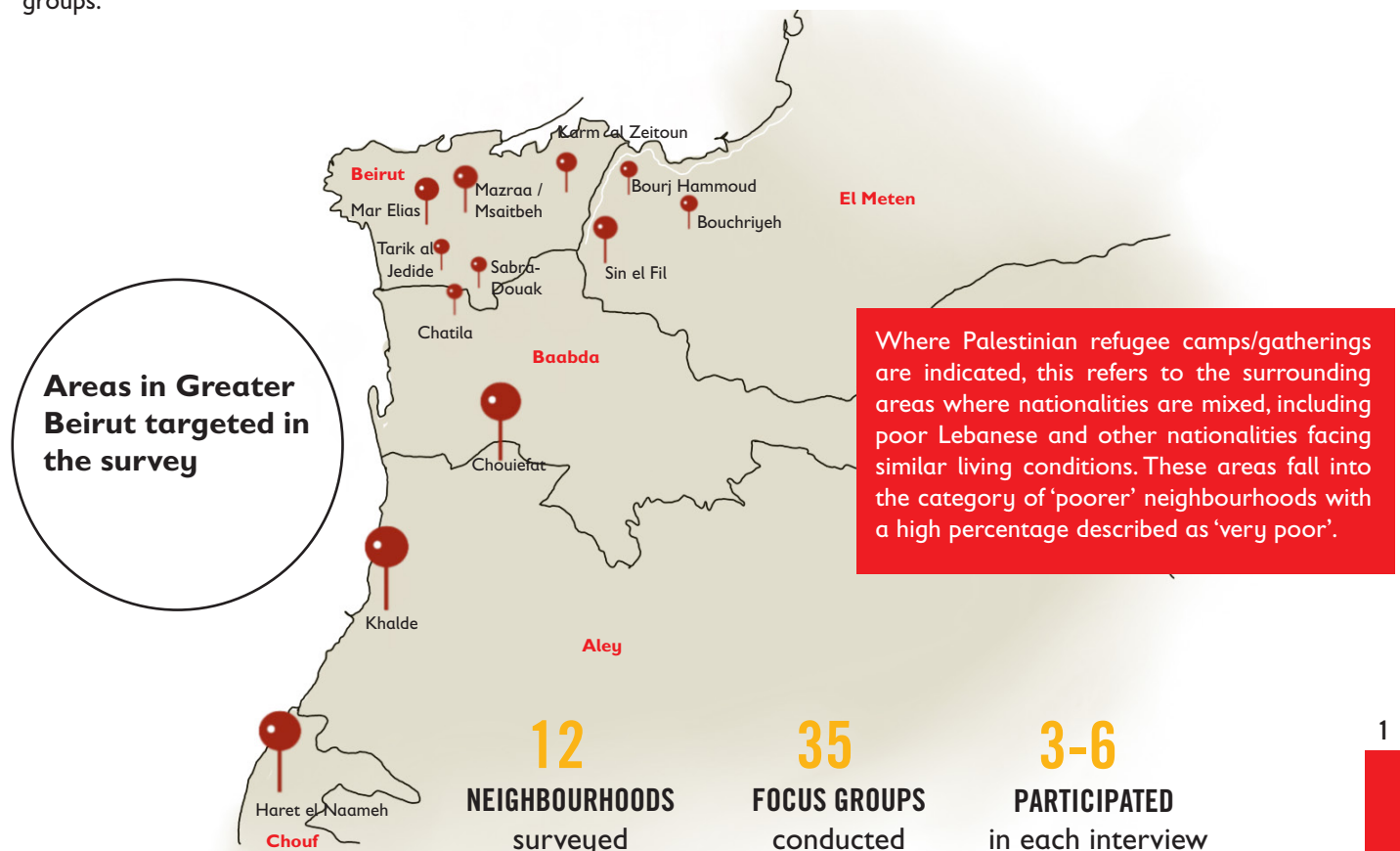**Save the Children**

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

Save the Children has conducted a Household Economy Analysis (HEA) in metropolitan Beirut to get insight into the socio-economic dynamics, inform thresholds for 'cash plus' programming, and support livelihoods projects modelling for poor and very poor wealth groups in the event of a shock or crisis.

HEA looks at households' access to basic food and non-food items. The household is taken as the unit of reference, and all data is triangulated through participatory verification and market data.

To gather information on the wealth breakdown in households, SC conducted semi-structured interviews with Lebanese and Palestinian households to establish income and expenditure patterns at household level, in very poor, poor, and middle wealth groups.

Areas in Greater Beirut targeted in the survey

Karm el Zeitoun
Beirut
Mar Elias
Mazraa / Msaitbeh
Bourj Hammoud
El Meten
Bouchriyeh
Tarik al Jedide
Sabra-Douak
Sin el Fil
Chatila
Baabda
Chouiefat
Khalde
Aley
Haret el Naameh
Chouf

Where Palestinian refugee camps/gatherings are indicated, this refers to the surrounding areas where nationalities are mixed, including poor Lebanese and other nationalities facing similar living conditions. These areas fall into the category of 'poorer' neighbourhoods with a high percentage described as 'very poor'.

12 NEIGHBOURHOODS surveyed

35 FOCUS GROUPS conducted

3-6 PARTICIPATED in each interview

FINDINGS

1. Areas surveyed did not exhibit characteristics of different livelihood zones. All of the identified as vulnerable localities in Greater Beirut have similar food and income generating characteristics, and the same wealth group classifications. However they fall into categories of mixed areas (which include some Better Off households) and poorer areas (with few to no Better Off households).

2. Most households across all 3 wealth groups (Very Poor, Poor, and Middle) have 2 working members. Very Poor and Poor households engage in a mix of formal and informal employment, primarily irregular and unskilled labour or low-level employment.

3. In Middle (and better off) households, formal employment (with increasing seniority) and self-employment/businesses were the main income-generating activities. Additionally, total cash income was nearly three times greater than that of Very Poor households.

4. As expected, the proportion of expenditure on food generally decreased with wealth, with Very Poor households spend about 30% of their income on food, and Middle households spend just over 20% of their income on food. Proportional Health expenditure was largest for the poorer wealth groups. Expenditure patterns are largely similar to known 2012 CPI expenditure categories.

5. Livelihood Protection thresholds ($5.63-$6.84/person/day) and Survival thresholds ($3.21/person/day) are comparable with other poverty lines used in the country, notably NPTP.

A CRISIS UNFOLDING:

Since 2019, Lebanon has been experiencing severe economic crisis which has the potential to drag Lebanese families just above the poverty threshold into poverty due to its effect on household economies

Exchange rate weakening with an unofficial rate volatile and fluctuating.

Increase in prices - The official CAS annual inflation rate for January 2020 was 10% and some projections anticipate it will surpass 50% later this year.
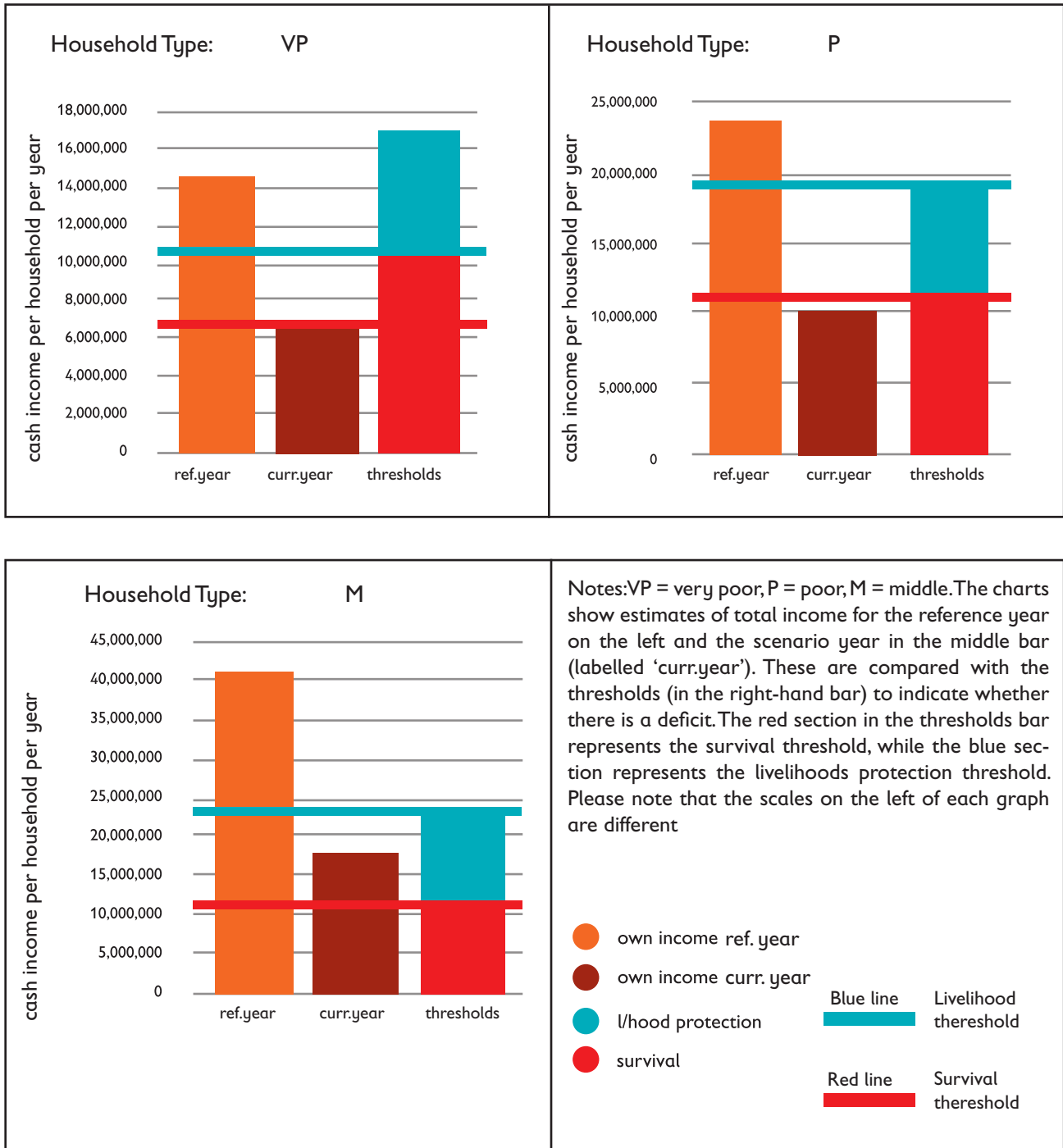
Job losses and wage cuts only add to the existing challenges.

TWO SCENARIOS ESTIMATING THE CHANGES IN PRICES AND INCOME LEVELS[1]:

Scenario 1

Prices increase by 22% and the Formal Sector incomes decrease by 50% while Informal Sector incomes decrease by 60%.

Household Type: VP

cash income per household per year

18,000,000	
16,000,000	
14,000,000	
12,000,000	
10,000,000	
8,000,000	
6,000,000	
4,000,000	
2,000,000	
0	ref.year curr.year thresholds

Household Type: P

cash income per household per year

25,000,000	
20,000,000	
15,000,000	
10,000,000	
5,000,000	
0	ref.year curr.year thresholds

Household Type: M

cash income per household per year

45,000,000	
40,000,000	
35,000,000	
30,000,000	
25,000,000	
20,000,000	
15,000,000	
10,000,000	
5,000,000	
0	ref.year curr.year thresholds

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

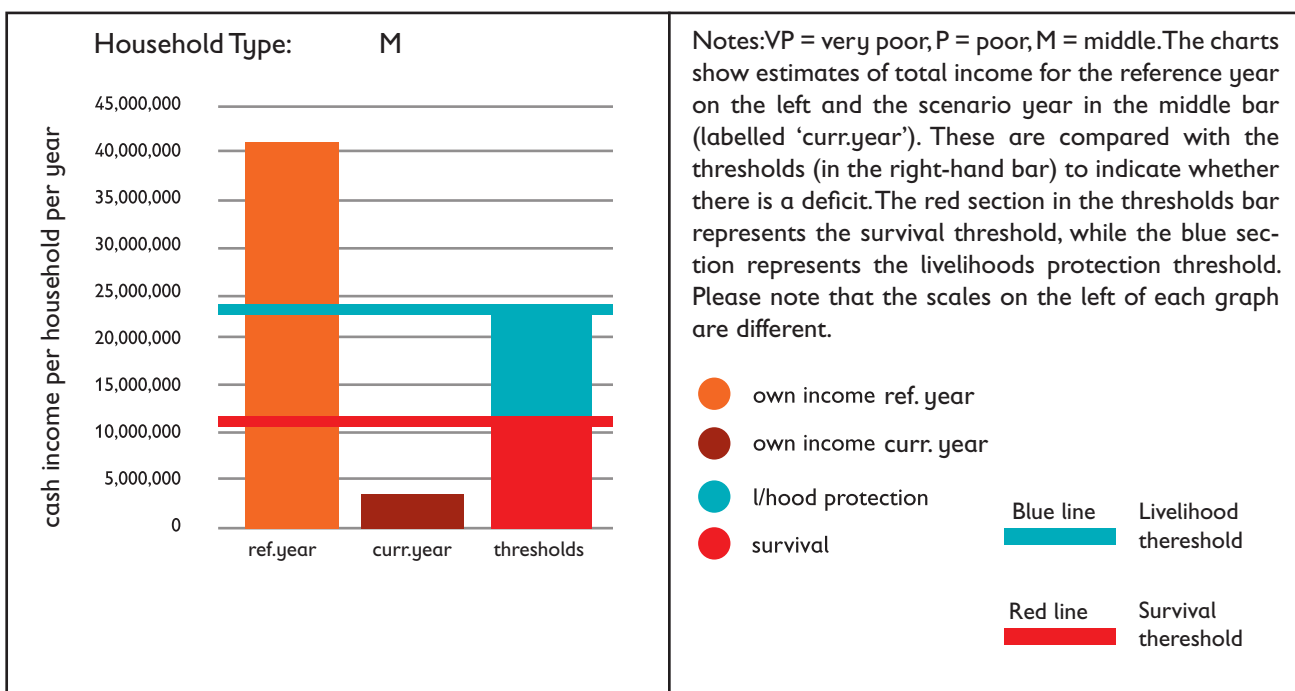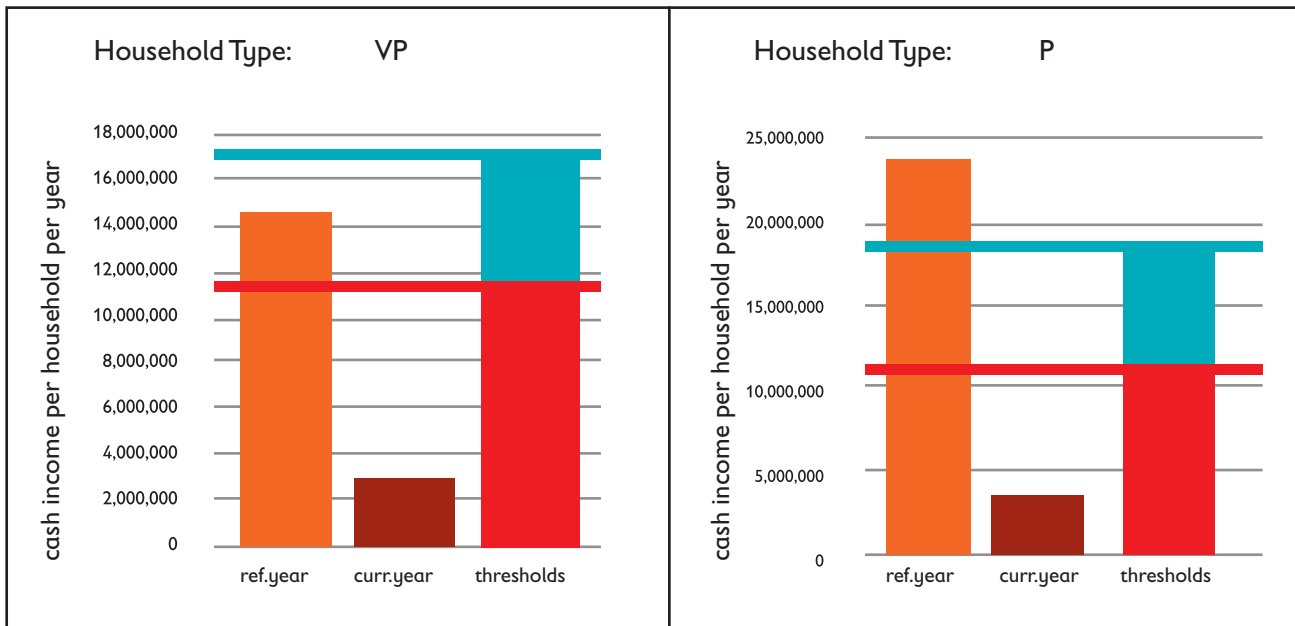| Blue line | Livelihood thereshold |
| Red line | Survival thereshold |

[1]Changes in price and employment are reflected as proportions of the "reference year" for which baseline data was collected. The reference year selected was the 12 month period immediately before the start of economic problems in mid 2019, covering June 2018 to May 2019.

Scenario 2

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

- Parameters: formal sector incomes decrease by 90%; informal sector incomes decrease by 90%; and self-employment decreases by 90%. This is due to the steep reduction in self-employment income as a result of business closure.

- Very poor households' monthly survival deficit of LBP 650,176.

- Poor households face a deficit of LBP 592,688.

- Medium households face a monthly survival deficit of LBP 624,768.

- A food security response in addition to cash top ups would be needed for households to weather this public health crisis.

Household Type: VP

cash income per household per year

18,000,000 / 16,000,000 / 14,000,000 / 12,000,000 / 10,000,000 / 8,000,000 / 6,000,000 / 4,000,000 / 2,000,000 / 0

ref.year curr.year thresholds

Household Type: P

cash income per household per year

25,000,000 / 20,000,000 / 15,000,000 / 10,000,000 / 5,000,000 / 0

ref.year curr.year thresholds

Household Type: M

cash income per household per year

45,000,000 / 40,000,000 / 35,000,000 / 30,000,000 / 25,000,000 / 20,000,000 / 15,000,000 / 10,000,000 / 5,000,000 / 0

ref.year curr.year thresholds

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

CONCLUSIONS

- The HEA is a powerful analytical framework that systematically organizes 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 Urban 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 xacerbate tensions with refugee communities given the increasing needs and vulnerabilities of both groups.

- Negative coping mechanisms, notably an increase in child labor, is an expected response by the most poor and vulnerable families, putting children, women, people with disabilities, and other marginalized groups at the highest risk[2].

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 labor law and enhance labor 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 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.

[2]Save the Children April 2020 "Child labour in lebanon: the economic crisis and the compounding impact of the covid-19 pandemic"