

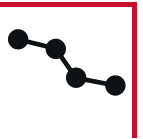
Lebanon Crisis Update

March 2023



Photo by Reuters

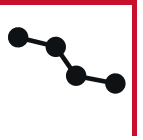
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The Monthly Lebanon Crisis Update provides an overview of economic and political developments to alert the international aid response to new and emerging challenges that could impact the humanitarian situation in Lebanon. In the context of the multiple crises affecting Lebanon, the update tracks the impact of political developments on the economy, relevant international developments, updates on service delivery and governance issues, and analysis of the drivers of humanitarian need as they develop. The report also aims to provide nuanced forecasting on contextual shifts relevant to shifting needs and the implementation of humanitarian programming. The report draws upon a desk review of currently available literature, analysis of relevant quantitative data, and key informant interviews with a range of experts and individuals with knowledge of Lebanon's economy.

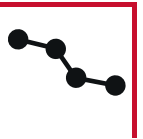
The Lebanon Crisis Analytics Team (LCAT) provides reactive and in-depth context analysis to inform the aid community in Lebanon. The information and analysis contained in this report is therefore strictly to inform humanitarian and development actors and associated policymaking on Lebanon.

This study/report is made possible by the support of the American People through the United States Agency for International Development (USAID) and European Union Humanitarian Aid. The contents of this report are the sole responsibility of the LCAT and do not necessarily reflect the views of USAID, the United States Government, or the European Union.



Key Takeaways:

- The Central Bank adjusted the Sayrafa exchange rate twice in March, both times in response to rapid Lebanese pound (LBP) depreciation. On March 1, the Central Bank “increased” the Sayrafa exchange rate from LBP 45,400 to LBP 70,000. The Central Bank also allowed non-government employees and businesses to access the exchange platform, with eligible individuals able to convert up to LBP 1 billion per commercial bank account and LBP 10 billion per business account. The pound depreciated again later in the month, with the US dollar (USD)-LBP parallel market rate reaching LBP 143,000 on March 21. This prompted the Central Bank to adjust the Sayrafa rate again, this time to LBP 90,000. These measures resulted in LBP appreciation and a period of relative stabilization, with the parallel market exchange rate reaching LBP 107,500 by the end of March.
- Fuel distributors convened on March 23 to discuss and propose measures which account for LBP volatility, including developing an online platform to monitor fuel prices indexed to rapid increases in the USD-LBP parallel market exchange rate. Fuel prices first increased in March in line with LBP depreciation and later rebounded after the pound gained on the dollar. Fuel prices closed the month at LBP 2,000,000 for 98-octane, LBP 1,954,000 for 95-octane, LBP 1,748,000 for diesel, and LBP 1,247,000 for cooking gas.
- The Association of Lebanese Banks (ABL) resumed their strike on March 14, resulting in the closure of commercial banks through March 22, when ABL ended the strike under Central Bank pressure. ABL previously criticized the Central Bank’s lack of strategic planning, which they claim led to reduced liquidity in commercial banks. The ABL strike appeared to contribute to LBP depreciation and highlighted the role of commercial banks in currency fluctuations.
- Employees at state-owned internet provider Ogero went on strike on March 23 to protest a lack of financial support as their salaries have significantly reduced in purchasing power amid LBP depreciation. Since technical support was almost completely unavailable during the strike, internet service disruptions were reported across Lebanon. Ogero stated that it is unable to increase employee salaries due to budget cuts. On April 1, the executive board of the Ogero employees’ union suspended the strike until the next cabinet meeting is held.
- In a March 23 report, the International Monetary Fund (IMF) emphasized the urgent need for financial system restructuring, exchange rate unification, and increasing fiscal revenues. The report asserted that the Central Bank’s approach to currency depreciation and monetary policy has resulted in USD 26 billion in losses since Oct 2019. While the IMF cited deleveraging in the corporate sector, tourism spending, and remittance inflows as stabilizing forces in the Lebanese economy, it also noted that tax indexation and government decrees have failed to narrow the gap between multiple exchange rates for taxes and customs, resulting in shortfalls in fiscal revenue.



MARCH

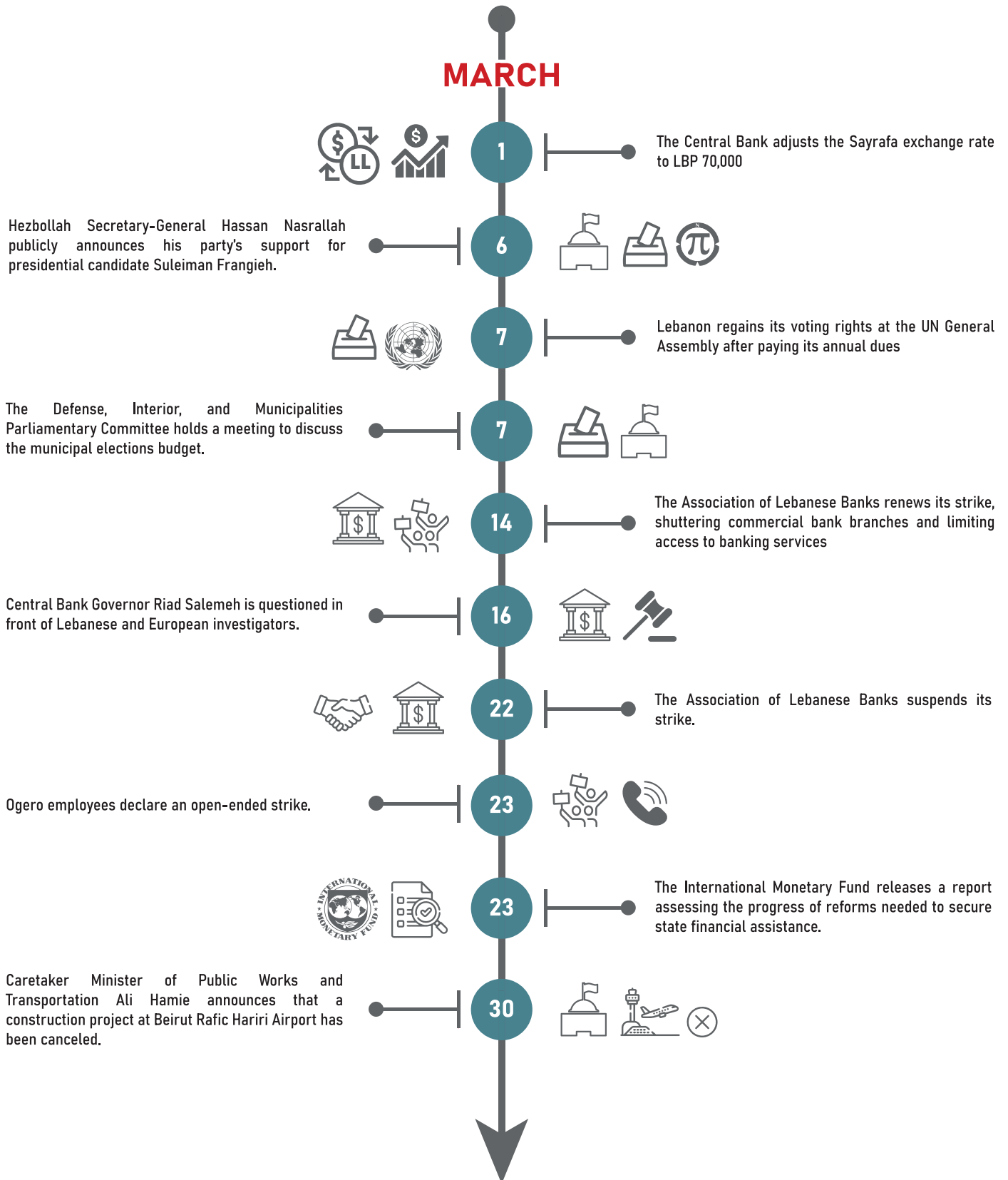




Photo by MEE/Hanna Davis

Economic and Financial Updates:

The Central Bank changed the Sayrafa exchange rate twice in March in response to Lebanese pound (LBP) depreciation. On March 1, the Central Bank adjusted the US dollar (USD)-LBP Sayrafa exchange rate from LBP 45,400 to LBP 70,000, the largest such “increase” since the Central Bank-managed currency exchange platform was established in 2021.¹ The Central Bank also reopened access to Sayrafa for non-government employees and businesses but not for fuel-importing companies. Eligible individuals were then able to convert LBP 1 billion per commercial bank account and LBP 10 billion per business account. Sayrafa policy changes appeared to result in a concurrent rebound for the pound, with the USD-LBP parallel market exchange rate appreciating to approximately LBP 79,000 early in March, after reaching about LBP 90,000 in late February.

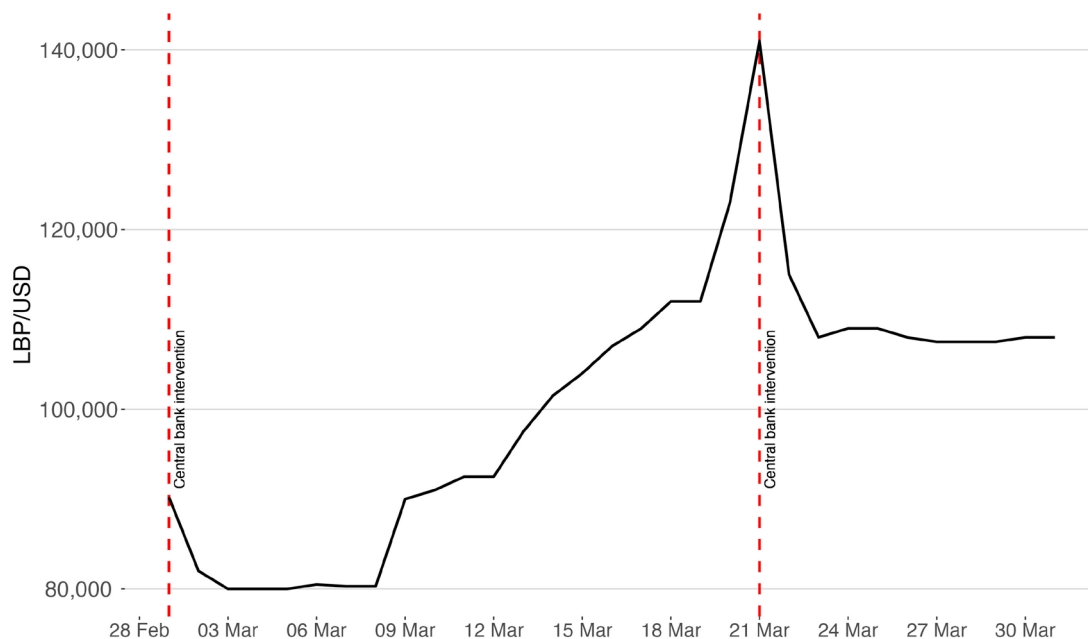
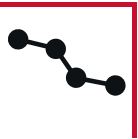


Figure 1: The LBP-USD parallel market exchange rate in March.

¹ [Central Bank announces measures to stabilize currency, sets Sayrafa rate at 70,000 LBP - LBCI](#)



Similar to past Central Bank monetary interventions, these Sayrafa policy changes did not have a sustained effect. Following an announcement by the Association of Lebanese Banks (ABL) that commercial banks would renew their strike on March 14, the pound began to depreciate again.² On March 21, the USD-LBP parallel market rate reached LBP 143,000, prompting additional Central Bank measures,³ notably adjusting the Sayrafa rate to LBP 90,000. The pound appreciated against the dollar thereafter, with the USD-LBP parallel market exchange rate reaching LBP 107,500 by the end of March. Notably, the total volume of Sayrafa transactions significantly increased in late March (Figure 2), including USD 90 million in Sayrafa exchanges on March 30 alone. This was accompanied by LBP parallel market appreciation and apparent stabilization against the dollar through the first week of April.

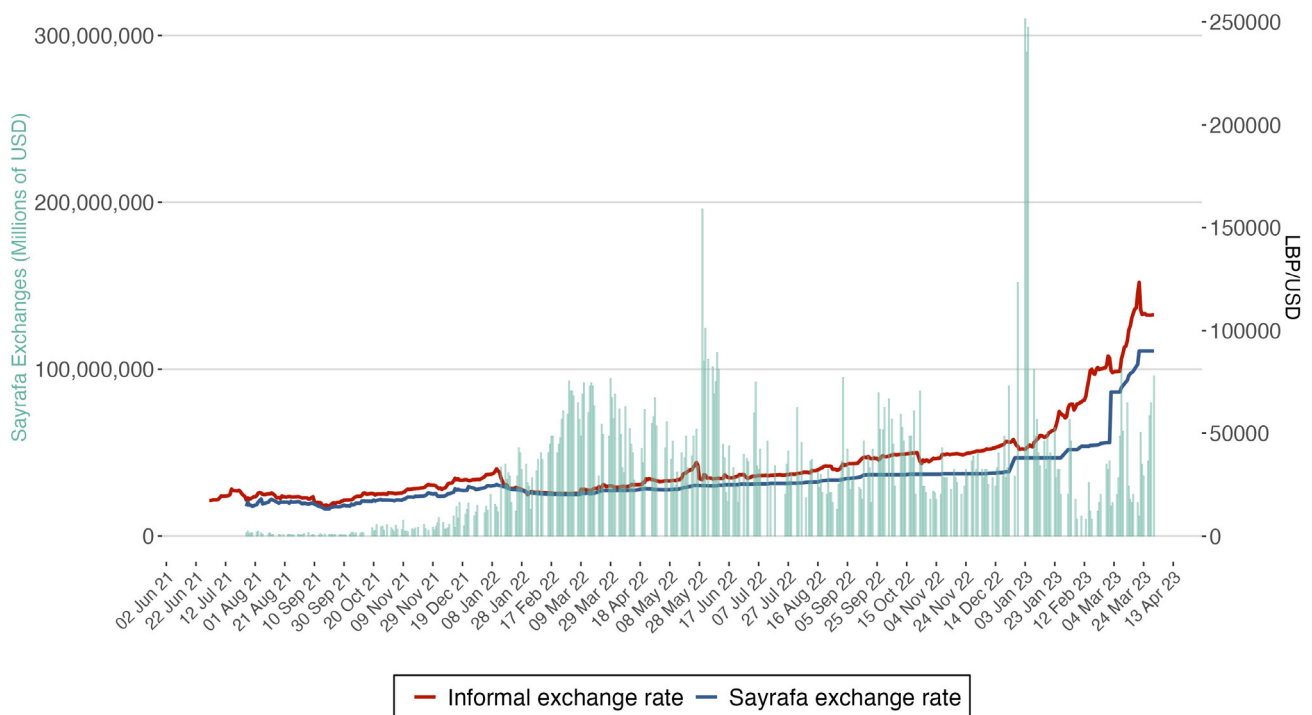


Figure 2: Sayrafa Exchanges.

Sayrafa exchanges totalled nearly USD 1.009 billion in March, a sizeable increase compared to almost USD 406 million in February. Bank closures limited access to the platform, prompting many LBP holders to rely on the parallel market to conduct exchanges. Despite the acute depreciation of the pound in March, currency in circulation decreased by LBP 18 trillion, reaching LBP 64.9 trillion by the end of the month. Foreign reserves in the Central Bank decreased by USD 326 million in March.

² ABL announced that the renewed strike was declared to "protest" political deadlock, deteriorating economic conditions, and delays in implementing reforms. See subsection below for more detail.

³ [Lira Drops Dramatically, recovers amid day-long exchange rollercoaster - L'Orient Today](#)

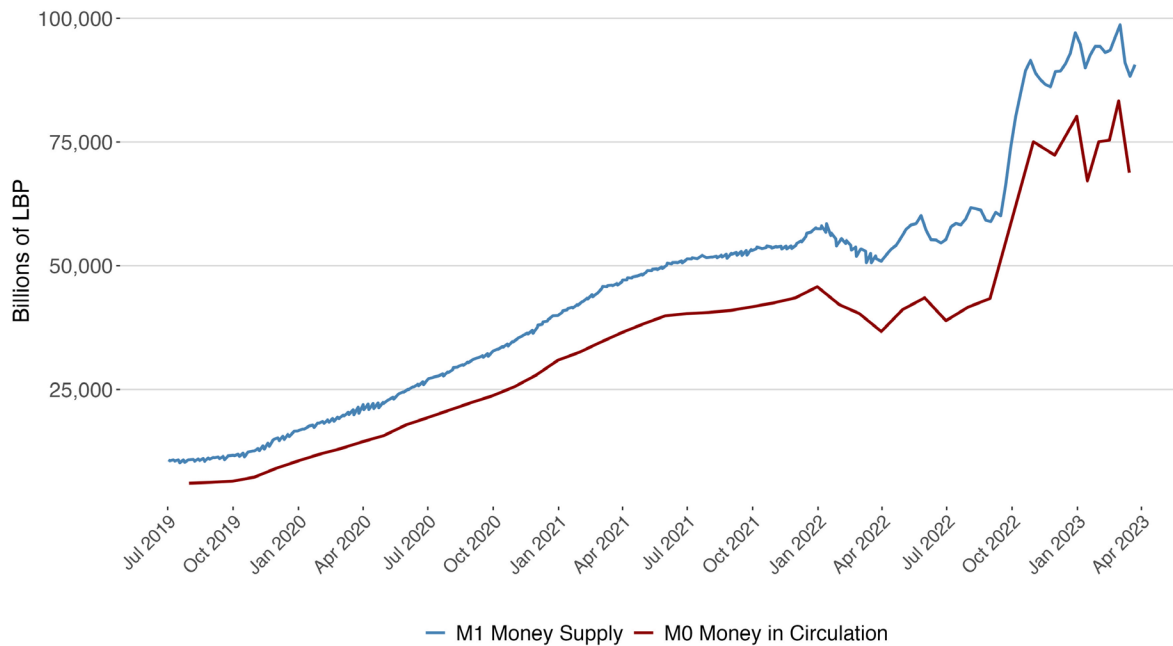
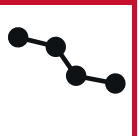


Figure 3: Money Supply and Money in Circulation.⁴

LBP depreciation sparked protests in Tyre, Taalabaya, and Baalbeck on March 21, in addition to marches in Riad el Solh on March 22. On March 24, the association «Depositors Cry»⁵ held a protest near the Central Bank and the BBAC and Al Mawarid bank branches in Hamra before being dispersed by the Lebanese Armed Forces (LAF). Demonstrations broke out again on March 30, when retired members of the LAF staged a protest in front of the Central Bank over the reduced purchasing power of their pensions.⁶ On April 3, Minister of Finance Yousef Khalil announced that public sector employees' March salaries will be paid at a Sayrafa rate of LBP 60,000, a move which will likely result a reduction in purchasing power after February salaries were calculated at a rate of LBP 45,400.⁷

On March 23, fuel distributors convened to discuss business strategies in light of LBP volatility. The meeting was called in response to a %30 devaluation of the pound in less than 24 hours between March 22 and March 23, followed by a subsequent rebound.⁸ Attendees proposed various approaches to accounting for currency fluctuations, including developing an online platform to monitor fuel prices indexed to rapid increases in the USD-LBP parallel market exchange rate. They also discussed dollarizing the fuel sector, a measure which has already been implemented by supermarkets and businesses in the tourism sector.

Fuel prices increased in March in line with LBP depreciation and peaked at LBP 2,158,000 for 98 octane, LBP 2,106,000 for 95 octane, LBP 1,992,000 for diesel, and LBP 1,403,000 for cooking gas. Prices rebounded in line with LBP appreciation in the second half of March, and closed the month at LBP 2,000,000 for 98 octane, LBP 1,954,000 for 95 octane, LBP 1,748,000 for diesel, and LBP 1,247,000 for gas. Fuel prices affect the cost of transportation, heating, power generation, and telecommunications, meaning fuel price increases will likely lead to an increase in the Consumer Price Index (CPI).

⁴ BdL Statistics and Research

⁵ A public advocacy group representing the interests of Lebanese commercial bank account holders.

⁶ "العسكريون المتقاعدون من رياض الصلح إلى أمام مصرف لبنان احتجاجاً على التعاليم وانهايار العملة الوطنية تجمع الولاء للوطن : صرخة غضب مع رسالة تحذير إلى كل المسؤولين المعنيين" - National News Agency

⁷ "الوكالة الوطنية للإعلام - Finance Minister: Public sector's salaries paid at Sayrafa's LBP 60,000 rate - National News Agency.

⁸ Fuel sector sets conditions under which it will move to dollarize its rates - L'Orient Today

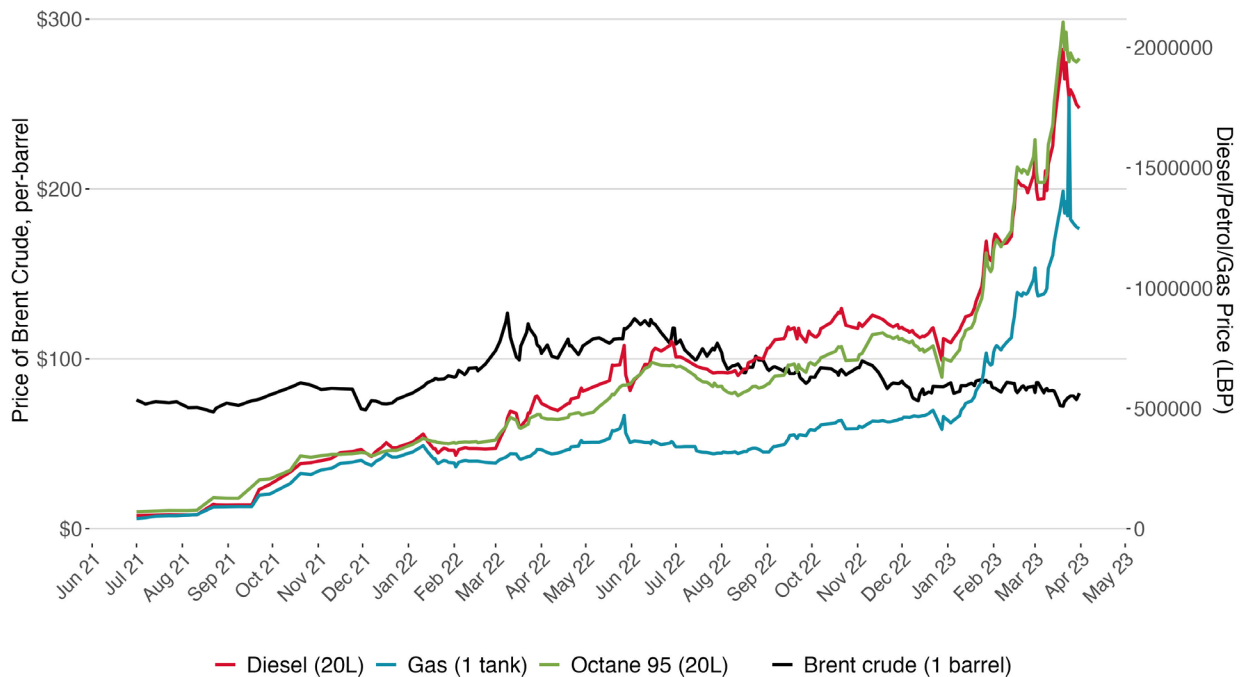
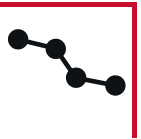


Figure 4: Fuel Prices from June 2021 to March 2023.⁹

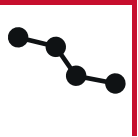
ABL renewed its strike on March 14, shuttering in-person services at commercial banks for about one week. The strike cut off depositors' access to their accounts - with limited ATM services available in some locations - until March 22, when ABL announced an end to the strike, after coming under Central Bank pressure to resume Sayrafa transactions. Prior to the strike, ABL issued a statement on March 9, highlighting what it described as a lack of strategic planning by the Central Bank and the government since the outset of the financial and monetary crisis. ABL argued that commercial bank liquidity was severely reduced due to Central Bank policy and judicial decisions that allowed clients to repay debts at the LBP 1,500 official exchange rate (prior to February 2023) and withdraw from their USD-dominated accounts at more advantageous rates.¹⁰

Following a one-week evaluation visit, the International Monetary Fund (IMF) released a report¹¹ on economic progress and financial reform. The March 23 report emphasized the "urgent" need to restructure the financial system, unify exchange rates, increase government revenues, and tackle the state budget deficit amid "limited progress in implementing the comprehensive package of economic reforms, set out in the Staff Level Agreement". Moreover, the IMF indicated that the Central Bank's approach to currency depreciation and monetary policy resulted in losses in foreign reserves totalling USD 26 billion since October 2019. The report also indicated that despite a sharp decline in economic activity since late 2019, deleveraging in the corporate sector and tourism spending in 2022 appeared to be a stabilizing force for the economy, driven by strong remittance inflows that increased consumption.

⁹ Lirarate

¹⁰ The Central Bank issued circulars 151 and 158, which allow account holders to withdraw from their USD denominated accounts at the USD-LBP 15,000 official rate, and circular 161, which grants access to the Sayrafa exchange platform.

¹¹ IMF Staff Concluding Statement of the 2023 Article IV Mission



Central Bank Governor Riad Salemeh attended a pair of hearings as part of ongoing investigations by Lebanese and European authorities into alleged money laundering and embezzlement. Salemeh answered questions posed by Lebanese and foreign investigators during two sessions on March 16 and March 17, after he failed to attend a scheduled hearing on March 15. Following questioning, Salemeh denied involvement in illegal money transfers through Swiss banks or banks in other European countries, and described those accusations as part of a “framing campaign” aimed at holding him responsible for Lebanon’s economic decline and a decrease in the Central Bank’s reserves. European investigators will visit Lebanon for a subsequent round of questioning in April.

Increasing LBP/USD pass-through: A sign of dollarization?

To determine the degree to which dollarization has taken hold in the Lebanese economy, LCAT analyzed the effect of LBP depreciation on the price of essential items in the period between June 2020 and January 2022. Specifically, LCAT calculated the pass-through effect, which is the proportion of local currency depreciation - in relation to a foreign currency - that is passed onto prices in a local market. A pass-through effect of 100% indicates that local currency depreciation is entirely passed onto item prices. In the context of the USD-LBP parallel market exchange rate, a pass-through of 100% is a close approximation of dollarization, as prices with higher pass-through effects are at least partially dollarized and items with a pass-through of 100% can be considered completely dollarized.

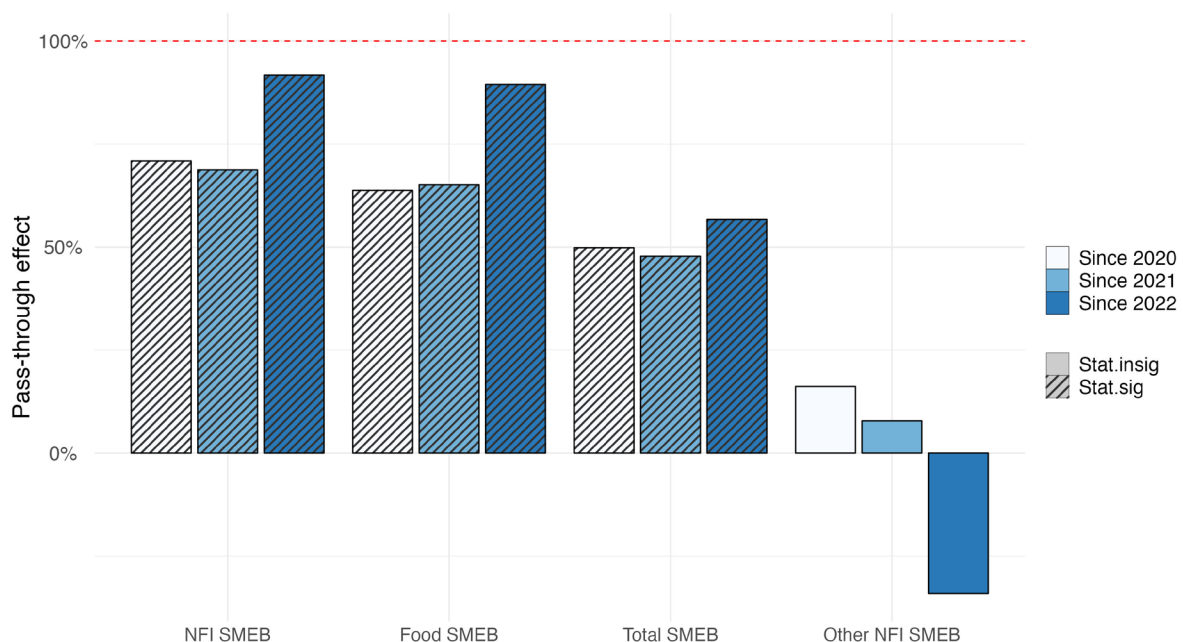


Figure 5: Pass-through effect for the food SMEB. The red dotted line approximately indicates full dollarization.



Using the pass-through effect as a basis, LCAT determined that dollarization of the Lebanese economy accelerated in 2022, compared to 2020 and 2021. The results of this exercise are shown in Figure 4, which graphs the pass-through effect for monthly survival minimum expenditure basket (SMEB) prices since June 2020. The pass-through effect of the total SMEB¹² increased from 50% in June 2020, to 57% in January 2022; the NFI SMEB increased from 71% in June 2020 to 92% in January 2022; and the food SMEB increased from 64% in June 2020 to 90% in January 2022. The “other NFI SMEB” category includes items that are much less sensitive to LBP depreciation, such as debt, water, rent, and education. Therefore, prices for this basket produced statistically insignificant pass-through effects that dampen the pass-through effect for the total SMEB.

Analysis and Impact:

LBP depreciation and a sharp rise in import volumes to pre-crisis levels have accelerated dollarization in Lebanon. The national currency holds little appeal to citizens and business owners despite attempts by the Central Bank to ease demand for USD in the parallel market. Moreover, the Central Bank has failed to narrow the gap between multiple “official” exchange rates, let alone the gap between the base rate of LBP 15,000 and the parallel market rate. A large percentage of workers in Lebanon likely continue to earn in LBP, meaning a significant portion the labor force is bearing the brunt of dollarization. Public denunciation and general confusion over the indexation of bills and tariffs - such as electricity and telecommunications bills - to currency depreciation and inflation should be understood in this context.

Of particular concern is the purchasing power of public sector salaries, which substantially decrease with every Sayrafa rate “increase” as shown in table (1). Supermarket dollarization in February makes this issue all the more pressing, particularly as public sector salaries for March will be issued at a Sayrafa rate of LBP 60,000, compared to 45,400 in February.¹³ As figure 5 highlights, the current median public sector salary (LBP 15,000,000 per month) can cover the cost of one full SMEB when withdrawn at a Sayrafa rate of LBP 60,000.

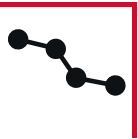
		Sayrafa Rate (LBP)			Average Parallel Market Rate (LBP)	Addition after Parallel Market Exchange (LBP)	Addition after Parallel Market Exchange (USD)	Total Salary after Parallel Market Exchange
		28,500	45,400	60,000				
Public Sector Base Salaries (LBP)	7,000,000	USD 245	USD 154	USD 116	LBP 11,600,000	4,600,000	46	USD 162
	15,000,000	USD 526	USD 330	USD 250	LBP 25,000,000	10,000,000	100	USD 350
	19,000,000	USD 666	USD 418	USD 316	LBP 31,600,000	12,600,000	126	USD 442

Table 1: The effect of increasing Sayrafa rates on the public sector base salaries. The red table shows additional benefits obtained after exchanging the base salaries in the parallel market.¹⁴

¹² SMEB prices from June 2020 to February 2023 obtained from WFP.

¹³ [Finance Minister: Public sector salaries paid at Sayrafa's LBP 60,000 rate - National News Agency](#)

¹⁴ The 28,500 rate has been added to show what salaries would represent under the recent LAF veteran demands, although there hasn't as yet been any serious discussion over the use of this rate beyond these protests.



This begs the question of whether the Central Bank can implement policies which are both sustainable and account for people's needs, particularly during a period which normally is accompanied by increased consumption patterns, like Ramadan. While the Central Bank stopped buying USD from currency exchangers in late March, prior to that (while the ABL strike was in effect and Sayrafa transactions were frozen) those purchases were still in effect. This does not demonstrate or prove that the Central Bank can supply more USD to the market via Sayrafa but suggests it is a possibility, albeit one which would further drain Central Bank foreign currency reserves and possibly drive further currency depreciation and inflation.¹⁵

For the sake of comparison, LCAT considered the effects of adopting a Sayrafa rate which is more advantageous for public sector workers. One such rate, LBP 28,500, was proposed by LAF veterans during their March 30 protest at the Central Bank and their proposal has drawn national attention.¹⁶ If salaries are withdrawn at a Sayrafa rate of LBP 28,500, the results would cover slightly more than two full SMEBs. As shown in figure 5, this amounts to roughly twice the purchasing power as under a Sayrafa rate of LBP 60,000.

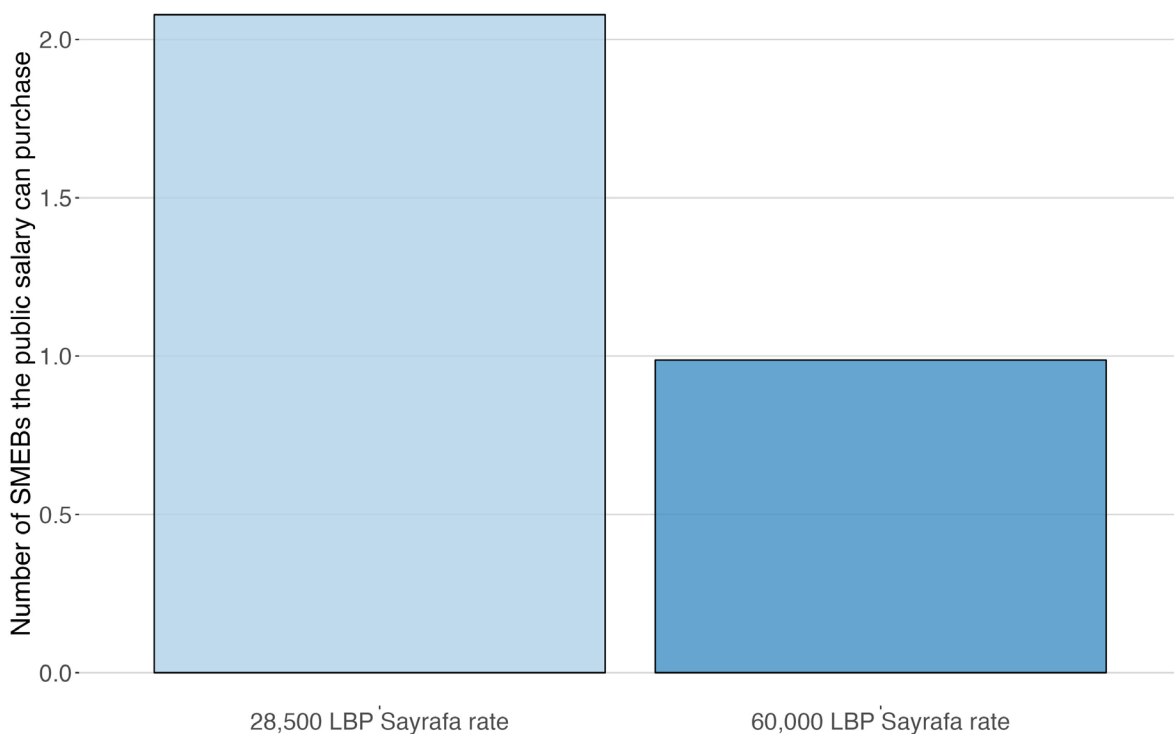


Figure 6: The number of SMEBs a public sector salary 15m LBP can purchase at the 28,500 LBP and 60,000 LBP exchange rates, using WFP's February 2023 total SMEB price.

¹⁵ It is possible that "lowering" the Sayrafa rate at which public servants withdraw their salaries (increasing the amount of USD paid out to them) is ultimately a driver of LBP depreciation and inflation because many, if not most, public servants use Sayrafa payments to engage in currency arbitrage via currency traders ("saraf"), particularly at times when the USD-LBP parallel market rate greatly differs from the Sayrafa rate. This is rarely felt in the immediate term after a "Sayrafa intervention" but could be a factor in explaining why changes in the Sayrafa rate have most often proven unsustainable.

¹⁶ [Beirut protestors clash with security forces as living conditions worsen - The National](#)



Political Updates:

On March 7, the Ministry of Foreign Affairs announced that Lebanon regained its voting and participation rights at the United Nations (UN) General Assembly. The announcement was made after required contributions for 2022 and 2023 were transferred to the UN.¹⁷ Lebanon originally lost its voting and participation rights at the UN on January 20.

Caretaker Minister of Interior and Municipalities Bassam Al Mawlawi announced that municipal elections will be held in May. Prior to Al Mawlawi's April 3 announcement, the Defense, Interior, and Municipalities Parliamentary Committee held a meeting on March 7 to discuss the municipal elections budget.¹⁸ Al-Mawlawi informed the committee that his ministry requested USD 8.98 million as a "primary budget" to prepare for elections in May. The joint committee convened again on March 28 to discuss municipal election funding and the possibility of appropriating LBP 1.5 trillion to support the budget.¹⁹ Despite Al Mawlawi's announcement, financing for elections has yet to be secured. In the event municipal elections are not held, about 1,000 municipal councils could be dissolved,²⁰ an outcome which could negatively affect local service delivery.

The election of a new president remains on hold as Hezbollah publicly named Suleiman Frangieh as its preferred candidate for the next Lebanese head of state. Hezbollah Secretary-General Hassan Nasrallah publicly announced his party's support for Frangieh on March 6.²¹ Nasrallah's announcement, which follows 11 parliamentary electoral sessions that ended after the first round of voting, has fostered tensions with presidential hopefuls and Free Patriotic Movement leader Gebran Bassil. No Christian party or bloc has lent public support to Frangieh's candidacy. Lebanese Forces (LF) leader Samir Geagea stated that his party does not consider candidates in the March 8 bloc to be viable and that the LF supports Independence Movement leader Michel Moawad's candidacy.²²

¹⁷ [Ministry of Exterior and Foreign Affairs Statement](#)

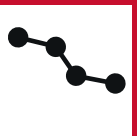
¹⁸ [Defense, Interior, and Municipalities Committee meeting decisions](#)

¹⁹ [Parliamentary Committees Meeting Brief](#)

²⁰ [Municipal elections to be held starting May 7: Mawlawi - L'Orient Today](#)

²¹ [Nasrallah: Frangieh is candidate we 'support', no plan B - L'Orient Today](#)

²² ["جيجع: سنفعل كل ما بوسعنا لعدم وصول مصور الممانعة إلى بعيدا وعليه ان يتصرف بحذيرة و"يزيح](#)



A reported attack in northern Israel raised concerns of increased tensions along Lebanon's southern border. On March 13, a bomb detonated in northern Israel, injuring one individual. The alleged attacker - who reportedly was wearing an explosive belt and carrying several weapons - was then killed by Israeli security forces while in a vehicle.

A planned expansion at Beirut International Airport was canceled following public backlash over the tendering process. On March 30, caretaker Minister of Public Works and Transportation Ali Hamie announced that the USD 122 million project to expand and operate a new terminal at the Beirut Rafic Hariri Airport for 25 years would not go ahead.²³ The contract, which was originally announced on March 20, was awarded to the Irish company DAA International and Lebanese Air Transport. The decision comes on the heels of sustained criticism by civil society groups and lawmakers, who questioned the lack of transparency regarding the tendering process, why no legislative approval was sought (parliament should approve exploitation of public utilities), and whether a caretaker government has the authority to approve such a contract. Notably, the Public Procurement Authority confirmed that it did not oversee the process, thus circumventing Lebanon's 2021 Public Procurement Law. Implementation of this law is an IMF condition for releasing financial assistance to Lebanon.

A media cofounder and editor-in-chief of separate investigative news outlets were summoned for questioning by security forces. On March 30, the General Directorate for State Security summoned Megaphone News Cofounder Jean Kassir to appear before the judicial police. The summoning comes at the alleged request of Public Prosecutor Ghassan Oueidat, whose name was published in an article on March 1 in relation to the August 2020 Beirut Port blast. On March 31, pursuant to a claim submitted by the LF, the Anti-Cybercrime Bureau summoned The Public Source Editor-in-Chief Lara Bitar regarding an article published in August 2022 on environmental crimes committed during the Lebanese Civil War, which highlighted the Lebanese Forces' role. Representatives from The Public Source will attend the questioning scheduled for April 6.²⁴

²³ [Lebanon cancels \\$122mn Beirut airport terminal over 'corruption' scandal - Arabian Business](#)

²⁴ [Two Lebanese media outlets summoned by security services - L'Orient Today](#)



Photo by AFP

Access to Services:

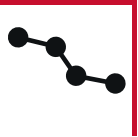
Employees at Lebanon's state-owned telecommunications company Ogero went on strike, leading to internet connection interruptions. The work stoppage was originally declared on March 23 to protest a lack of financial support to offset the depreciated purchasing power of employee's salaries. Employee demands focused on increasing wages and tying them to the USD-LBP parallel market exchange rate, as well as allocating an appropriate budget for maintenance work. Senior officials at Ogero claim that budget reductions prevent the company from increasing salaries in line with LBP depreciation. Ogero service disruptions were reported throughout the strike, largely due to the absence of technical support, eventually leading to a near-complete halt as "backup" generators ran out of fuel on March 24.²⁵ The strike had a pronounced effect on Hermel and central areas of Mount Lebanon, where internet services were severely disrupted on March 25. On April 1, the executive board of the Ogero employees' union announced that they would suspend their strike until the next cabinet meeting is held.²⁶

A teachers' strike continued for the third consecutive month, as educators demand better pay, health benefits, and transportation stipends. While Minister of Education and Higher Education Abbas Halabi promised to bolster teachers' wages and provide partial transportation stipends, only some public school teachers have returned to the classroom. The teacher shortage has affected approximately 500,000 students, and has had a marked effect on Syrian pupils, most of whom are not attending class. A retroactive payment for the month of October 2022 was disbursed in March, with payments (up to USD 100) made through OMT rather than the Central Bank to avoid use of the Sayrafa exchange platform.²⁷ However, not all teachers have received these payments due to technical issues.

²⁵ [Lebanon's internet could go dark amid strike by state-owned Ogero's workers - The National](#)

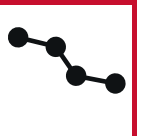
²⁶ [المجلس التنفيذي لنقابة اوجيرو يعلن تعليق الاضراب حتى انعقاد اول جلسة لمجلس الوزراء - NNA](#)

²⁷ Future payments of a similar nature will be contingent on the Lebanese government approving a treasury advance.



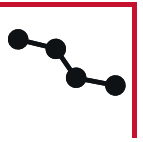
Lebanon's state power company Electricite du Liban (EdL) has yet to announce which Sayrafa rate will be used to calculate 2023 electricity bills. On March 4, EdL announced that bills which have already been issued will be calculated at a rate of LBP 52,320 per USD 1. EdL then sent a letter to the Central Bank and the government, in which it demanded the authority to calculate bills based on base Sayrafa rate when a bill is issued.²⁸ If the current Sayrafa rate is adopted, electricity bills would double, adding to household expenses and likely prompting more households to cancel their state electricity subscription. This will also present additional challenges to the Ministry of Energy and Water, which currently can provide only four to five hours of electricity each day.

²⁸ [EdL March 4, 2023 Announcement](#)



Looking Forward:

- The latest Sayrafa policy changes appear to have temporarily stabilized the LBP against the USD but the possibility of further volatility remains. While there is some expectation that following the volatility in the first quarter of the year, the LBP may stabilize around 100k per USD for the coming weeks, any volatility will increase risk to aid organization programming in LBP. The dynamic between any potential further depreciation and changes in the Sayrafa exchange rate for public sector workers will likely trigger further protests and service delivery disruption.
- The ad hoc dollarization of the market appears set to continue in the coming weeks, further eroding the purchasing power of those partly or fully dependent on LBP income. This could also potentially increase the USD cost of aid programming, as essential items that were previously less sensitive to the passthrough effect of LBP depreciation (such as some domestically produced fruits and vegetables) begin to be priced in USD. Expected global fuel price increases linked to OPEC cuts could also pose an external risk to domestic price inflation.
- There are positive indications that municipal elections will take place. This is not a given and the possibility remains that not only could elections be delayed but also implemented in an unorganized or underfunded manner. If elections are not held on time, it is likely that municipalities will find it difficult to maintain public service delivery. Due to reduced capacity at the national level, municipalities have in many cases taken on essential duties which in the past were undertaken at the national level. This highlights why the most effective partners and focal points for aid actors and project implementation are often local-level actors.



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Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.

