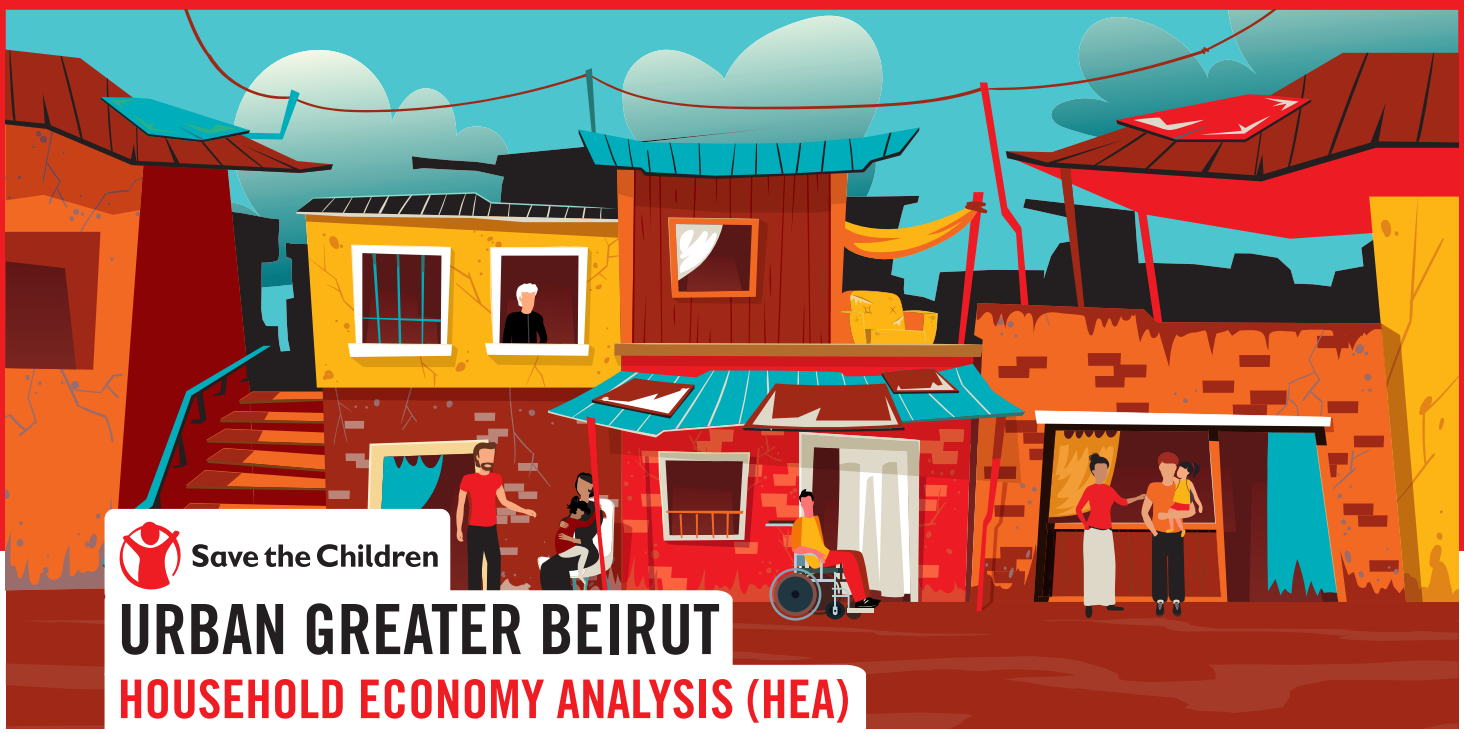


Save the Children

URBAN GREATER BEIRUT
HOUSEHOLD ECONOMY ANALYSIS (HEA)
OF LOW-INCOME NEIGHBOURHOODS
APRIL 2020

BACKGROUND AND OBJECTIVES

Save the Children's (SC) Livelihoods programme in Lebanon aims to enhance economic and community-based resilience of vulnerable host and refugee populations including youth, adult women and men in North, Akkar, Bekaa and Greater Beirut regions through activities such as support for market-integrated livelihoods and income-generating opportunities and improved skills for economic self-reliance.

Sufficient and secure basic incomes are essential for parents and caregivers to meet their children's daily needs and invest in their futures. Livelihoods have to be reliable enough for families to obtain food, clothing, healthcare, shelter and other necessities for their children; all while keeping them safe. At the same time, they have to have the scope and confidence to save and spend for their learning and other development needs, including in times of stress and crises. These expenditures are key to reducing childhood deprivations and achieving the rights of all children.

Designing sustainable livelihoods programming linked with market systems for these vulnerable populations requires detailed analysis and profiling of household assets and capabilities. However, baseline data on target beneficiary groups is currently limited to project-by-project data, rather than on wealth groups in specific livelihood zones.

To develop the use of HEA for livelihood and social protection programming, SC has conducted an HEA baseline for its project locations in metropolitan Beirut. The aim is to better understand wealth and socio-economic dynamics, inform thresholds for 'cash plus' programming, and support livelihoods projects modelling for poor and very poor wealth groups. The focus of the work was the 'host population', including Lebanese and Palestinian refugees (PRL). Many assessments of Syrian refugees have been conducted in recent years and, therefore, this population was not included in this HEA baseline.

METHODS AND STEPS IN BASELINE FIELDWORK

Household Economy Analysis (HEA)[1] was used for collecting and analysing field-based information on the urban wealth breakdown and for profiling livelihood strategies, which include sources of food and cash income, expenditure patterns, and household coping strategies.

HEA looks at households' access to basic food and non-food items, through production, purchase and other mechanisms. The household is taken as the unit of reference as it is the chief unit through which populations operate for production, sharing of income, and consumption. The framework proposes that by understanding how households obtain their food and non-food needs, and the cash used to buy these things, then we have a basic description of how people survive – how their household economy 'works'. This acts as the baseline information against which we can view new threats to food and non-food access, be it from market disruptions or other shocks. In other words, baseline information enables us to judge a population's vulnerability to different shocks or threats to its livelihood. It also helps understand whether a given population is economically insecure and in need of assistance.

There is a difference in focus between rural and urban HEA assessments[2]. While the overall objective is to analyse the access different groups have to food and cash income in relation to their food and non-food needs, the details of the analytical approach vary from one context to another. In a rural setting, it is often most useful to focus on access to food and income for different wealth groups. This is because members of a particular wealth group generally share the same level of food security and a similarly limited set of options for obtaining food and income, pursuing much the same strategies at much the same times of the year. The relative homogeneity of rural livelihoods makes enquiry into sources of food and income the most efficient way to generate a rapid understanding of food security in a rural context.

The same homogeneity within wealth groups is less striking in an urban setting. Here, one source of food – the market – usually predominates and so the focus of enquiry generally shifts towards questions of cash income and expenditure. In cities, there are a wider range of income sources for any one wealth group, and earnings may be less regular than in the countryside.

However, while incomes tend to be heterogeneous in urban settings, patterns of expenditure do not. Poor families tend to spend similar amounts of money on similar things, so that an enquiry into patterns of expenditure is often the most useful approach for understanding livelihoods in an urban setting. Since urban economies are primarily market-based, and many of life's essentials have to be purchased in cities, it is critical for these non-food elements to be incorporated into an urban analysis.

Preliminary work was conducted by SC staff to discuss possible livelihood zones in programming areas of Greater Beirut. A training workshop was held from 30 September to 5 October 2019, with 15 participants who were all SC staff or volunteers, covering the technical and operational points for HEA baseline data collection and analysis. The fieldwork outlined in the following paragraphs was carried out from 7 October 2019 to 14 February 2020. The initial plan was for entire HEA exercise to take one month, however, this was delayed due to civil demonstrations beginning in mid-October.

The team conducted semi-structured interviews in 12 neighbourhoods with groups of leaders and community members. The purpose was to gather information on the wealth breakdown in the community. Other topics were covered in some locations where time permitted, including access to services, income-generating activities and seasonal calendar.

[1] For more information on HEA, please see the HEA Guide for Programme Planners and Policy Makers (available here: http://foodeconomy.com/wp-content/uploads/2015/09/HEA-Guide-for-Programme-Policy-Makers.pdf) or the HEA Practitioners' Guide (available here: http://foodeconomy.com/wp-content/uploads/2015/09/HEA-Guide-for-Programme-Policy-Makers.pdf). Short animations that explains HEA is available here: http://foodeconomy.com/household-economy-analysis-services/hea-animation/.

[2] This is explained in more detail in Chapter 6 of the HEA Practitioners' Guide (available here: http://foodeconomy.com/wp-content/uploads/2015/09/The-Practitioners-Guide-to-HEA.pdf).

The 12 neighbourhoods visited were: Boucheriyeh, Bourj Hammoud, Chatila, Choueifat, Haret Naameh, Karm el Zeitoun, Khalde, Mar Elias, Mazraa / Msaitbeh, Sabra – Douak, Sin el Fil and Tarik al Jedide. Semi-structured interviews to establish income and expenditure patterns at household level were conducted with 35 focus groups at different income levels (very poor, poor, middle, better off) in the 12 neighbourhoods mentioned above. The better-off wealth group was interviewed in only two locations and has not been included in the findings presented here. An average of 3-6 people participated in each interview and they were engaged in a variety of different economic activities. The household economy information was cross-checked within and across interviews. Information was gathered for the one-year period before the start of the current economic crisis (June 2018 to May 2019).

DESCRIPTION OF STUDY AREA

Before the start of the HEA training, SC programme staff met to discuss possible livelihood zones within Urban Greater Beirut. A list was made of 25 vulnerable locations where multiple sectors of SC programming take place, and these neighbourhoods were compared by different types of vulnerabilities (better-off areas vs. low income) and different opportunities for livelihood strategies.
Two proposed livelihood zones were then identified, both including neighbourhoods with mixed cultural/religious backgrounds and homogenous communities of similar religious beliefs. After visiting 12 of these neighbourhoods during the HEA fieldwork, the field team produced a split of sub-zones, based on poverty levels. This partly reflected community leaders' constraints in thinking about the households only within their neighbourhoods when describing wealth groups.

1. Poorer neighbourhoods, with high concentrations of very poor and poor households and almost no better-off households. There are more refugees and immigrants in these neighbourhoods. The locations visited were Mar Elias, Chatila, Karm El Zeitoun and Sabra – Douak.
2. Mixed neighbourhoods, with households from all wealth groups. Income levels in each wealth group in this sub-zone do not differ much compared to the poorer neighbourhoods above, but the percentage of households in each wealth group differs (with fewer very poor and better off in these mixed neighbourhoods).

The 12 neighbourhoods of Greater Beirut visited by the team are shown in red on the map to the right.

FINDINGS: Household Economy for 2018-19 Reference Year

Wealth breakdown

To obtain a wealth breakdown for the study area, interviews were conducted with key informants in 12 low-income neighbourhoods of urban Greater Beirut. Men and women participants in these interviews included administrative leaders, NGO/Social Development Centres (SDC) representatives, and members of the community.

In rural settings, wealth groups are defined by their main productive assets, usually livestock or landholdings.

In urban settings, only a small percentage of the population own productive assets and instead rely on trade and employment (skilled and unskilled labour) to maintain a livelihood; therefore, urban wealth groups are categorised primarily by their income levels.

As expected in urban setting, there is a large diversity of livelihoods and types of work within each income group. Four main wealth groups were identified: very poor, poor, middle and better-off. Community leaders tended to underestimate the levels of income earned in each group compared to representatives of the wealth groups themselves. Income ranges in the tables below were defined after consolidating information from interviews with community leaders and wealth group representatives.

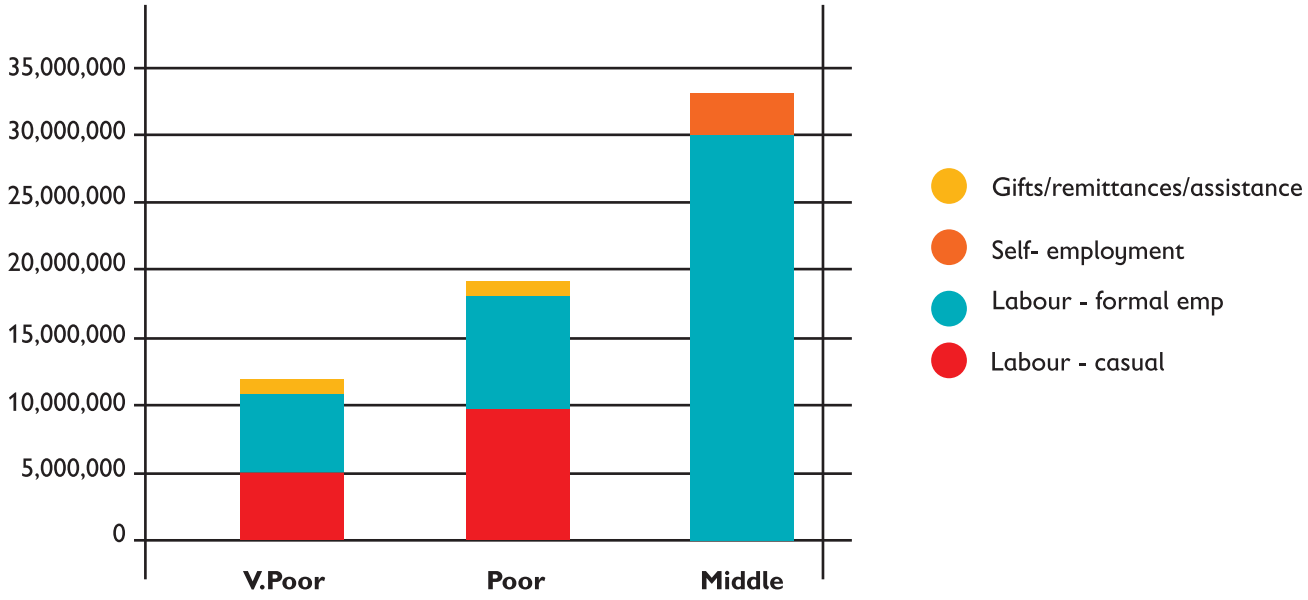
The following tables outline the different wealth groups and some characteristics of and differences between them. Percentages of households in the different wealth groups are different in the 'poorest' and 'mixed' low-income neighbourhoods.

Wealth breakdown in 'mixed' and 'poorest' low-income neighbourhoods

Wealth group	% of HHs 'mixed' areas	% of HHs 'poorer' areas	income level range	HHs size	income types	Other
Very Poor	15-25%	25-35%	500-900$ per month	5	Casual work, low-level employment	0-1 motorcycle; rent/share./own apartment 50-70m2
Poor	30-40%	30-45%	900-1200$ per month	5	Casual work, low-level employment	0-1 motorcycle; rent/share./own apartment 60-100m2
Middle	20-35%	0-10%	1200-2500$ per month	5	Formal employment, businesses	1 car, 0-1 motorcycle; rent/own apartment 70-120m2
Better off	10-20%	0-10%	>$2500 per month	4	Businesses, senior formal employment	1 + car; rent/own apartment 100-150m2

Although there is no recent census data, a household size of 5 people is a little high compared to other reported average household sizes for Beirut (of around 3.5 – 4 people). This is because of the focus group nature of this assessment. Households of size 1-2 aren't generally factored into people's perceptions when they are asked about 'typical' households size.

Sources of cash income (2018-19)



Income sources vary greatly among households in urban settings, but a typical pattern of casual/formal employment/self-employment for the reference year is presented above. Figures in the graph represent the mid-point of a range. Information was gathered in the field in Lebanese pounds (LBP).

In very poor, poor and middle wealth groups, most households had two people doing some kind of work in the reference year. Casual work or low-level employment or self-employment were the main income-generating activities in very poor and poor households. For middle (and better off) households, formal employment (with increasing seniority) and self-employment/businesses (with increasing size) were the main income-generating activities. Total cash income for middle households was nearly three times greater than that of very poor households. Better off households were not covered during the assessment.

The following table illustrates a typical income level for each wealth group in annual, monthly and daily terms and in both Lebanese pounds (LBP) and US dollars (USD).

Wealth group	**Very Poor**	**Poor**	**Middle**
Typical household size	5	5	5
Typical annual income per HH in LBP	12,000,000	19,200,000	33,000,000
Annual income per HH in USD	$8,000	$12,800	$22,000
Monthly income per HH in LBP	1,000,000	1,600,000	2,750,000
Monthly income per HH in USD	$667	$1,067	$1,833
Daily income per HH in LBP	32,877	52,603	90,411
Daily income per HH in USD	$22	$35	$60
Daily income per person in LBP	6,575	10,521	18,082
Daily income per person in USD	$4.38	$7.01	$12.05

*The exchange rate in the reference year was approximately USD$1 = 1500 LBP

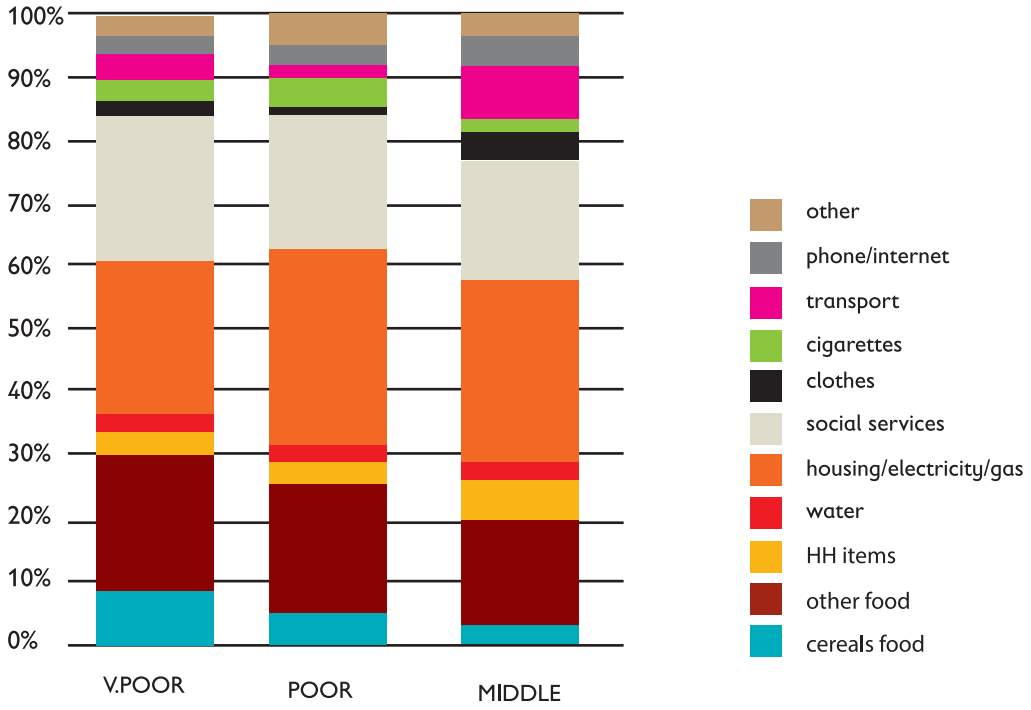
Most households had two income sources in the reference year. In some households both parents worked, while in others one parent and one grown-up child worked. Middle households have a variety of income sources: owning businesses, earning government or private sector wages or from skilled labour combined with another income source, or receive remittances from abroad. Few also have income from property or vehicle rental. Better off households (not presented in detail here) own larger businesses or have senior-level employment and obtain income from property and vehicle rental. Men and women in poor and very poor households meanwhile engage in irregular and unskilled labour or low-level employment. Many also obtain a small amount of income from official or unofficial gifts, assistance or remittances. Some Palestinian refugees are assisted by UNRWA, while some poor Lebanese households receive safety-net payments from SDCs.[3]

It is worth noting that, under Lebanese laws, Palestinians who have lived in Lebanon for decades face restrictions on the types of professions they can enter and the property they can own. They have restricted access to state education and the national welfare system. Refugee camps visited as part of this assessment fall into the category of 'poorer' neighbourhoods, with a higher percentage of households described as 'very poor'.

Child labour exists rarely in Lebanese and PRL communities, but commonly within Syrian refugee.

Expenditure patterns (2018-19)

A breakdown of expenditure patterns for households at different income levels in 2018-19 was obtained through semi-structured interviews with 35 focus groups of men and women at different levels on the wealth spectrum and engaged in a wide variety of economic activities. The graph below shows expenditure patterns in percentage terms. All figures in the graph represent the mid-point of a range.



Notes:
'Cereals food': bread, rice, bulgar wheat, wheat flour, pasta
'Other food': vegetable oil, pulses, meat, eggs, canned foods, dairy products, potato, sugar, spices, fresh fruit and vegetables, tahini, olives, olive oil, coffee, tea
'HH items': mostly hygiene products
'Social services': medical and education costs (including uniform, pocket money)

[3] *Detailed information on the types of social welfare payments available to households was documented in a 2016 report called Poverty, Inequality and Social Protection in Lebanon by Oxfam and the AUB, including the National Poverty Targeting Programme (NPTP). The number of households enrolled in these programmes is small, however, so they do not appear as typical across a whole wealth group.*

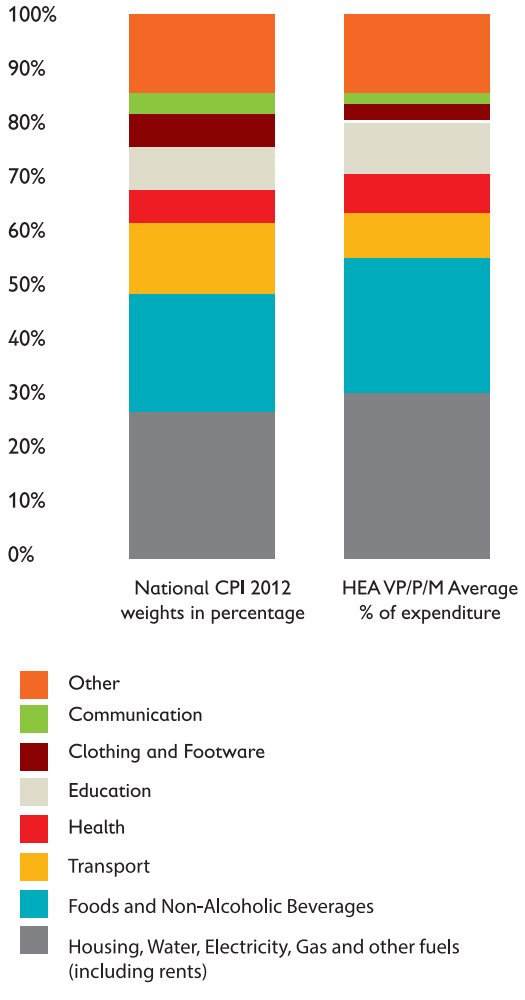
The proportion of expenditure on food decreased with wealth and increased as we moved down the spectrum. Very poor households spend about 30% of their income on food, whilemiddle-income households spend just over 20%. House rent, electricity and gas combined make up a large expenditure category for households in all wealth groups. Most households in this assessment were renting apartments. Some households in the very poor wealth group were unable to afford rent and lived in unfinished buildings or with relatives in shared accommodation.

Education and health (combined under 'social services' in the graph) are another large category of expenditure for households in urban Greater Beirut. Interviewees reported placing great importance on education- children are registered in private schools when households can afford it. In the graph above, education includes fees, uniform, stationery, transport and pocket money. At the same time, health expenditure was largest for the poor wealth group. Whereas middle households may have health insurance through their formal employment, very poor and poor households typically do not, usually because they are informally employed or self-employed.

The 'water' category above includes monthly expenditure for the public water supply provided by the government and private purchases of drinking water and water for other uses. The public water supply is generally available for only 3-4 days per week. Where possible, households store water for other days when supply is shut off, or are forced to purchase from mobile water tanks. Tap water is generally not used for drinking because of quality concerns. Most households resort to purchasing drinking water.

The prices that households in different wealth groups paid for some food and non-food items varied considerably, depending on the quality and brands chosen and the location of purchase. For example, rice ranged from 1500-2500 LBP per kilo in the reference year, depending on the quality chosen.

Expenditure categories: HEA v CPI



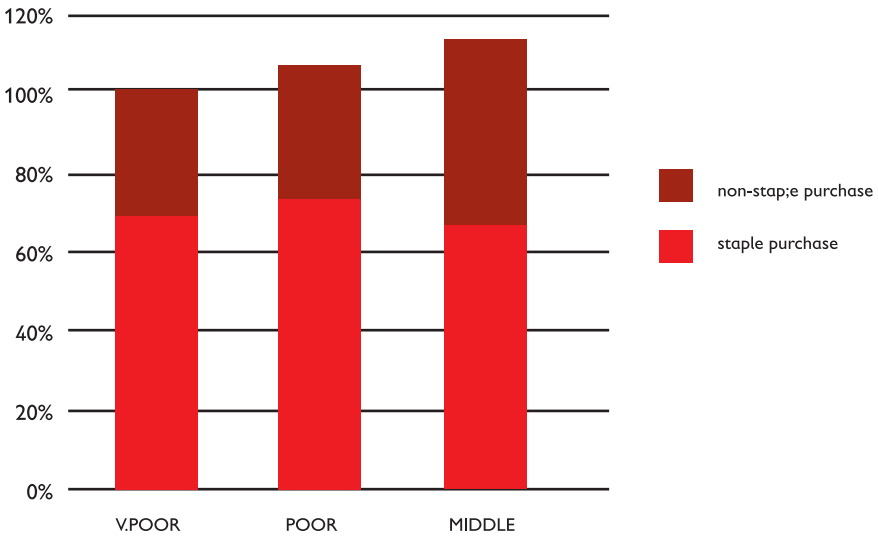
The expenditure patterns outlined here are very similar to the national Consumer Price Index (CPI) expenditure categories used by the Central Administration of Statistics (CAS) , as illustrated in the graph to the left. The bar on the left illustrates the categories of expenditure used by the CPI to calculate changes in inflation nationally for Lebanon. The bar on the right is an average across the very poor, poor and middle wealth group expenditure patterns established in this HEA assessment. Compared to the previous HEA expenditure graph above, transport for schooling has been moved from education cost to transport cost; uniform has been moved from education cost to clothing cost; pocket money has been moved from education cost to other cost

Sources of food (2018-19)

Most households purchased all of their food in the reference year, as illustrated in the figure below, expressed in terms of 2,100 calories per person per day. Households generally covered 100% of 2100 kilocalories per person per day in the reference year.

In this graph, 'staple food' includes bread, rice, bulgar wheat, pulses, pasta, cooking oil, sugar, labneh. 'Non-staple' includes other dairy products, chicken, beef, wheat flour, vegetables, fruit, powdered milk, potatoes, canned fish, eggs, tahini, olive oil, butter. The figures in the graph represent the mid-point of the range.

Households across the three wealth groups typically obtained about 50% of their annual kcal needs from cereals and 15% from vegetable oil. There wasn't much difference across the three wealth groups in this regard. However, middle households purchased larger quantities of beef, pulses, eggs, dairy products, fresh fruit and vegetables compared to very poor and poor households.



Note: The graphic does not include kcals purchased with pocket money.

Thresholds

Once an HEA baseline is established, an analysis can be made of the likely impact of a shock or hazard in another year (either in the past or in the future). This is done by assessing how access to food and cash income will be affected by the shock, what other food and cash sources can be added or expanded to make up initial shortages, and what final deficits emerge in relation to two thresholds (a survival threshold and a livelihoods protection threshold).

For the purpose of this analysis, the survival threshold includes:

A) 100% of minimum food energy needs (2100 kcals per person) – including bread, rice, bulgar wheat, pulses, vegetable oil, eggs, powdered milk, labneh, vegetables and potatoes at 100% of poor household reference year expenditure;

B) Costs associated with shelter, food preparation and consumption – including rent, public electricity, gas, and basic hygiene items at 100% of poor household reference year expenditure;

C) Expenditure on water for human consumption at 100% of poor household reference year expenditure.

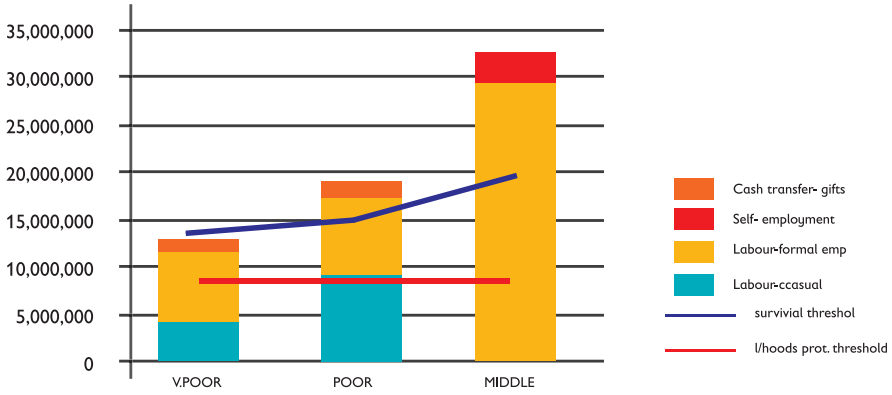
The livelihood protection threshold includes:

A) Ensure basic survival (everything above), plus;

B) maintain access to basic services (education and health expenditure at the levels incurred by each wealth group in the reference year);

C) Sustain livelihoods in the medium to longer-term (transport at 75% of wealth group reference year expenditure, phone/internet at 75% and generator at 50% of poor household reference year expenditure);

D) Ensure a locally acceptable standard of living (other hygiene items at 50-75%, clothing at 50%, other food items at 25-75% of poor household reference year expenditure (sugar, canned fish, pasta, chicken, spices, hard cheese, soft cheese, yoghurt, coffee, tea).



The survival and livelihood protection thresholds, as defined here, are meant to be emergency thresholds and are based on actual household expenditure patterns. The composition of the thresholds can be modified should decision-makers wish to define deficits in relation to a different standard of living.
The graph below shows these HEA thresholds in relation to income levels in 2018-19. Very poor households show a deficit in relation to the livelihood protection threshold even in the reference year. The main reason for this is because of the use of poor households as the standard for a number of expensive items, including house rent.

Several other official and unofficial poverty lines are used in Lebanon. The following table outlines some of these and compares them with the HEA thresholds.

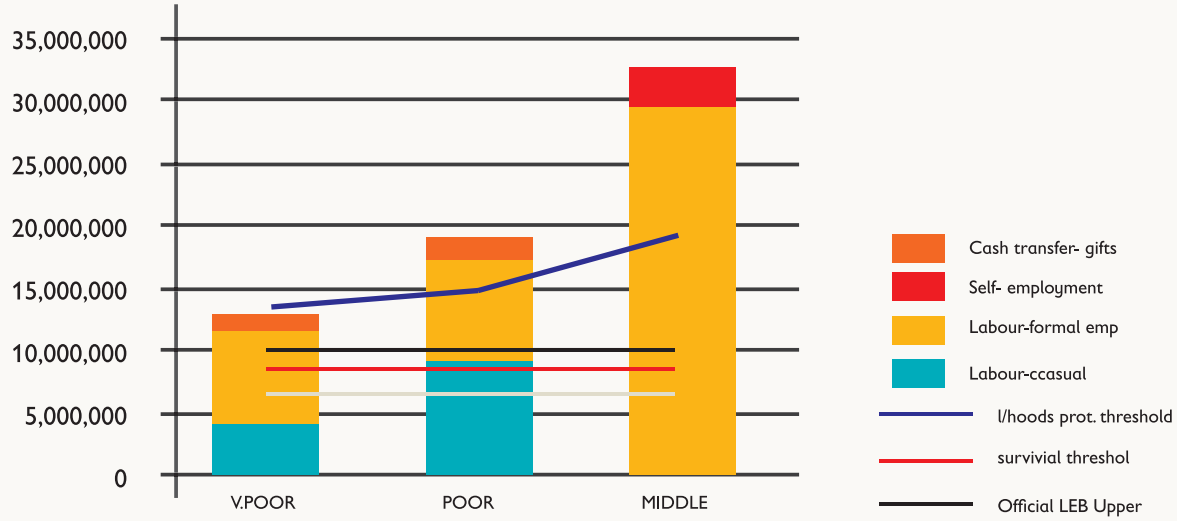
Poverty line / Threshold	Source	Methodology	Application	USD pppd
Official Lebanon Upper	UNDP, MoSA, 2008	MPI	Official	$3.80
Official Lebanon Lower	UNDP, MoSA, 2009	MPI	Official	$2.40
NPTP Lebanon Upper	HBS, WB, 2011	PMT	NPTP, WB	$8.60
NPRP Lebanon Lower	HBS, WB, 2011	PMT	NPTP, WB	$5.70
Syrian Refugee MEB	CWG, 2014	S/MEB	Targeting, VASYR	$3.84
Syrian Refugee SMEB	CWG, 2015	S/MEB	Targeting, VASYR	$2.90
Palestinian Refugee Upper	AUB, UNRWA, 2015	PMT	Targeting	$6.00
Palestinian Refugee Lower	AUB, UNRWA, 2015	PMT	Targeting	$2.17

HEA Survival Threshold	HEA Beirut 2018-19	HEA	HEA Outcome Analysis (deficit analysis)	$3.21 (all wealth groups)
HEA Livelihood Protection Threshold	HEA Beirut 2018-19	HEA	HEA Outcome Analysis (deficit analysis)	$5.12/$5.63/$6.94 (VP/P/M households)

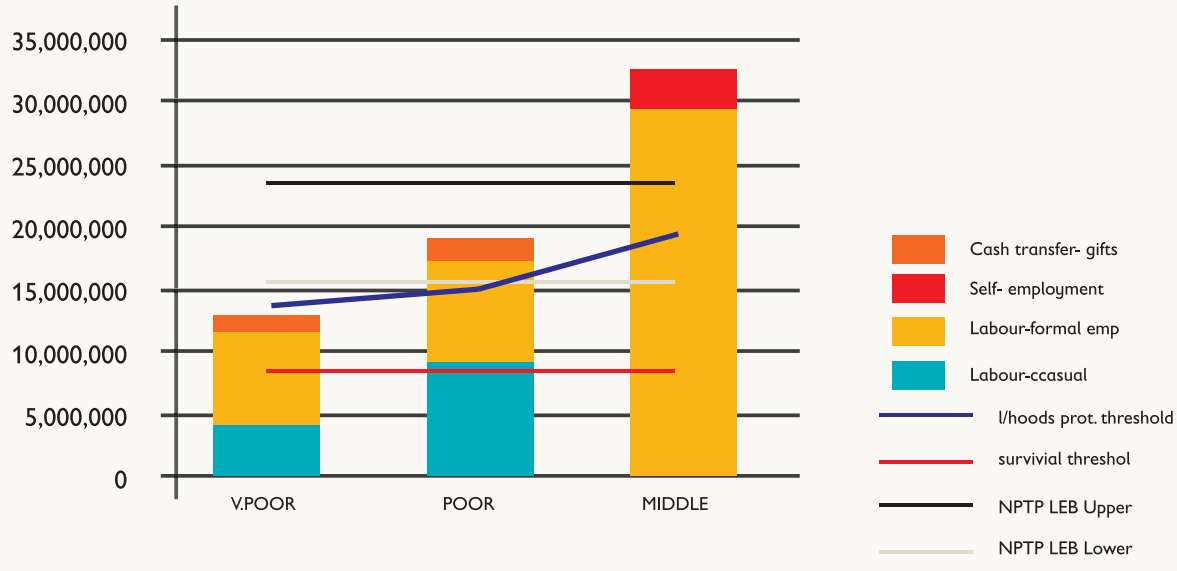
Acronyms: MPI = Multidimensional Poverty Index; PMT = Proxy Means Test; MoSA = Ministry of Social Affairs; UNDP = United Nations Development Programme; HBS = Household Budget Survey; WB = World Bank; NPTP = National Poverty Targeting Program; CWG = Cash Working Group; AUB = American University of Beirut; UNRWA = United Nations Relief and Works Agency for Palestinian Refugees in the Near East; VASYR = Vulnerability Assessment of Syrian Refugees in Lebanon; VP = very poor, P = poor, M = middle); MEB = Minimum Expenditure Basket; SMEB = Survival Minimum Expenditure Basket

Graph (A) shows the HEA thresholds and the official 2008-09 Lebanese poverty lines while graph (B) HEA thresholds and the 2011 NPTP Lebanese poverty lines in relation to income levels in 2018-19.

A



B



Bad year coping strategies

To cope with problems in urban setting, households resort to reducing expenditure: eating lower quality food, using public transport, reducing generator use, purchasing cheaper brands for food and non-food items, moving children from private to public schools, moving to cheaper locations (within the city or outside the city).
On the income side, options are more limited in a time of national economic crisis but include: increasing the number of people working per household, taking on second jobs, emigrating to look for work outside Lebanon, seeking assistance from official or unofficial sources, taking loans, renting out a room or sharing home, selling property (e.g. vehicles, jewellry), and using up savings. Few coping strategies have been included in the outcome/scenario analysis below (beyond switching expenditure from less essential to more essential items) as households seemed to be already working at maximum capacity in 2018-19 and options to expand cash income during a crisis period (without resorting to damaging coping strategies like very high-interest loans) are limited.

USING THE BASELINES TO RUN SCENARIOS

Scenario (or outcome) analysis is the term used to describe the process of taking information on the current situation or a scenario situation (using monitoring data) and combining it with information on the reference year (the baseline) to project total income for the current or scenario year.
Three types of information are combined for HEA scenario analysis: information on baseline access, information on a hazard or change (i.e. factors affecting access to food/income, such as crop production or market prices) and information on coping strategies (i.e. the sources of food and income that people turn to when exposed to a hazard).

The approach can be summarised as follows: Baseline + Hazard + Coping = Outcome. The output from an outcome analysis is an estimate of total food and cash income for a projected period, once the cumulative effects of current hazards and income generated from coping strategies have been considered. The next step is to compare projected total income against the survival and livelihood protection thresholds to determine whether an intervention of some kind is required.

A Crisis Unfolding

The economic situation in Lebanon has been deteriorating for many years, but has reached a tipping point since June 2019. This was apparent before the widespread protests against the government started in mid-October and has only worsened since then. At a national level, Lebanon has extremely high debt levels and the country's debt-servicing burden has become unsustainable. At household level, this has translated into the following problems:

- Exchange rate weakening – Banks are rationing the withdrawal of US dollars or forcing customers to withdraw in LBP at the official rate.[4]
- Price increases – The weakening exchange rate is pushing up prices. The official CAS annual inflation rate for January 2020 was 10% and unofficial projections anticipate it will reach 22% later this year. Food prices, in particular, have increased significantly.
- Job losses – Many businesses have closed and employees have been laid off.
- Wage decreases – Employees in many sectors have had their wages cut or are being paid for a reduced number of days per month. Public sector wages are not being paid on time.

[4] *At the time of publication, black market exchange rates are 4000 LBP to the dollar, and official money changers use the rate of 3200 to the dollar.*

Two simple scenarios have been modelled for the current economic crisis:

Current scenario	Best case	Worst case
Price increases	10% ↑	22% ↑
Formal employment incomes	25% ↓	50% ↓
Casual employment incomes	30% ↓	60% ↓

Two additional scenarios are also demonstrated below, to illustrate a potential programme intervention and the "worst case" economic scenario together with the economic impacts of COVID-19.

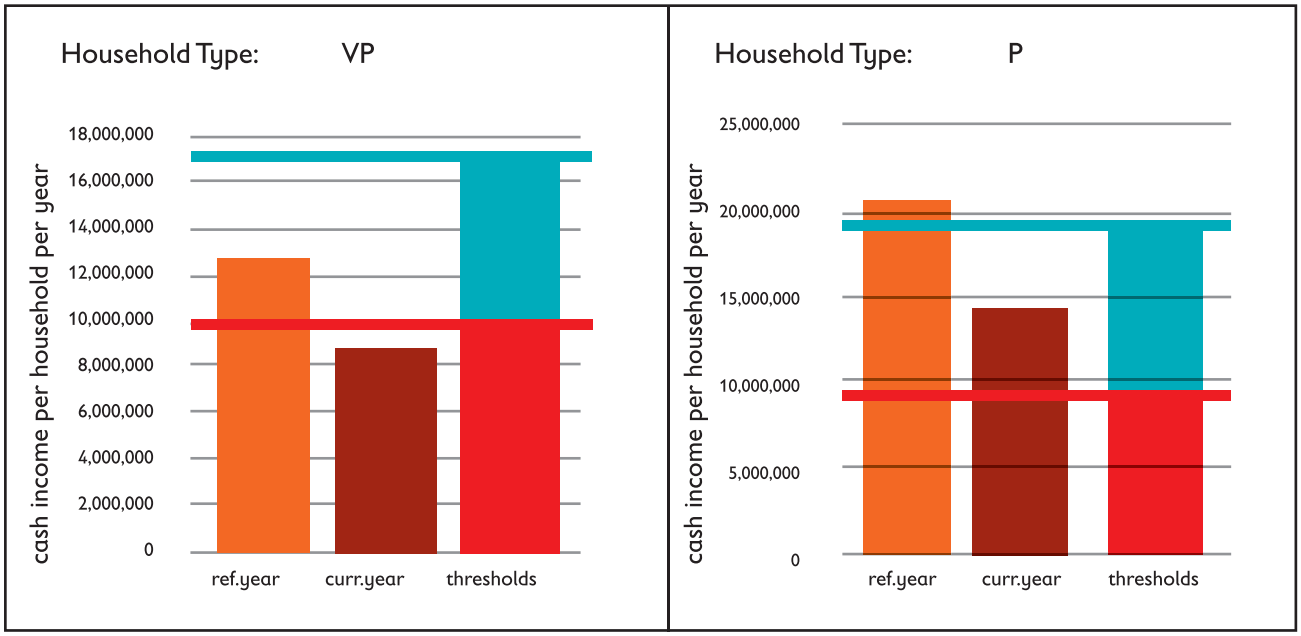
Scenario 1: best case

For this scenario, the following changes in prices and income levels were estimated:

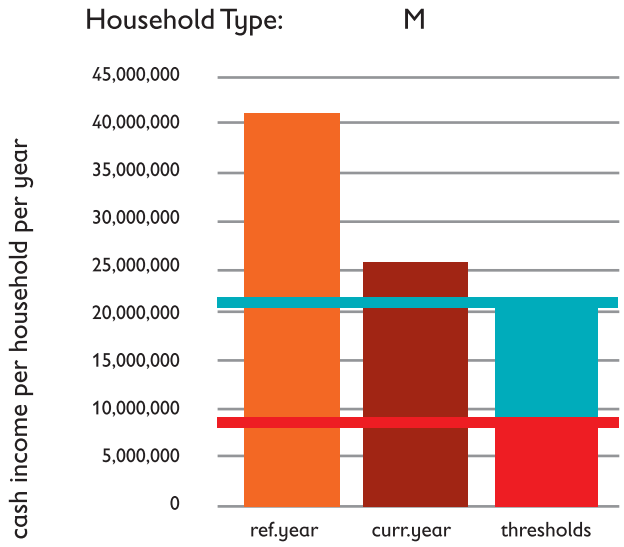
- Expenditure: All prices increase by 10%
- Incomes: Formal sector incomes decrease by 25%, informal sector incomes decrease by 30%.

The graphics below illustrate the likely outcome of this best-case scenario for very poor (VP), poor (P) and middle (M) households living in low-income areas of Greater Beirut. Note that 'ref.year' refers to the baseline year 2018-19, while 'curr.year' in this case refers to the scenario situation.

These are compared with the intervention thresholds in the right-hand bar to determine whether there is a deficit under the scenario. The pink section represents the level of the survival threshold[5], while the pale blue section represents the level of the livelihoods protection threshold. The scales on the left of each graph are different. Under this scenario, households in all wealth groups face a large drop in standard of living. Very poor households fall just below the survival threshold and poor households have a livelihoods protection deficit.



[5] *Survival threshold includes basic food and hygiene items, water, gas, rent and public electricity (at the levels paid by poor households in the reference year).*



Notes: VP = very poor, P = poor, M = middle. The charts show estimates of total income for the reference year on the left and the scenario year in the middle bar (labelled 'curr.year'). These are compared with the thresholds (in the right-hand bar) to indicate whether there is a deficit. The red section in the thresholds bar represents the survival threshold, while the blue section represents the livelihoods protection threshold. Please note that the scales on the left of each graph are different

own income ref. year
own income curr. year
l/hood protection
survival

Blue line — Livelihood thereshold

Red line — Survival thereshold

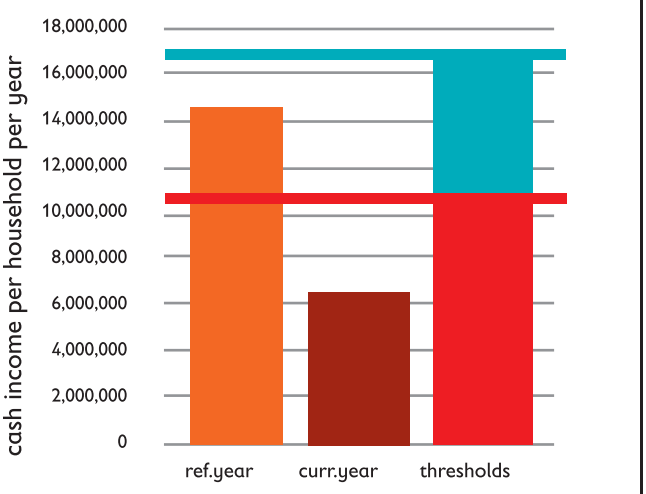
Scenario 2: worst case

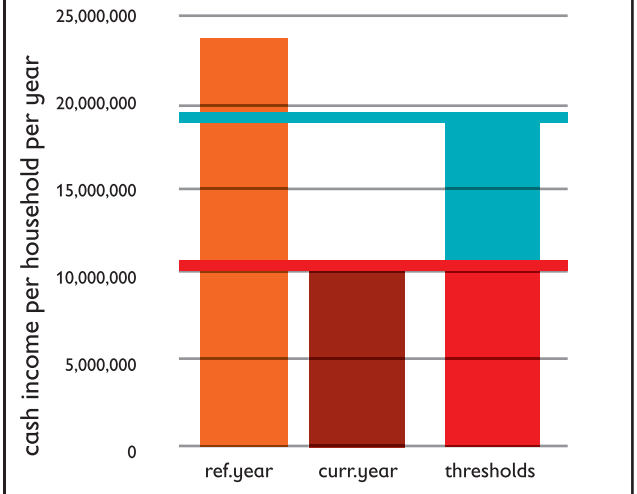
For this scenario, the following changes in prices and income levels were estimated:

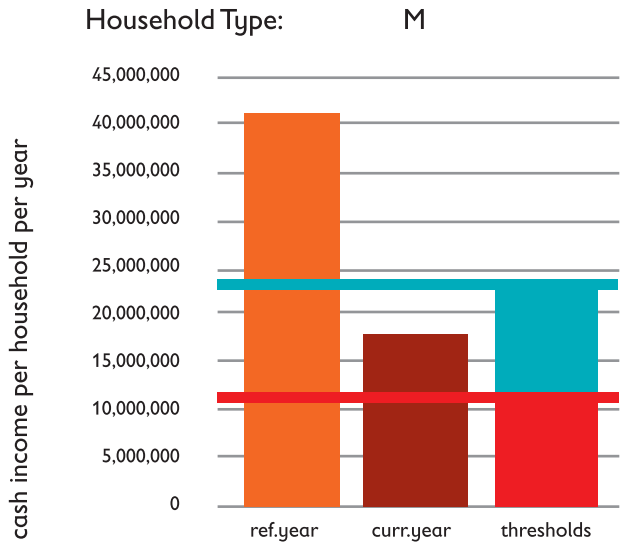
•Expenditure: All prices increase by 22%

•Incomes: Formal sector incomes decrease by 50%, informal sector incomes decrease by 60%.

Under this scenario, the deficits are more extreme. VP households face enormous survival deficit, P households fall just below the survival threshold and M households have a livelihoods protection deficit.







Notes: VP = very poor, P = poor, M = middle. The charts show estimates of total income for the reference year on the left and the scenario year in the middle bar (labelled 'curr.year'). These are compared with the thresholds (in the right-hand bar) to indicate whether there is a deficit. The red section in the thresholds bar represents the survival threshold, while the blue section represents the livelihoods protection threshold. Please note that the scales on the left of each graph are different

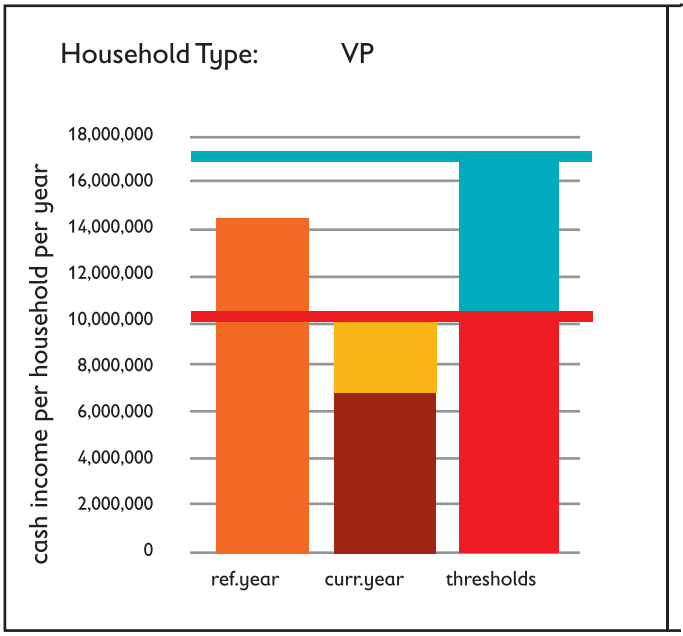
own income ref. year
own income curr. year
l/hood protection
survival

Blue line — Livelihood thereshold

Red line — Survival thereshold

Scenario 3: Adding in an intervention

It is also possible to model positive changes (such policy changes or project interventions) against the baseline or alongside other types of change. In the graph below, 300,000 LBP ($200) per month has been added to very poor household income. This could come from a cash transfer programme or a project that increases net incomes by this amount. Run alongside the 'worst case' scenario described above, it would help households in this wealth group to almost reach the survival threshold. Nearly three times that amount would be required for them to reach the livelihood protection threshold. This emphasises the scale of the current problem facing households.



Notes: VP = very poor. The charts show estimates of total income for the reference year on the left and the scenario year in the middle bar (labelled 'curr.year'). These are compared with the intervention thresholds (in the right-hand bar) to indicate whether there is a deficit. The red section in the thresholds bar represents the survival threshold, while the blue section represents the livelihoods protection threshold.

project income
own income ref. year
own income curr. year
l/hood protection
survival

Blue line — Livelihood thereshold

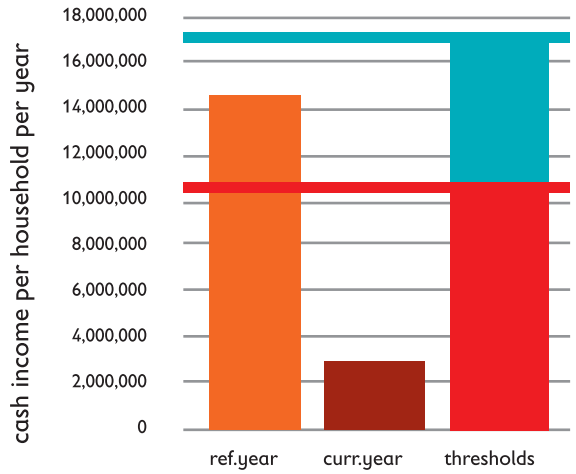
Red line — Survival thereshold

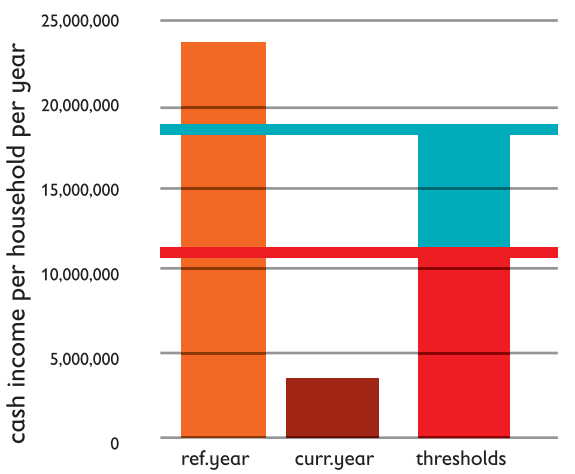
Scenario 4: COVID-19 isolation measures in addition to existing economic shocks

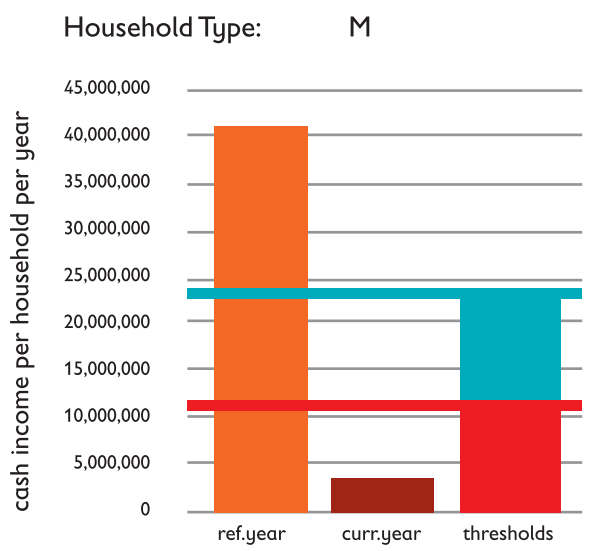
For this scenario, the following changes in prices and income levels were estimated:

- Expenditure: All prices increase by 22%
- Incomes: Formal sector incomes decrease by 90%, informal sector incomes decrease by 90%, self-employment decreases by 90%

This illustrates the almost complete closure of nonessential businesses, and enforcement of movements restrictions in various neighbourhoods. It is important to note in this scenario that the impact of COVID-19 will exacerbate an already struggling economy and will have many months of aftereffects as businesses struggle to remain viable following periods of closure due to the health crisis.







Notes: VP = very poor, P = poor, M = middle. The charts show estimates of total income for the reference year on the left and the scenario year in the middle bar (labelled 'curr.year'). These are compared with the thresholds (in the right-hand bar) to indicate whether there is a deficit. The red section in the thresholds bar represents the survival threshold, while the blue section represents the livelihoods protection threshold. Please note that the scales on the left of each graph are different.

- own income ref. year
- own income curr. year
- l/hood protection
- survival

Blue line — Livelihood thereshold

Red line — Survival thereshold

Monthly survival deficits VP households face amount to LBP 650,176 while P household's face a deficit of LBP 592,688 even M households face a monthly survival deficit of LBP 624,768 due to the steep reduction in self-employment income as a result of business closure. It should be noted that these are the survival deficits, not livelihood protection deficits, meaning that a food security response in addition to cash top ups would be needed for households to merely weather this public health crisis. If this situation were to last more than 1-3 months we would see a steep increase in poverty as households fail to meet their livelihood protection needs including education and standard of living conditions.

CONCLUSION AND RECOMMENDATIONS

The HEA is a powerful analytical framework that systematically organises critical information about household economies. It facilitates an evidence-based, dynamic analysis of how changes will affect these households. The impact of Lebanon's economic crisis on very poor, poor, and middle-income households in Urbane Greater Beirut can be seen clearly in the scenario modelling presented. When this is combined with COVID-19 containment measures, it is clear that the impact of COVID-19 will exacerbate an already struggling economy and will have many months of aftereffects as businesses struggle to remain viable following periods of closure due to the health crisis.

When modelling this scenario, the analysis showed that very poor, poor, and even middle-income Lebanese households will likely see a monthly survival deficit between LBP 592,688 - LBP 650,176 ($395-$433 at the official bank rate). Unemployment levels will continue to worsen with the COVID-19 pandemic, and poverty among Lebanese will further exacerbate tensions with refugee communities given the increasing needs and vulnerabilities of both groups. Negative coping mechanisms, notably an increase in child labour, is an expected response by the poorest and most vulnerable families, putting children, women, people with disabilities, and other marginalised groups at the highest risk.

POLICY RECOMMENDATIONS

- Government of Lebanon to immediately implement a transparently-distributed and financially adequate social assistance package for the most vulnerable Lebanese families, which is evidence-based to cover minimum basic needs and help offset the loss of income due to the COVID-19 pandemic.
- Scale up the existing NPTP and introduce cash transfers as an efficient delivery mechanism.
- Ensure that targeting mechanisms are transparent, evidence-based, gender-sensitive and designed to address both poverty and life-cycle vulnerabilities.
- Develop a shock-responsive social protection system based on the COVID-19 emergency response to address future economic hazards to poor populations.
- Introduce insurance and pension mechanisms to cover workers who are self-employed or work in the informal economy.
- Strengthen mechanisms to monitor and enforce compliance with labour law and enhance labour protection instruments in the context of ongoing economic downturn and job losses.

PROGRAMMATIC RECOMMENDATIONS

- Social assistance provided to vulnerable host and refugee families to cover loss of income due to the COVID-19 lockdown or quarantine should be at a value sufficient to ensure families meet their basic needs, reducing the likelihood of resorting to negative coping strategies.

- Promote the development of labour market activation programmes for un/underemployed so as to facilitate employment where possible, including job matching, access to skills, labour market information, as well as improved labour market policies and protection of workers.

- Implement poverty and vulnerability assessment/monitoring to generate evidence on household exposure to different types of shocks, including the current crisis and accompanying reforms, in order to inform the design or adaptation of social protection interventions.

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