



THE PANDEMIC PAPERS

GOING HUNGRY:

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# THE EMPTY PLATES AND POCKETS OF LEBANON

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THE FIGHT TO PREVENT HUNGER AMIDST PANDEMIC AND RECESSION





## EXECUTIVE SUMMARY

The Lebanese people are trapped in a nightmare. On top of the deadly, mysterious COVID-19 pandemic, they are grappling with an economic collapse so complete that, based on government estimates, it will take over 20 years to fix. Now virus and recession have joined forces to send food prices skyrocketing and household incomes nosediving. The result: almost half of the population struggles to put the most basic foods on their tables.

In truth, the looming spectre of widespread starvation is not a bad dream, but a reality deeply rooted in political decisions made over decades. Once the breadbasket of the Roman Empire, Lebanese agriculture now contributes just 3% of annual economic growth, despite providing jobs for one quarter of the national labour force. Farmers contend with woeful infrastructure, directly resulting from a chronic lack of state investment, and have weak bargaining positions against wholesalers and retailers. This makes Lebanese-made food neither particularly abundant nor cheap, with imported foods often being more affordable.

Lebanon's food supply chain will always rely on foreign products to a significant extent, given the country's limited land and water resources. However, the ongoing currency shortage has made imports much more expensive, exposing the critical limitations of overwhelming import dependency—a disappointing legacy for a region which pioneered domesticated wheat some 9,000 years ago<sup>1</sup>. Now international politics is also threatening Lebanon's supply lines, as key food producing countries consider imposing export

bans and quotas amid COVID-19-related panic. To make matters worse, powerful importers and traders can drive up prices on both local and imported foods through cartel behaviour, capitalising on Lebanon's non-existent or toothless consumer protection and competition laws. With the deck stacked so shamelessly against consumers, it is no wonder that low-income households across Lebanon were already food insecure, long before pandemic and recession struck.

Lebanon's unacceptable lack of food security calls for immediate action. In the short term, the government must crack down on price-gouging and expand social safety net programmes through cooperation with the Banque du Liban (BDL) and international aid organisations. Simultaneously, a comprehensive strategy for long-term food and nutrition security is desperately needed. This plan should improve infrastructure to boost local production, whilst weeding out non-productive wholesalers and corrupt captains of industry in favour of the small-scale farmers that add true value.

Lebanon can only navigate these perilous times by—quite literally—going back to its roots. With some state support, farmers could easily boost food sovereignty by growing more nutritious staples such as beans, lentils, and chickpeas, which have long been native to the region. The current economic order has driven Lebanese and refugees alike to the brink of starvation. The new Lebanon needs to put the people first, which starts with guaranteeing basic, universal food and nutrition security. Nothing less will allow this generation to uphold the old Lebanese adage that “nobody ever dies from hunger.”



## INTRODUCTION

The onset of the COVID-19 pandemic, hot on the heels of a catastrophic economic collapse, has exposed the brittle foundations of Lebanon's food and nutrition security.<sup>2</sup> The two crises have joined forces to send food prices skyrocketing and household incomes plummeting, imperiling access to the most basic levels for sustenance for increasingly destitute families.

The Lebanese people have not had the luxury of taking food and nutrition security for granted in modern history. Their nation occupies an arable yet relatively tiny portion of a water-scarce region, which exposes local agriculture to external shocks. The 1918-20 Spanish Influenza outbreak, the most recent pandemic on the scale of COVID-19, came at the end of the devastating Great Famine of Mount Lebanon: 200,000 people died of starvation as wartime politics cut off international supply chains, while locusts decimated Lebanese crops. The threat of hunger, augmented by disease, bore down on all.<sup>3</sup>

Instead of locusts, today's Lebanese can blame the colossal extent of their food insecurity on a new breed of insatiable pestilence: the elite capture which brought the economy to its knees through decades of theft, venality, and financial misconduct (See Triangle's November 2019 paper, "Extend and Pretend"). The ongoing recession has directly inflated prices for virtually all foods, but especially in relation to imports, which can only be purchased with increasingly scarce foreign currency. In a country like Lebanon, which relies overwhelmingly on foreign-made products, these price trends have had disastrous consequences.

With food and nutrition insecurity now looming over the nation, the besieged Diab government has started to heed public demands for immediate action. The Ministry of Economy and Trade has proposed new laws to crackdown on illegal profiteering on food prices, while it also explores options for temporary subsidies on essential foods. Separately, a leaked emergency plan emerged from the cash-strapped Ministry of Agriculture, setting out a quickfire agenda for improving Lebanon's food and nutrition security by boosting domestic production.<sup>4</sup> And perhaps most significantly, the government released its ambitious plan for financial recovery, aimed at arresting the inflation that has crippled food access across the country.<sup>5</sup>

History suggests that more steps, more reforms, and more investment will need to occur without delay. Just over a decade ago, Lebanon endured the 2007/08 global food price shock, which crippled food and nutrition security across West Asia and North Africa. Mass public anger erupted in the Arab Spring protests that swept the region two years on, as demonstrators decried their governments' failure to ward off widespread hunger.<sup>6</sup> Lebanese elites should recall these events with alarm, not least because food prices rose by 18.2% in 2008<sup>7</sup>—a relative fraction of today's ruinous 55% spike on basic produce.<sup>8</sup>

It is in this volatile context, now an existential crisis for rich and poor Lebanese alike, that COVID-19 has reared its lethal, microscopic head. This darkest of hours calls for full-scale cooperation—spanning all agencies, industries, and governorates—to make sure that everyone receives enough nutritious food.

## ANALYSIS

### OUT OF POCKET, OUT OF REACH

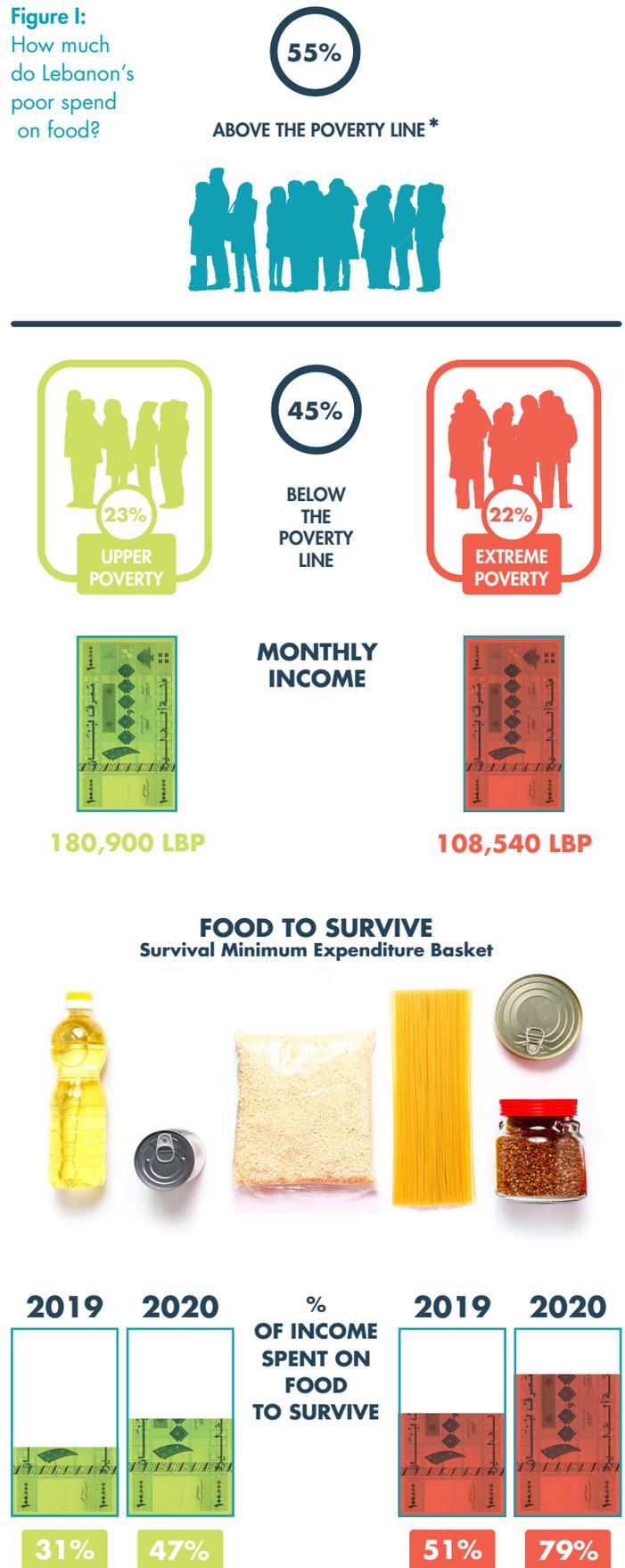
The COVID-19 pandemic comes at a time when a gaping vulnerability has emerged in Lebanon's food and nutrition security situation: household-level access. To date, supermarkets and other food retailers have generally not experienced shortages of key food products. The real source of desperation has been an untenable explosion in food prices.<sup>9</sup> Inevitably, the most vulnerable community members have been hit hardest.

This time last year, people below the extreme poverty line already needed to spend 51% of their incomes to fill a food basket deemed by international aid organisations as enough to survive—let alone thrive—in Lebanon.<sup>10</sup> Today, the same, bare essentials cost 79% of that meagre income. Lebanon currently has enough food within its borders, but for many households—especially those below the upper poverty line (45% of the population) and extreme poverty line (22%)<sup>11</sup>—food has become unaffordable (See Figure I).

While the dual crises have clearly dealt a ruinous hand to Lebanon, food and nutrition insecurity had long predated last October's first signs of economic collapse. Lebanon hosts the world's highest per capita rate of refugees, who suffer from worse food security than Lebanese citizens.<sup>12</sup> Yet the longstanding struggle for food access has not spared vulnerable Lebanese either; one study found that almost half (42.2%) of Lebanese households with children had experienced moderate-to-severe food insecurity, based on 2014/15 survey responses.<sup>13</sup> The current spike in food prices has amplified these alarming trends across all communities, slashing access to food for (at the very least) almost half the population, who now find themselves below the upper poverty line.

Accelerated by COVID-19, food price hikes have their roots in the way Lebanon grows, sells and pays for the

**Figure I:**  
How much do Lebanon's poor spend on food?



Sources:  
World Food Programme, Lebanon, (January 2020). Update on Food Price Trends;  
Ministry of Economy and Trade, (27 April 2020). Weekly Basket Report.

\*The World Bank and Lebanon's Central Administration of Statistics set Lebanon's upper and extreme poverty rate as \$4.00 and \$2.40 respectively.<sup>1</sup>



food that its people eat. Anywhere from 65-80% of national food needs come from imports, which traders must pay for with foreign currency.<sup>14</sup> As US dollars become scarcer in Lebanon, traders need to purchase them at the increasingly expensive black market rate, and then pass on that extra cost to retailers and consumers. Similar market realities have applied to locally produced food, because Lebanese farmers must buy essential agricultural inputs (such as animal feed and fertiliser) from other countries, necessitating more foreign currency purchases.<sup>15</sup> At the same time, the economic recession has gutted the income sources of many households, forcing them to live on lower wages or, in the worst cases, none at all. Now COVID-19 restrictions have widened the gulf between family incomes and food prices by slashing work hours even further, while the economy shows no signs of recovery.



*“Accelerated by COVID-19, food price hikes have their roots in the way Lebanon grows, sells and pays for the food that its people eat.”*



Some unscrupulous food traders have added their own personal brand of inflation to prices, capitalising on widespread panic and toothless laws of competition and consumer protection. Far from a consumer-friendly marketplace, Lebanon was ranked 88th out of 141 countries on the 2019 Global Competitiveness Index.<sup>16</sup> This damning assessment reflects an economy where, according to the latest study of its kind almost two decades ago, more than half of markets for a specific product are effectively controlled by three firms.<sup>17</sup> The lack of meaningful anti-trust legislation

or reform means the market now is likely far less competitive, and far worse for consumers.



*“Some unscrupulous traders have added their own personal brand of inflation to prices, capitalising on widespread panic and toothless competition and consumer protection laws.”*



These conditions have allowed for collusion between traders to keep prices high for in-demand food products during the pandemic, confident that desperate shoppers will somehow find the money. The government can curtail this behaviour by enforcing the profit ceilings stipulated by law for essential food items.<sup>18</sup> In written comments to Triangle, Minister of Economy and Trade Raoul Nehme said that his office has issued "hundreds" of infringement notices to businesses that are breaching these anti-price gouging provisions.<sup>19</sup> Nehme added, however, that courts currently take a long time to adjudicate and enforce infringement notices, meaning that traders have little incentive to reduce their profit margins and comply. The ministry has proposed a draft amendment to the Consumer Protection Law, under which traders would face sterner and more immediate penalties.<sup>20</sup> To date, Parliament has not passed the amendment.

## TRADE-OFFS TO SURVIVE

When households suffer from heavily reduced access to food, they inevitably adopt negative coping strategies to survive. In 2014-15, low-income Lebanese households reported making a range of harmful trade-offs in response to food insecurity, which most



890gr, serves 4

## FOUL AKHDAR BEL ZEIT



TOTAL COST FOR 4 (2020)  
**LBP 6,000**

INCREASE SINCE APRIL 2019  
**50,97%!!**

Nutritional information per 100gr:

260 kcal energy  
6 gr protein

16 gr carbohydrates  
20 gr fat



**GARLIC CLOVES, 24gr**  
LBP 216

95,32%!!



**BROAD BEANS 680gr**  
LBP 3,300

70,24%!!



**SALT 12gr**  
LBP 32

28,76%!!



**OLIVE OIL, 172ml**  
LBP 2,400

9,58%!!

Figure II(a)

Sources: Ghattas, H, Batal M, & El Aily, A, (Unpublished); MoET (2020); FAOSTAT (2017). [Full citations in paper's endnotes].

commonly included purchasing less preferred and / or cheaper foods, limiting portion sizes, and borrowing food from others.<sup>21</sup> Syrian refugees are also relying on these kinds of coping strategies for lack of food access, even more so than in previous years.<sup>22</sup> If some low-income households scrape together the money for essential food items, they often do so by cutting back on essential non-food expenditure, like education and healthcare.<sup>23</sup> Due to its enormous scale, the current

price hike promises an unprecedented escalation of negative coping strategies. The 2007/08 food crisis increased prices in Lebanon by around 18.2% in one year;<sup>24</sup> this time, on average staple food prices have shot up by more than 50% since April.<sup>25</sup>

In this way, reduced access undermines the food and nutrition security aspect of utilisation, which calls for a balanced diet that avoids overnutrition, undernutrition

*“The 2007/08 food crisis increased prices in Lebanon by around 18.2% in one year; this time, staple food prices have shot up by more than 50% since April.”*



437gr, serves 4

## MOUJADDARA



TOTAL COST  
FOR 4 (2020)  
**LBP 1,800**

INCREASE SINCE  
APRIL 2019  
**52,33%!!**

### Nutritional information per 100gr:

310 kcal energy  
12 gr protein

36 gr carbohydrates  
13 gr fat



Figure II(b)

Sources: Ghattas, H, Batal M, & El Aily, A, (Unpublished); MoET (2020); FAOSTAT (2017). [Full citations in paper's endnotes].

and micronutrient deficiencies.<sup>26</sup> Lebanon had already witnessed worrying increases in malnourishment rates before the COVID-19 pandemic's onset. The malnutrition rate climbed to 11 percent between 2016 and 2018,<sup>27</sup> and Lebanon had registered a number of micronutrient deficiencies, including inadequate intakes of calcium, vitamin D, vitamin B12, iron, and iodine.<sup>28</sup> Now that even staple food products are becoming widely unaffordable, low-income households are even less able to cook basic dishes that can provide a semblance of sustenance [See Figure II(a)-(b)]. This precipitous outlook for nutrition could scarcely come at a worse time, as Lebanon steels itself to stand against COVID-19, a once-in-a-generation public health disaster.

### HOMELAND INSECURITY

Locally produced food has long been unnecessarily expensive in Lebanon due to structural flaws that run through the agriculture sector's value chain. At the field level, Lebanese farmers rely on imports for a wide range of vital inputs. In 2019, around \$200 million was spent on foreign livestock feed (\$143 million), fertiliser (\$37 million), and pesticides (\$19 million) alone.<sup>29</sup> Farmers have already paid over-the-odds prices due to the monopolistic behaviour of input providers, even before the economic crisis made products from abroad more costly.<sup>30</sup> In addition, farmers frequently pay costs for land rental, water, and labour that are disproportionately high relative to the value of goods produced. Upon leaving the



1700gr, serves 4

## KAFTA BEL SANNIYEH



TOTAL COST FOR 4 (2020)

**LBP 39,200**

INCREASE SINCE APRIL 2019  
**52.72%**

### Nutritional information per 100gr:

119 kcal energy  
6 gr protein

9 gr carbohydrates  
7 gr fat



**TOMATOES**

400gr

LBP 1,460 128.81%!!



**GROUND LAMB**

800gr

LBP 36,866 75.93%!!



**POTATOES**

400gr

LBP 680 35.45%!!



**ONIONS**

88gr

LBP 165 31,60%!!



**SALT**

5gr

LBP 13 28.76%!!



**PARSLEY**

24gr

LBP 12 15.76%!!

Figure II(c)

Sources: Ghattas, H, Batal M, & El Aily, A, (Unpublished); MoET (2020); FAOSTAT (2017). [Full citations in paper's endnotes].

farm, produce is typically sold by small-scale farmers to the local wholesale point (the hisbeh), because the farmers lack strong connections to retailers and / or their farms do not have proper (cold) storage infrastructure. These trader middlemen often split well over half the goods' final sale price with the retailer, leaving less than 30% (on average) for the farmer.<sup>31</sup> The consumer ultimately bears these extra charges when they are reflected in the food product's final price.

These structural flaws have contributed to a situation in which locally produced foods are overly expensive, even relative to some imported products. For example, labneh (concentrated yogurt) is a standard feature of a Lebanese household's dairy intake, which makes up 11% of the average diet.<sup>32</sup> Lebanon produces far more yoghurt locally (an estimated 5,809 tonnes annually)<sup>33</sup> than it imports (469 tonnes, in 2017).<sup>34</sup> Nevertheless, consumers currently pay on average around LBP 6,700 per 500 grams of labneh.<sup>35</sup> This amount alone nearly

*“Middlemen often split well over half the good's final sale price with the retailer, leaving less than 30% (on average) for the farmer.”*



exceeds the daily income of anyone living on Lebanon's upper poverty line. But labneh's retail price has only gone up by 11% since last April - well below the average 55% increase. In the case of labneh, the relatively high cost stems from long-term deficiencies in the local supply chain. Lebanese dairy farmers suffer from weak economies of scale, whereby refrigeration and transport costs reduce profits on their relatively small outputs, while middlemen add an average 20% markup when selling milk from individual farmers to processors.<sup>36</sup>

### IMPORTED INSECURITY

Importing food, if done strategically, can promote greater access by lowering prices—especially in a country like Lebanon, shackled with limited resources and largely inefficient local production. Cereal imports illustrate how this general principle applies in practice. For starters, Lebanon imports most of its wheat supply from Russia and Ukraine.<sup>37</sup> Both countries benefit from economies of scale relative to Lebanon, such that it is cheaper and more efficient to import Russian and Ukrainian wheat than to grow wheat locally (See below, “With a Little Too Much Help”). The same market logic applies to rice, Lebanon's second-most imported cereal for human consumption, which is widely available from nations better equipped to produce rice in mass quantities. In normal times, therefore, it makes economic sense to rely mostly on cheaper foodstuffs imported from abroad.

Yet if this unprecedented financial crisis has caused local food production costs to rise sharply, prices for imported foods have positively skyrocketed. Lebanon depends overwhelmingly on foreign sources for staple products like white beans, sunflower oil, and rice. In the past year, the prices for these commodities have risen by 102%, 93%, and 88% respectively—cost hikes well beyond the average 55% year-on-year increases.<sup>38</sup> Just as Lebanese producers must pay a premium for agricultural inputs from abroad, importers spend increasingly high amounts to obtain foreign currency, with which they can pay for imported foods.

For foreign wheat, the government ameliorates these higher costs by supporting price controls for bags of standard Arabic bread. When the cost to import wheat exceeds roughly \$300 per tonne, the state steps in by selling wheat to millers at a subsidised price. More recently, as the economic crisis threatened the continued import of vital goods, the BDL made US dollars available to millers at favourable rates. This means that millers are not forced to pass on additional costs to bakeries and eventually consumers (See Box 1). Under this policy, the BDL absorbs financial losses to ensure that the price of simple Arabic bread remains at LBP 1,500 per kilogram, effectively shielding consumers from the currency crisis in relation to bread; yet the cash-strapped state cannot fund similar measures for other imported staples, like rice.

**BOX 1:** Since the outset of the economic crisis, the BDL has offered millers US dollars at the official peg rate of 1507.5 to prevent a supply shortage of wheat. When millers want to import wheat, they must provide their banks with 15% of the needed funds in US dollars, and 85% in Lebanese lira. The bank then submits a request to the BDL, which replaces the lira with US dollars at the 1507.5 rate. The BDL absorbs the loss made on the conversion, being the difference between the lira's official and black market values.



Even the bread price controls, which offer rare respite for low-income food shoppers, may not survive much longer in light of Lebanon's parlous economic situation. To function effectively, the policy relies on Lebanese millers and bakeries agreeing to keep the price for Arabic bread at the prescribed level. Last month, the head of the Bakers' Syndicate resigned from his position, claiming that bread retailers no longer received enough government support to keep prices low amid the rampant inflation.<sup>39</sup> And of course, the BDL's absorption of loss on wheat imports constitutes a drain on public finances that, already, are stretched well beyond their limit. The BDL can only continue supporting this policy by dipping further into its precious remaining foreign reserves, nudging the entire country ever closer to the brink of bankruptcy.

#### WITH A LITTLE (TOO MUCH) HELP FROM OUR FRIENDS

While food prices have spiralled out of control, Lebanon has managed to maintain an adequate supply of food. For now, there is enough food within, or coming inside the country's borders—provided, of course, that you have enough money to purchase it. Nevertheless, as COVID-19 spreads panic across the world, the pandemic's impact on the global food supply chain has ignited public debate about Lebanon's import-dominated food basket.

Like most countries, Lebanon brings food to the country through a two-pronged approach: some goods are produced locally, while others are imported. Lebanon's food supply chain has long skewed towards the latter, with the country importing between 65% and 80% of its food needs, depending on demand.<sup>40</sup> This split acknowledges important realities about Lebanon's situation in terms of food production; limited land and water resources mean

that Lebanese agriculture cannot realistically satisfy the country's range of food needs.

On the other hand, food import dependency exposes Lebanon to the vicissitudes of global food supply chains. Freak natural events are one key group of "uncontrollables"; these "acts of God" could be the locusts that descended during the Great Famine of Mount Lebanon, or the droughts and oil price hikes which triggered the 2007/08 food price shocks. The other broad category is for political trouble, which can wreak its own version of havoc on global supply chains. In recent memory, there has been no political shock quite like the COVID-19 pandemic. Already, the virus has driven farm labourers into their homes<sup>41</sup> and caused key food producing countries to consider limiting or banning exports.<sup>42</sup> Each of these factors has, and will continue to, hurt Lebanon's import-dominated food sectors: first by driving up prices and, possibly in the longer term, by causing product unavailability.



*“Already, the virus has driven farm labourers into their homes and caused key food producing countries to consider limiting or banning exports.”*



Lebanon is especially vulnerable to global trade disruptions because it overwhelmingly relies on imports to meet demand in staple food groups. Cereals make up around 35% of the average Lebanese diet, with dairy products (11%) ranking a distant second.<sup>43</sup> By far, Lebanon's most imported cereal grain is wheat, which is used in many bread-based dishes. Based



on the most recent figures from 2017, the combined total of wheat from local and foreign sources was 770,902 tonnes. Lebanese farmers contributed just 16.9% of this supply, while imported wheat from Ukraine and Russia together accounted for 75% of the haul.<sup>44</sup> When global markets are stable, this approach makes sense: countries like Ukraine and Russia have expansive land and water resources to devote to growing wheat. By contrast, the few Lebanese farmers who produce wheat rely heavily on government subsidies, without which they would overwhelmingly turn to more profitable crops.<sup>45</sup> In any event, local wheat is mainly the durum variety—useful for making pasta, but generally unsuitable for bread.<sup>46</sup> Cheaper and more versatile, imported wheat was also readily available on the global market. That was until COVID-19.

as countries desperately stockpile wheat to guard against future scarcity.

These fear-related triggers add to obstacles created by the pandemic, like extra logistical difficulties for trucking and shipping supplies from Eastern Europe. At a time when Lebanon is already struggling to pay for essential imports of wheat, any one of these adverse supply shocks could be nothing less than devastating. Instead of waiting until it is too late, Lebanon could move to enact policies to smoothen out price shocks, enhance its import risk management, and store larger quantities of import-dependent products in its silos. For instance, as with wheat, other essential imports like sugar can be stored and managed effectively through price band schemes and rotating grain reserve policies.<sup>51</sup>



*"Lebanon must continue to import strategic food products from abroad, but there is certainly scope for reducing the nation's current degree of import dependence."*



The pandemic has upended the logic of relying on imported wheat by bringing politics into the equation (See Figure III). Public concerns about food availability drove Romania to ban wheat exports to non-EU countries, although the decision was promptly reversed.<sup>47</sup> Russia—which provided around 36% of Lebanon's wheat supply in 2017—has imposed quotas on some cereal exports.<sup>48</sup> Lebanese millers interviewed fear that Ukraine, another key source country for wheat products, might follow suit.<sup>49</sup> At the same time, traders do not anticipate dangerously low harvests of wheat and, at the time of writing, global wheat prices remained flat.<sup>50</sup> However, importers do fear that quotas could eventually increase prices,

#### FARM AID

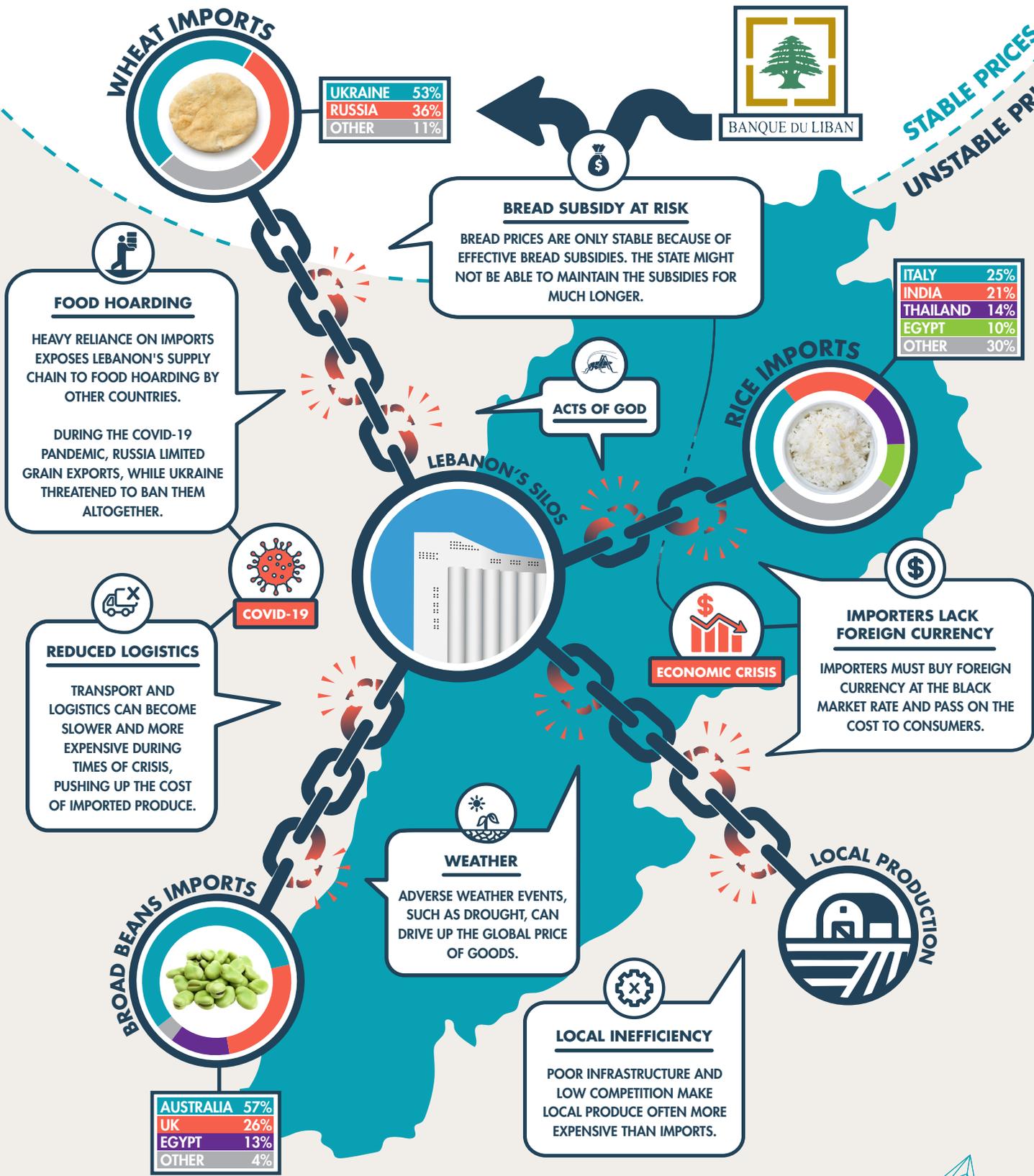
Lebanon must continue to import strategic food products from abroad, but there is certainly scope for reducing the nation's current degree of import dependence. Lebanese farmers, who will always face an uphill battle to compete with the world's leading grain producers, can put up a much stronger fight in growing other strategic crops like legumes. Fava beans (broad beans) offer a handy, alternative source of carbohydrates to import-dependent products like wheat and rice. They are easy to grow, rich in nutrients, and can be stored for up to two years. Fava beans also offer the important, indirect benefits of being a cost-effective crop for farmers and improving the quality



GOING HUNGRY:

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Sources: FAOSTAT, 2017; Reuters, 2020; FAO, 2009. [Full citations in paper's endnotes].





of soil in which they grow. Yet despite a long history of locally growing fava beans, the main ingredient for classic dishes like foul akhdar bel zeyt, Lebanon is now heavily dependent on importing fava beans from Australia, the United Kingdom, and others (See Figure III).<sup>52</sup> Lebanon is only slightly less import-dependent in relation to lentils, a rich source of protein.<sup>53</sup> Scaling up production in these crops would not remove the need for wheat and rice imports, but could help to redress today's glaring over-reliance on them. Locally grown legumes would also provide a viable nutritious option for a worst case scenario: if a global price shock emerges for wheat or other cereal products.



*“A stronger agro-food industry would not only improve Lebanon’s food and nutrition security; it would also provide jobs needed for the country to climb out from its economic abyss.”*



This kind of strategic planning should also involve a long-overdue shake up for established markets within the agriculture industry. Lebanon is largely self-sufficient in terms of fruit and vegetables, which flourish in the country's fertile soil. These high-value crops deliver important micronutrients and boast a strong regional market for exports, with the wealthy Gulf countries proving to be reliable customers. Lebanese primary producers also have moderate success in satisfying local demand for dairy products and meat. Yet Lebanese agriculture could greatly increase the volume of local produce by scaling up investment in efficiency-promoting measures. This year's budget allocates just 0.3% of total state expenditure to the Ministry of Agriculture<sup>54</sup> (the regional average is

around 5%),<sup>55</sup> even though most farmers work with decrepit infrastructure.

In terms of productivity, the most pressing concern is Lebanon's dysfunctional water planning for agricultural use. According to FAO estimates, only 50% of cultivated land in Lebanon is irrigated.<sup>56</sup> The other half of properties rely on rainwater, which is unreliable and typically falls over the winter months only—not to mention that most farmers that irrigate do so through flood irrigation, which unduly wastes freshwater resources relative to, say, sprinkle irrigation. Separately, farmers could keep fresh produce for longer with better storage facilities, while also reducing their reliance on wholesale middlemen (See above, “Homeland Insecurity”). Investing in these infrastructure improvements would greatly increase the clout of Lebanese agriculture—a sector estimated to employ one-quarter of the national labour market and account for 80% of economic output in rural areas.<sup>57</sup> A stronger agro-food industry would not only improve Lebanon’s food and nutrition security; it would also provide jobs needed for the country to climb out from its economic abyss.

## RECOMMENDATIONS

Many governments have become reclusive in the presence of COVID-19, fighting the disease and waiting for a return to “business as usual.” Lebanon cannot afford this type of short-term thinking. By the end of 2019—when COVID-19 was largely confined to far-off Chinese industrial cities—food and nutrition security had already disintegrated in Lebanon. The pandemic has merely accelerated existing trends of rising food prices, plummeting incomes, and troubled



standards of nutrition. A proud and resilient nation, Lebanon will eventually overcome COVID-19. But without delay, policymakers must start tackling the scourges of hunger and malnutrition: more efficient and persistent killers than any rogue virus.

Specifically, the government must act decisively to make nutritious food accessible now, while also building a comprehensive strategy for long-term food and nutrition security. This national plan, which will involve significant reforms and extensive financial investment, must ensure that food is universally available, affordable, and healthy on a consistent, sustainable basis.

#### PEOPLE OVER CARTELS

Food prices have leapt untenably, leaving many vulnerable community members with an unacceptable lack of access to food and nutrition. In response, public authorities must crack down on illegal profiteering from mark-ups on food products. The proposed amendments to consumer protection laws would force business owners that breach legal price ceilings to pay fines sooner, and face jail time for repeat offences. The Ministry of Economy and Trade must enforce these powers stringently to demonstrate a "zero tolerance" attitude to the opportunistic inflation of food prices, thus creating a strong disincentive for this shameful behaviour.

Triangle, Economy Minister Nehme conceded that food prices will remain inflated until the government finds a solution for the underlying economic crisis. In the meantime, the state and BDL must continue working with WFP, the FAO and other international organisations to determine how subsidies can cover food essentials in vulnerable communities, and scale these up accordingly through programmes like the National Poverty Targeting Programme (NPTP).

While imperfect, the NPTP is the only viable, scalable programme of its type in Lebanon right now. Supported by international organisations, the NPTP should not become a vessel for meting out relief through the 'sectarianisation' of cash transfers.<sup>58</sup> Allowing the NPTP to do so would only bolster the sectarian infrastructure of Lebanon (through CSOs tied to sectarian interests)<sup>59</sup> at a time when that same structure is losing credibility to a popular uprising. In order to manage the nepotism that could result from a government-run cash transfer programme, for now NPTP delivery needs to be overseen by relatively more independent international institutions. Longer term, means-tested support programmes should be done away with in favour of establishing a social protection floor. This basic set of social security guarantees should ensure a minimum level of access to essential health care and basic income security for all.



*"The NPTP should not become a vessel for meting out relief through the 'sectarianisation' of cash transfers."*



Of course, the country's food and nutrition security woes will not disappear if a few food retailers desist from price-gouging. In written comments to

#### BACK TO YOUR ROOTS

Looking beyond the pandemic, any plan for food and nutrition security must start with increasing domestic



production of food far beyond its current levels, and in certain strategic, value-added crops (not just medical marijuana). The leaked Ministry of Agriculture emergency food security plan recognises this necessity by proposing to grow more wheat locally (a target of an additional 3,700 tonnes of hard and soft wheat) and support increased cultivation of beans, lentils, and chickpeas. These plans need to be scaled outwards and supported by a tariff-setting strategy, which balances developing greater food sovereignty with maintaining access to essential food imports.

Even if Lebanese farmers meet the proposed targets for additional wheat production, a few thousand tonnes will not make a significant difference to the nation's food security. The plan for cultivating legumes is promising, given that these crops are suited to Lebanese agriculture and cuisine, well-known to local farmers, and—in the event of future wheat or rice scarcity—would provide a cheap and handy source of nutrition. In addition to legumes, an emergency production strategy should focus in the short-term (1-2 harvests) on viable substitutes to pricey imports. Later, the focus should shift to export market production and standardization to support farmers and farmworkers over the longer term.

Lebanese farmers cannot drive up productivity levels without considerable investment. And the derelict infrastructure endured by small-scale Lebanese farmers reflects decades of miserly government funding. Primary producers will need vastly improved access to modern irrigation systems, efficient storage facilities, and well-maintained transport routes. These infrastructure improvements would cut down on wastage and spoilage of products, therefore allowing farmers to maximise profits from their stronger yields. They would also invigorate rural areas, where refugee communities

can contribute productively as well. In financial terms, better infrastructure could boost the agriculture sector's contribution to the national economy, which amounted to an underwhelming 3% of GDP in 2018.

The various infrastructure projects will be expensive, but they too can generate income for those in need. With international donor assistance, Ethiopia recently drove investment in agricultural assets through a Productive Safety Net Programme (PSNP), which guaranteed food or cash for citizens willing to work for a certain period on each initiative.<sup>61</sup> In this way, the PSNP secured vital infrastructure while also providing much-needed access to income and food for vulnerable people. Initiatives like the PSNP could prove attractive to Lebanon's international partners, including the CEDRE consortium, which emphasise the need for improving local infrastructure, not least in water resource management.



*“The time is now for Lebanon to, quite literally, go back to its roots and heavily invest in sustainable agriculture and the agro-food industry.”*



The value chain for local food production favours powerful traders and middlemen wholesalers, who extract commissions at the expense of weaker farmers. This unfair situation makes food prices higher than necessary and strips away incentives for small-scale agriculture. And it needs to end. Lebanon must bring in a long-awaited competition law and a regulatory body with the power to smash price-fixing, break up the country's rapacious cartels, and keep



food and non-food essentials affordable. Exclusive import agreements, which have long held Lebanese consumers in a vice-like grip, must finally become a thing of the past.



*“Lebanon needs to bring in a long-awaited competition law and regulatory body with the power to smash price-fixing, break up cartels, and keep essentials affordable.”*



At the same time, the government can strengthen individual farmers' bargaining positions by reinvigorating agricultural co-operatives, which have become politicised vehicles for patronage and tax evasion. Run effectively and transparently, co-operatives could allow farmers to pool their resources in strategic areas like storage, transport, and marketing. These changes would drastically reduce farmers' reliance on local wholesalers, who add minimal value to the food production chain, but impose additional costs that eventually get passed on to consumers. If correctly implemented, technical support promises to break anti-competitive behaviour in the agro-food sector, while also ensuring that profits appropriately reward primary producers.



*“Run effectively and transparently, cooperatives could allow farmers to pool their resources in strategic areas like storage, transport, and marketing.”*



## SPREAD THE RISK

Lebanon will always rely on importing food products to a significant extent, because it enjoys neither the land nor the water resources needed to develop total food sovereignty. Nevertheless, a government taskforce should consider ways of recalibrating the supply balance between food products that are imported and locally produced. Lebanon can better insulate itself against fluctuations of international supply chains, like nations imposing export quotas, by diversifying the source countries for key food needs.

Adverse events on global markets would have less impact on Lebanon's food and nutrition security if the state managed stock levels of staple imports through price band schemes and rotating grain reserve policies. To be successful, this strategy would need to integrate public and private grain storage capacity. Any excess supplies that result from this strategy could then be used to reduce the price of cereal-based staple foods, particularly bread, during price shocks. Another, complementary approach would be to buy strategic amounts of staples on future markets with supply guarantees, which would further shield the country from sudden price shocks.

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#### FIGURE & BOX ENDNOTES:

##### Figure I:

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(i) The USD to LBP exchange rates and figures above are calculated based according to a 1507.5 LBP to USD rate, which was used in order to draw comparisons between 2019 and 2020 and was still the official exchange rate at the time of this writing. Moreover, on average it was calculated that individuals worked six days per week and four weeks per month, based official data.

##### Figure II(a)-(c):

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##### Figure III:

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