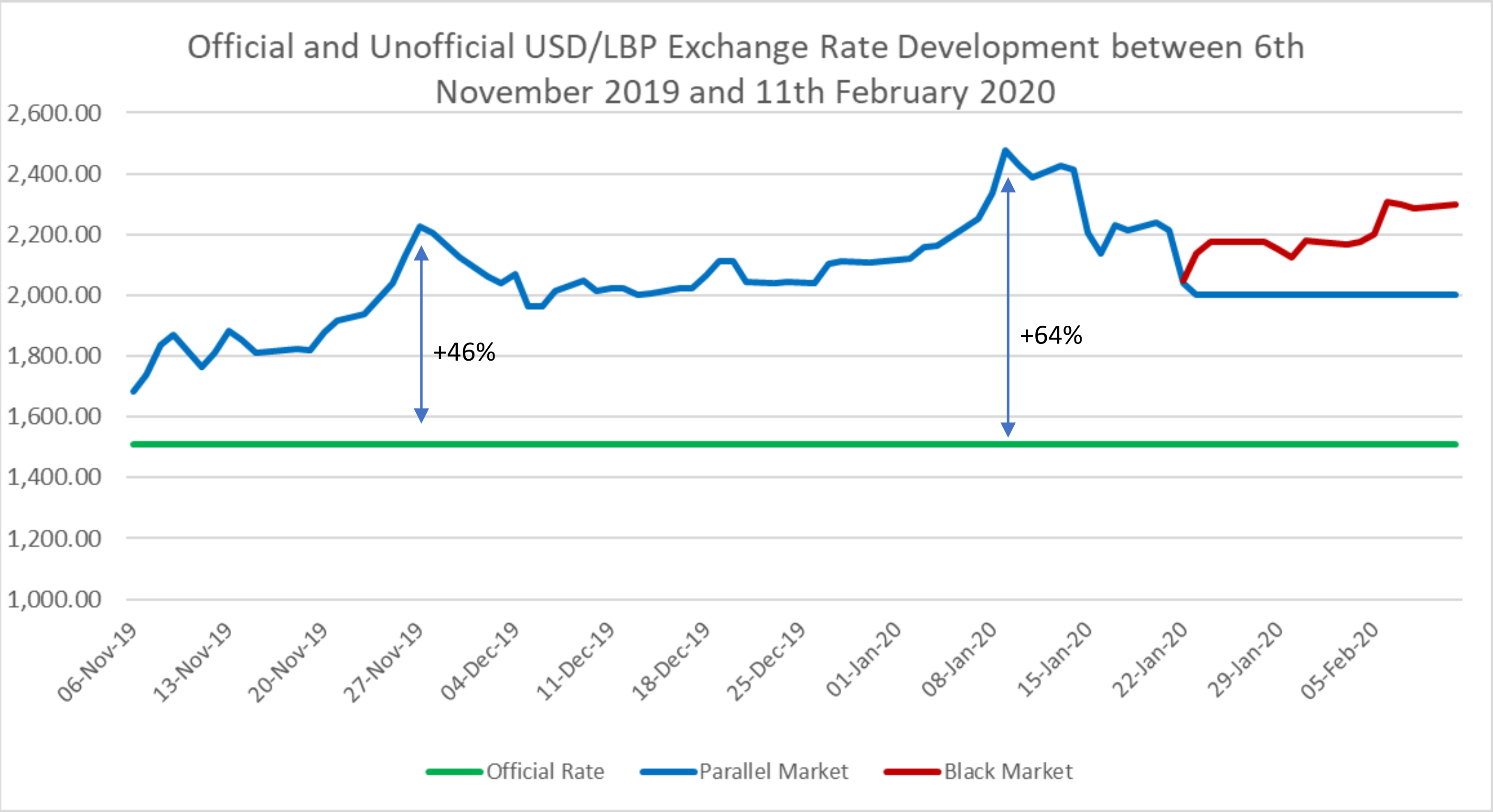


- In December the suppliers charged WFP contracted shops ***more than 2250 LBP*** in West Bekaa

- In January the suppliers charged WFP contracted shops ***more than 2250 LBP in 5 districts*** (Baabda, Baalbek, El Batroun, El Hermel, Zahle)

Source: WFP retail data, 2019/2020

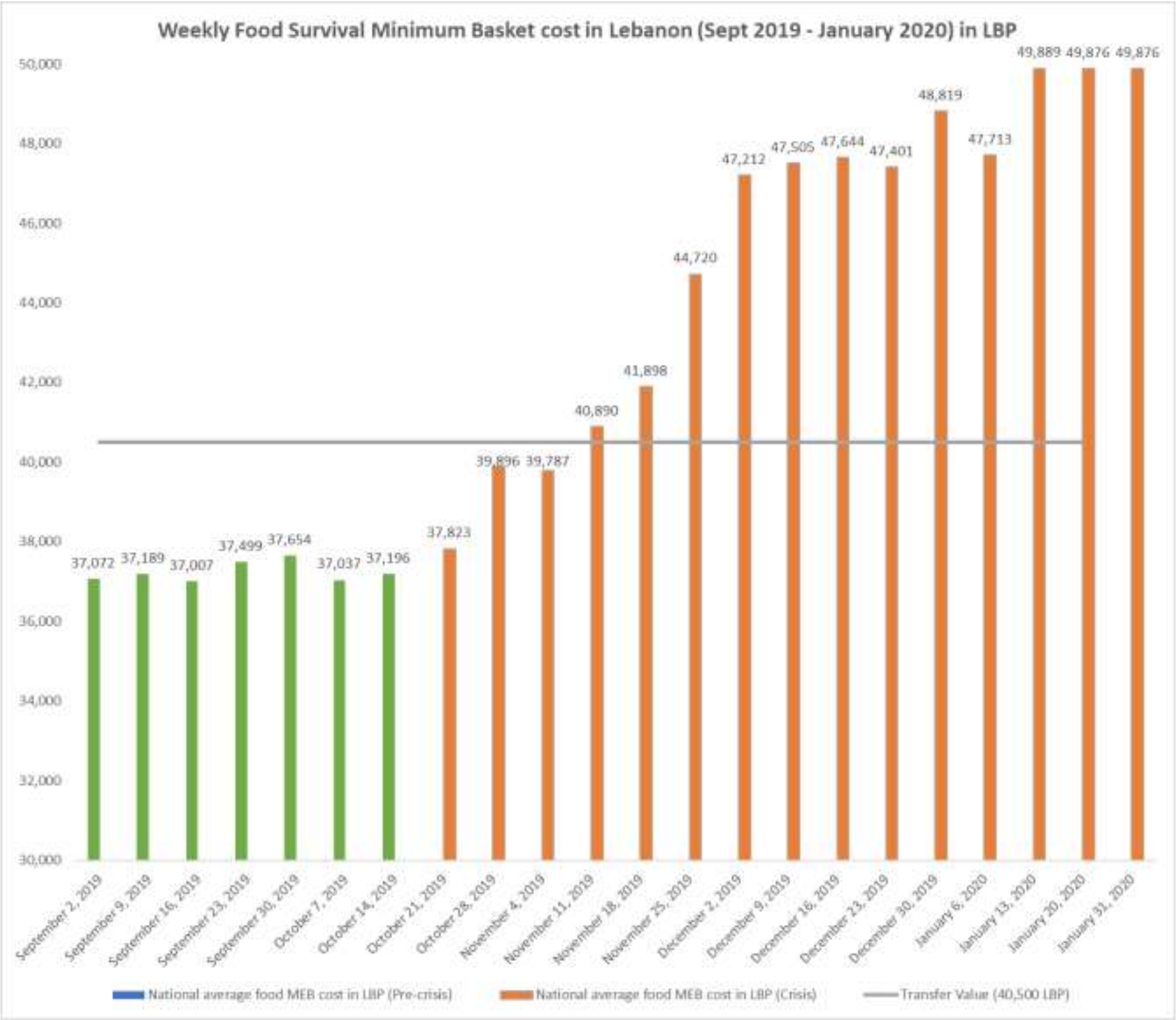
Daily (official and unofficial) exchange rate development between November 2019 and February 2020



- Increased volatility in markets led to first parallel market rate spike on November 27th at 2200 LBP.
- Stabilization of rate between 2000 LBP & 2100 LBP for most of December.
- Increased volatility and uncertainties at the political level, pushed rates to the 2500 LBP barrier on January 8th.
- On January 22nd, syndicate of exchanges set a maximum buy value of 2000 LBP.
- Black market emerges with a different exchange rate, higher than the 2000 LBP.

Source: http://lebaneselira.org

Change of weekly & monthly food SMEB price in LPB (national average)

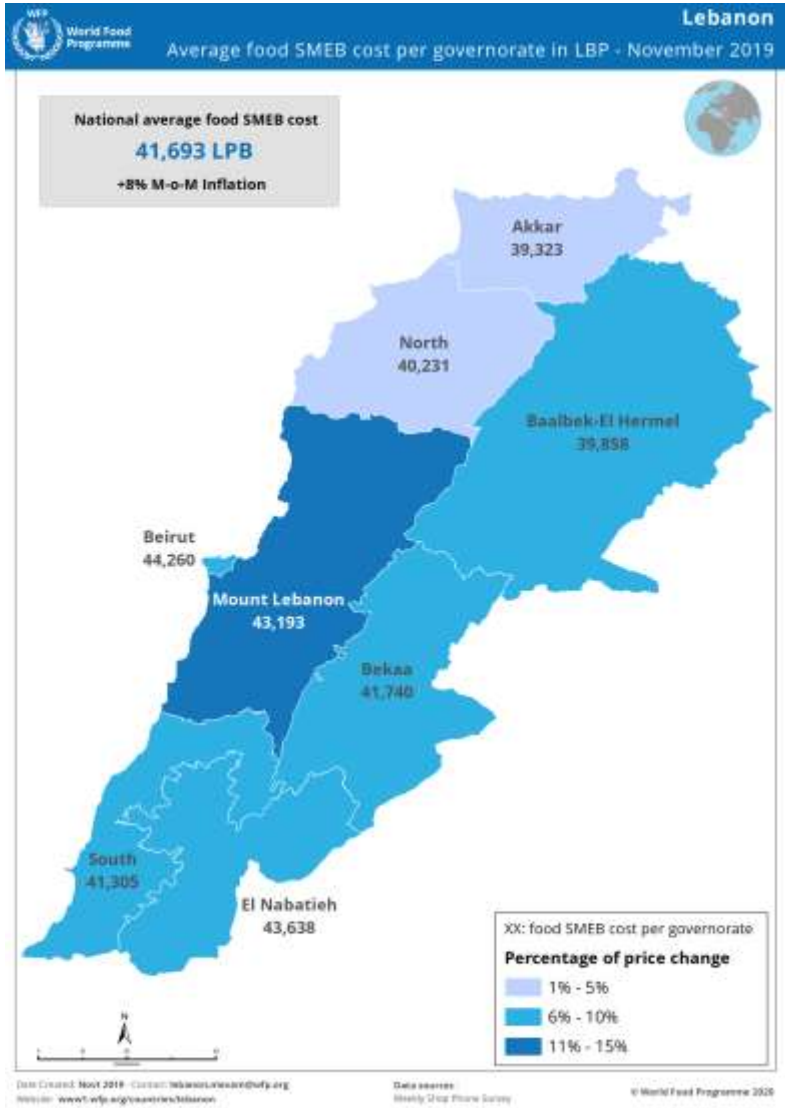


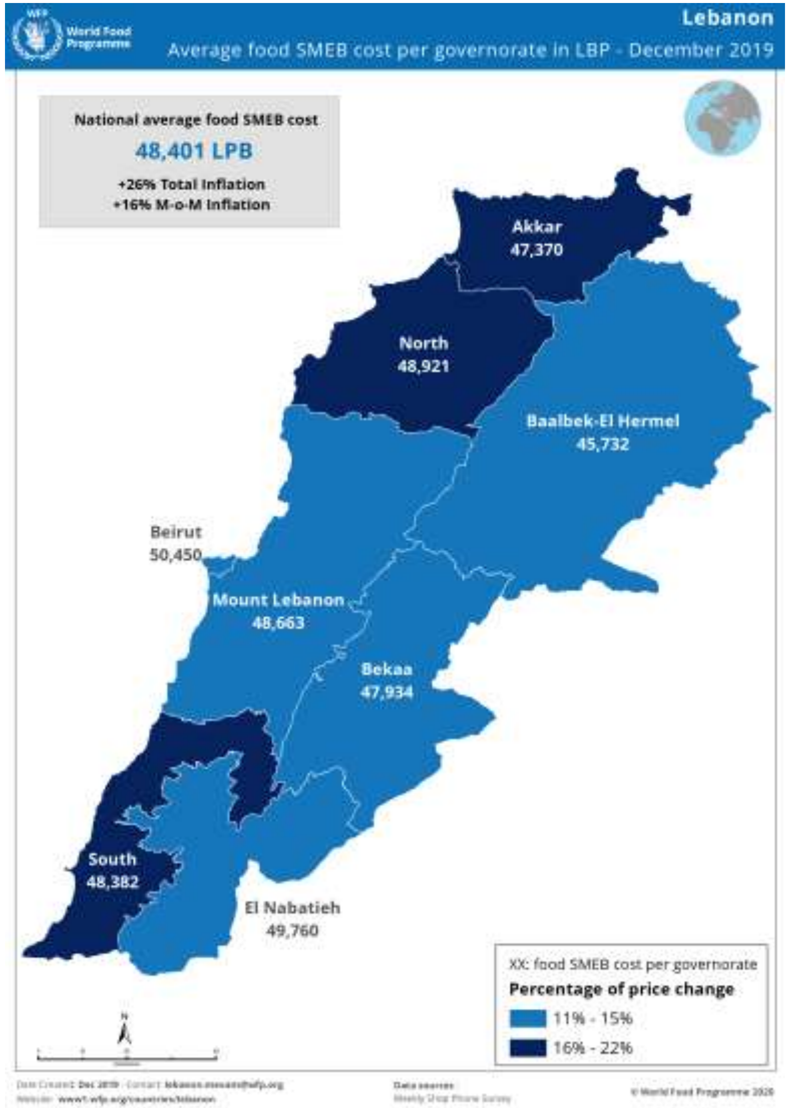
Source: WFP price data, 2019, 2020

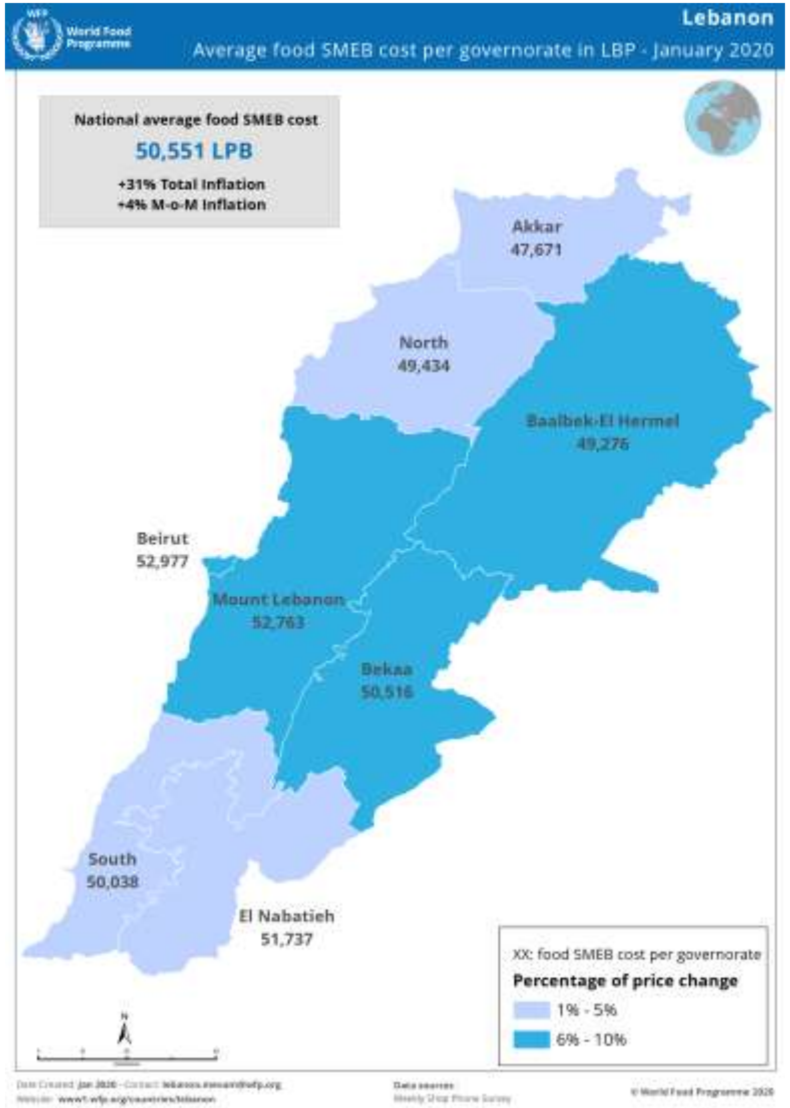
- Since December 2019, the food basket price was above 45,000 in all Governorates, with a national average of approx. 48,316 LBP.
- In January 2020, the highest food basket prices were found in Beirut (50,742 LBP) and the lowest in Baalbeck-Hermel (45,427 LBP).
- Approx. 35 percent weekly food price (SMEB basket) increase between the week of the 14th of October 2019 and the week of 31th of January 2020.

World Food Programme

Monthly average change of SMEB food basket price in % per Governorate – Nov. 2019 to January 2020







Source: WFP price data, 2019 & 2020

Prices Comparison: WFP contracted shops Vs the Non-contracted shops

- In January 2020 WFP’s retail unit started visiting non-contracted shops to compare price trends with contracted shops and will continue throughout the year.
- 59 shops have been visited in all FOs, 52% of them were contracted while 48% of them where non-contracted shops.
- 147 food items were collected covering 3 main food categories (Grocery, frozen food , dairy and chilled products).
- Out of 147 food items: 92% of those items were available in North and Akkar (contracted/non-contracted) shops, followed by Beqaa 78% and Beirut & Mount Lebanon 71%.
- In Beqaa area, the average price value by categories at contracted shops is 3% higher compared to non-contracted shops.
- In Beirut & Mount Lebanon, the average price is 0.9% higher compared to non-contracted shops.
- In North & Akkar is only 0.02% higher compared to non-contracted shops.

Thanks!
Questions?

WFP Lebanon

Supply Chain Unit & VAM Unit & Programme Unit

2) Ongoing Situation

c. Implications on Ongoing Programmes (Discussion)

Current situation: Implications on Ongoing Programmes (1)

What are we doing → what are we planning to do?

I. Monitoring

Tracking of:

Coping mechanisms;

Market behavior (CPI, ex rate);

Banking situation;

(Q4 2019 – Q2 2020)

II. Analysis

Assessments, surveys;

Market information;

Tensions / perception;

(Q1 2020 – Q2 2020)

III. Adaptation

Targeting refocus; alignment; operationalization

Current situation: Implications on Ongoing Programmes (2)

Existing Information Gaps

1. **Changes in expenditure patterns for all population cohorts (pre to post crisis):**

Notes:

- *overall expenditure volume and purchasing power;*
- *prioritization of basic needs;*
- *Coping mechanisms;*

2. Economic vulnerability of Lebanese and method of identification

Notes:

- *Existing baselines: 2008 poverty Study (MoSA, UNDP) & 2011 HH Budget Survey (CAS, WB)*
- *Entry points: NPTP, other?*
- *World bank estimates on the impact of the crisis*

(3) Programmatic impact (MPC): % coverage of the SMEB for SYR HHs receiving

Notes:

- *$1 = LBP 1,500 / SMEB at $435 / Q: priced in LBP / HH size = 5*
- *MPC + Food (71% pre crisis)*
- *Package Contribution ($175 + $135) + HH informal income ($125) = $435*
- *Food Basket up by 15% (Dec) / MPC (260,000) package lost approx. 30%*
- *Other factors (coping mechanisms, informal networks)*

Current situation: Implications on Ongoing Programmes (3)

Analysis & Adaptation: What, How, When?

The “What” questions:

- What kind of additional information do we still need to gather?
- What is the impact on the programmes?
- What are the additional needs of different population cohorts?
- What is possible / not possible within the existing BA strategy / framework?

The “How” questions:

- How can we increased focus on Lebanese without shifting resources?
- How can we extend emergency support: specific interventions?
- How are operational agencies and stakeholders coping?

The “When” questions:

- Based on the risks mitigation measures identified, when to a decision to adapt an existing programme?
- Based on which <u>triggers</u>?