



World Food Programme



UNHCR
The UN Refugee Agency



JOINT REPORT ON DUAL CURRENCY DISBURSEMENT

AUGUST 2023

In light of the swift depreciation of the Lebanese pound and the increase of pressure on redemption channels, WFP and UNHCR reintroduced dual currency disbursement for Syrian refugees benefiting from cash assistance programmes in May 2023. Following the publication of two reports highlighting the results of WFP and UNHCR's rigorous monitoring of cash assistance for Syrian refugees during May and June cycles, this third and final report underscores the main outcomes of this programmatic change that WFP and UNHCR have observed thus far ([Read more here](#) [May and June Cycles' Reports](#)).

The significant improvements in the redemption experience for assisted families witnessed during May and June cycles have persisted also during the July cycle, with beneficiaries reporting more efficient, safer, and more dignified access to assistance.¹ This improved experience is closely linked to the increased operational capacity of the redemption network which continues to enable a smooth redemption process, underlining the lasting stabilising effect of the resumption of dual currency disbursements on UNHCR's and WFP's cash programmes. Additionally, the increased value of cash assistance, enabled by the resumption of dual currency disbursement and the associated improved capacity of the redemption network, significantly improved the food security of assisted families in the first half of 2023.² In contrast, non-assisted families continued to grapple with challenges in maintaining their essential living standards.

I. Overview of July 2023 Redemption

Three months after the resumption of dual currency disbursement, the gains in operational efficiency and the enhanced experience and satisfaction of assisted families continue to be maintained. The significant improvements, including reduced crowding and waiting times, have resulted in quicker, safer, and more dignified withdrawal experiences at all redemption points, including ATMs, MTOs, and contracted retailers.

Loading of cash assistance for the July cycle was staggered over six (6) days compared to five (5) days in June, seven (7) days in May, and ten (10) days in the course of January–April assistance cycles.

Despite the shortened loading period, the overall redemption experience improved. Within the first two weeks of loading for the July cycle, all refugee families receiving UNHCR and WFP cash assistance had successfully redeemed their entitlements.

In July, most families redeeming at ATMs and MTOs continued to withdraw their assistance in USD (98 percent), out of which more than half redeemed their US\$ 5 balances through a combination of USD and LBP instead of carrying them over to the following month.

II. Improved ATM User Experience

Given that more than 50 percent of Syrian refugees redeem their cash assistance via ATMs, WFP carried out representative surveys of ATM users to generate evidence of the increased operational efficiency observed in the ATM redemption process following the reintroduction of dual currency disbursement.

The ATM User Experience Surveys conducted across Lebanon from February to July 2023 reveal a significant reduction in challenges faced by assisted families at ATMs at the time of redemption following the resumption of dual currency. This improvement is particularly evident in terms of crowdedness and technical issues at ATMs preventing cash disbursements.

In total, WFP conducted 14,124 surveys during this period. The survey was designed around the following five dimensions, capturing the various challenges experienced by ATM users: Technical issues, Protection issues, Tension, Commission taking, and Crowdedness. To comprehensively assess the reported challenges for each ATM and conduct a thorough performance analysis, a *Challenges Index* was formulated combining these five dimensions. The index values range from 0 to 1. The higher the index, the more issues are recorded at the ATM.



51%
of HHs redeemed at ATMs only



19%
of HHs redeemed at MTOs



30%
of HHs redeemed at shops

¹ Sources of information referred to in this report include field monitoring by UNHCR, WFP, and partner staff, WFP and UNHCR community feedback mechanisms, WFP's ATM user experience survey and Beneficiaries Experience at WFP's Contracted Shops.

² WFP's Basic Needs Outcome Monitoring (BNOM) surveys conducted during the first half of 2023.

Following the resumption of dual currency redemption, the Technical Issue Index exhibited a substantial decline of 0.16 points, shifting from 0.2 in February 2023 to 0.04 in July 2023. This reduction in technical challenges primarily stems from the increased availability of cash within ATMs, thereby diminishing the necessity for frequent replenishments. As a result, the count of assisted families facing cash-related issues decreased from 12.7 percent to 1 percent.

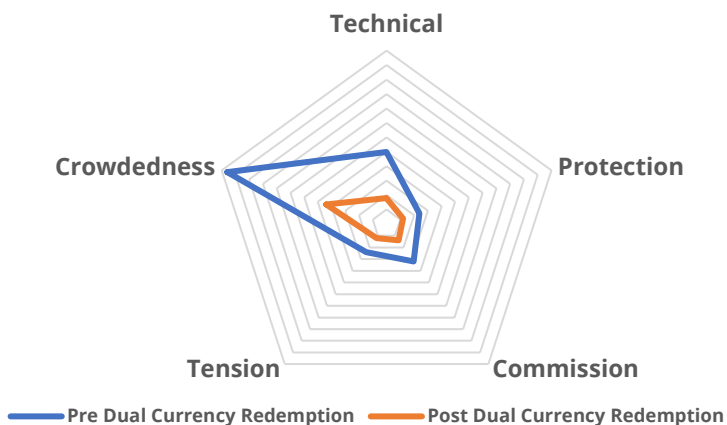
The Protection Issue Index also decreased from 0.07 before the resumption of dual currency redemption to 0.01 afterward. Notably, the number of assisted families reporting that they face discriminatory behaviour at ATMs decreased from 5.4 percent to 0.8 percent.

As for the commission-related concerns, the Commission Payment Index decreased from 0.11 to 0.02. This shift is linked to the drop in the percentage of assisted families reporting instances of witnessing commission payments at ATMs, which decreased from 2.6 percent to 0.1 percent after the resumption of dual currency disbursement. Additionally, the percentage of families reporting observing individuals holding multiple cards at the redemption point also decreased by 7 points, from 9.2 percent to 2.1 percent.

Looking at tensions associated with ATM usage after the resumption of dual currency redemption, the Tensions Index recorded a decrease from 0.07 to 0.01. This decrease is mainly driven by a substantial drop in the percentage of assisted families witnessing either physical or verbal tensions at ATMs, sliding from 6 percent to 0.6 percent.

The main improvement in ATM issues recorded following the resumption of dual currency disbursements was at the level of crowding at ATMs. The Crowdedness Index experienced a major drop from 0.53 to 0.17, enabling a significantly improved and more dignified redemption experience for assisted families. The number of assisted families reporting crowdedness at ATMs (more than 10 people) during redemption decreased dramatically from 48.6 percent to 15 percent, while the number of families reporting waiting times of more than 30 minutes to redeem their assistance declined from 22 percent to 13 percent.

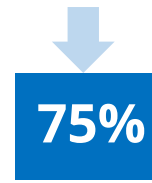
Evolution of the ATM Issues Index across all Dimensions



Overall, the evaluation of the ATM Challenges index across all dimensions results in a decline from 0.19 to 0.05 after the resumption of dual currency redemption, mainly driven by the significant improvements of previously faced technical and crowdedness issues.



Decline in ATM issues index



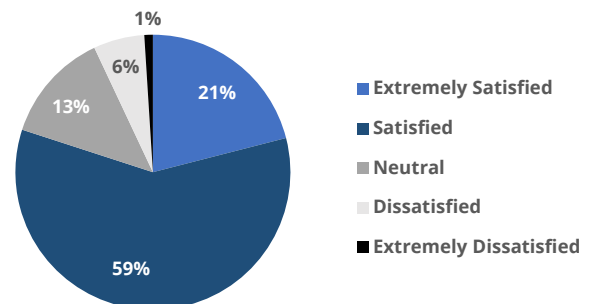
UNHCR and WFP continue to work on further enhancing the experience of assisted families in accessing their cash assistance by continuously assessing remaining gaps and shortcomings in the redemption network based on data analysis and feedback from assisted families, and by using this analysis for a continuous improvement to the redemption network under the LOUISE³ umbrella.

III. Enhanced Experience at Retail Shops

Due to their increased ability to pay their suppliers in USD since the resumption of dual currency redemption, over 90 percent of surveyed retailers reported improvements in maintaining a sufficient stock of products while placing orders with preferential purchasing terms from suppliers. All retailers reported increased ease of doing business with the UNHCR's and WFP's Financial Service Provider, such as accessing cash liquidity and faster withdrawals, following the reintroduction of dual currency disbursement.

These improvements and increased operational efficiency also benefit assisted families redeeming at contracted retailers.

Overall Satisfaction with Shopping Experience



Based on WFP's contracted shops experience survey conducted in June 2023, over 80 percent of the WFP contracted shops now offer a wider variety of products effectively covering the diverse needs and preferences of assisted Syrian families. Surveyed assisted refugees reported that 98 percent of the products at WFP contracted shops are considered of good quality. As for the protection-related issues, 97 percent of surveyed refugees reported not observing any instances of discrimination, exploitation, or harassment during their shopping experiences. Additionally, **a vast majority of respondents (80 percent) expressed high satisfaction with the overall shopping experience at WFP contracted shops** which is a noteworthy improvement compared to the assisted families' satisfaction level before the resumption of the dual currency redemption.

³ The Lebanon One Unified Inter-Organizational System for E-cards (LOUISE) is a common card platform by UNHCR, WFP and UNICEF, that streamlines the delivery of humanitarian cash assistance for Syrian refugees.

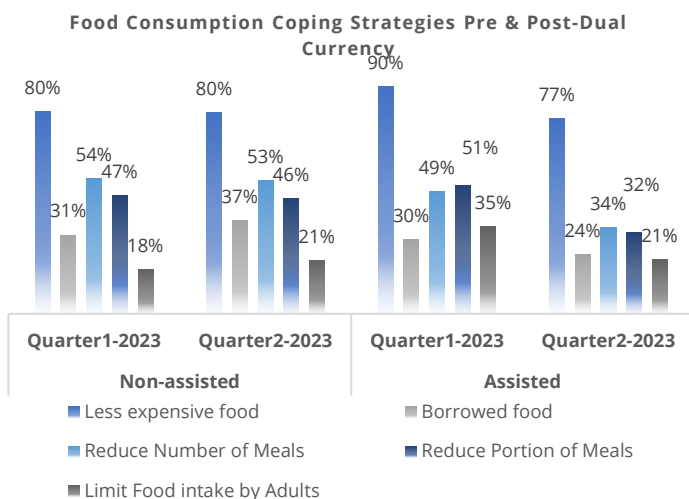
IV. Positive Impact on Food Security

WFP's Basic Needs Outcome Monitoring (BNOM) survey was carried out in June 2023 to assess the impact of programmatic changes made by UNHCR and WFP in Q2 2023 on the food security of assisted families and their ability to meet their basic survival needs. Any changes in the food security situation in Q2 2023, can be largely attributed to the resumption of dual currency disbursement and the increase in the food transfer values that dual currency disbursements enabled. Overall, the BNOM found that the programmatic changes made in Q2 2023 had a beneficial and positive impact on the food security of assisted families while non-assisted families continue to struggle to secure their basic needs. The detailed BNOM findings on food security outcomes supporting this analysis are outlined in the following section.

Between Q1 2023 and Q2 2023, the number of surveyed assisted families that have the economic capacity to cover their basic survival needs, including food and non-food, increased from 49 percent to 54 percent. In comparison, the number of non-assisted surveyed families possessing the ability to meet their minimum survival needs experienced an 8-point decrease, from 78 percent to 70 percent during the same period.

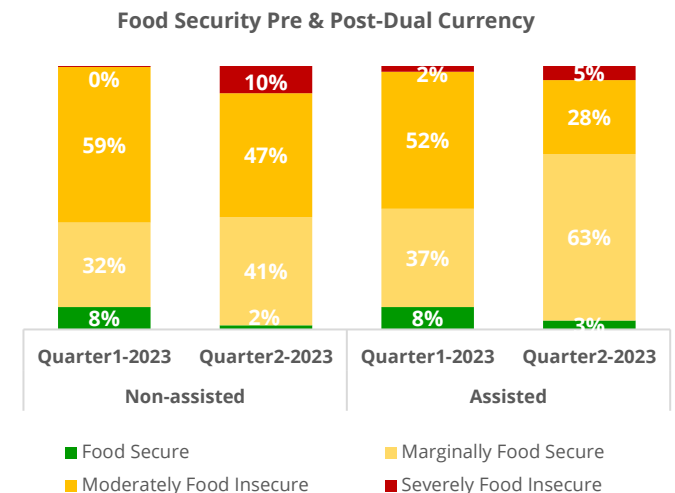
Additionally, during Q2 2023, 67 percent of the surveyed assisted families reported an improved ability to access a wider range of higher quality food such as oil, pulses, meat, fish, and dairy compared to 40 percent reported during Q1 2023. The percentage of assisted households with poor food consumption decreased by 8 points, reaching 6 percent in Q2 2023, while 26 percent of the non-assisted households still suffer from poor food consumption. This surge in food access among assisted households is primarily driven by the increase in the transfer values of assistance following the resumption of dual currency redemption, thereby providing them with greater purchasing power.

During Q2 2023, the number of assisted families reporting reliance on negative food-related coping strategies decreased by 13 points compared to Q1 2023 (from 78 percent to 65 percent). Over the same period, the number of surveyed assisted families purchasing less expensive food declined from 90 to 77 percent. Additionally, assisted families reducing meal portions decreased from 51 to 32 percent, and families limiting adult food intake decreased from 35 to 21 percent. In comparison, for the non-assisted families, the proportion of families adopting negative coping strategies increased by 3 points, reaching 77 percent, during the same period.



Due to the increased cash dollarization of the overall economy in the first half of 2023 and the challenges faced by assisted families to access dollars before the resumption of the dual currency redemption, assisted Syrian families continued to struggle to meet their non-food basic needs such as rent and medicine. Following the resumption of dual currency redemption and increase in food transfer values, the number of assisted families adopting severe livelihood coping mechanisms declined significantly from 79 percent to 61 percent between Q1 2023 and Q2 2023. During this period, assisted families resorted to less intense stress coping strategies such as borrowing cash or selling their assets to buy food. In contrast, the livelihood coping capacity of the non-assisted families remained almost the same over this timeframe, with a slight decrease of 5 percent in the number of non-assisted families adopting crisis coping strategies associated with the direct reduction of households' future productivity.

WFP monitoring results also underscored a decline in the reliance of assisted families on severe food-related and livelihood coping strategies, pointing to improved coping abilities in response to food shortages and financial constraints to buy food. Consequently, during Q2 2023, 24 percent of assisted families transitioned from being moderately food insecure and unable to meet required food needs without applying severe coping strategies during Q1 2023, to marginally food secure having minimally inadequate food consumption.



Overall, between Q1 2023 and Q2 2023, the percentage of assisted families classified as food insecure substantially decreased from 55 percent to 34 percent. In comparison, the level of food insecurity among non-assisted households remained relatively stable at around 57 percent, with an increase of 10 percent in severely food-insecure families.

V. Outcomes and Challenges

Upon the resumption of dual currency disbursement for Syrian refugees, WFP and UNHCR prioritized effective collaboration with the government, local authorities, and relevant partners to ensure the safety and security of assisted families and communities during the redemption process. To address potential challenges related to social tension, discrimination, and exploitation, additional field staff were deployed for crowd control and operations monitoring.

Regular assessments of the situation were conducted to promptly address any issues raised by the refugees at redemption points or via the call center, and the program was adjusted accordingly.

Regarding concerns about the availability and quality of USD banknotes at redemption points, WFP and UNHCR maintained close communication with the financial service provider regarding the disbursement capacity across all redemption points. **The Financial Service Provider ensured the replenishment of ATMs with USD banknotes when needed, including with US\$10 notes of good quality.** Since US\$5 bills are not being disbursed by ATMs, most people chose to withdraw their US\$5 balances in LBP instead of keeping it for the next month. By the 10th day after the loading of assistance in July, 89 percent of households redeemed their assistance, compared to 75 percent between February and April 2023.

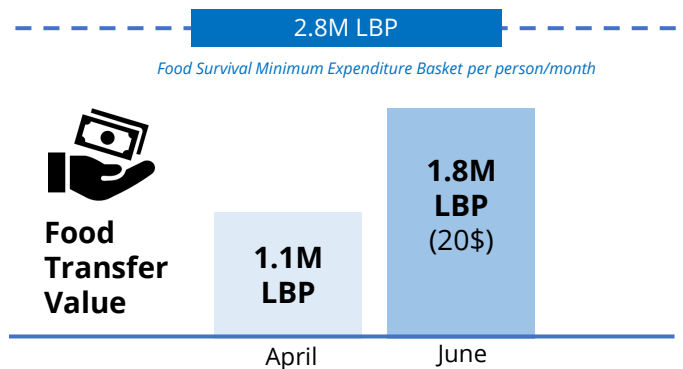
WFP also **ensured close monitoring of its contracted shops** to ensure that prices for food and other essential needs are aligned with prevailing market rates. By providing access to USD, the assisted families were able to preserve the value of their assistance despite the fluctuating exchange rates.

The UNHCR Post Distribution and Outcome Monitoring (PDOM) conducted in August 2023 shows that **63 percent of assisted households were satisfied or very satisfied about dual currency disbursement**, 72 percent agreed that dual currency disbursement preserved the purchasing power of assistance, 67 percent agreed it improved their ability to meet their basic needs while 77 percent agreed it reduced difficulties in redeeming assistance. Further, 42 percent of households indicated that the dual currency disbursement contributed to an increase in rental prices. Nonetheless, the rise in rental prices was noted before the implementation of the dual currency disbursement. Data from the monthly monitoring of rental costs included in the SMEB indicates that, between April 2022 and April 2023, the average monthly rental expense surged by 1,041 percent. Furthermore, there was an 88 percent increase in monthly rental expenses between January and April 2023, followed by a 76 percent increase between May and July 2023. Thus, the upward trend in rental prices had already begun before the reintroduction of dual currency redemption.

The resumption of dual currency disbursement **improved the operational efficiency of cash redemption** largely driven by a substantial reduction of issues encountered at ATMs, particularly **tensions and crowdedness that dropped by 90 and 70 percent**, respectively. The enhanced functionality of ATMs that could serve more people with fewer replenishments, coupled with reduced transaction times and waiting periods expedited the entire process, resulting in a significant reduction in crowding and associated protection risks. **The overall transaction time at ATMs has decreased by more than 40 percent** following the resumption of dual currency. No ATM functionality issues were reported that could be directly attributed to the resumption of dual currency disbursement. Nonetheless, screen, dispenser, and connectivity issues continued to emerge and were promptly resolved by the financial service provider within two days of being reported.

ATMs running out of US\$ 10 and LBP notes faster than US\$ 100 notes continued to emerge and persisted for longer time intervals at off-site ATMs, especially during weekends and the following day, particularly at locations with only one ATM. However, these occurrences did not affect significantly overall access to assistance for assisted families.

Additionally, for families receiving cash assistance for both food and non-food basic needs, **the transfer value of assistance for a household of five increased by 53 percent**, which in turn positively impacted the food security of households and their ability to access a greater variety of food, and to pay for other essential needs. In June 2023, the value of cash assistance received by Syrian refugees, specifically for food expenses, **covered 66 percent of the Survival Minimum Expenditure Basket (SMEB), up from 39 percent in April 2023** and down from 76 percent in May 2023. The non-food portion of the transfer value remained way under the requirements, allowing coverage of only 19 percent of the non-food SMEB, in line with April 2023 coverage. The increase in the food transfer value was only possible due to the resumption of dual currency disbursements and associated network capacity gains. Prior to May 2023, the LOUISE cash redemption network had inched close to its capacity limit for LBP disbursements.



However, the recent improvements in UNHCR's and WFP's cash assistance to refugees will continue to be challenged by the very volatile context. Food prices continue to rise unabated amidst high political and economic uncertainties, including the challenges to elect a new President, the end of the term for the Central Bank governor and the discontinuation of the Sayrafa exchange platform. Inflation in LBP remained high at 280 percent (YoY) in June 2023, and continued to erode households' purchasing power and their capacity to meet basic needs.

As of today, **34 percent of overall assisted families are still facing severe food insecurity** and require urgent interventions to bridge food gaps, protect and restore livelihoods, and prevent malnutrition. In parallel, according to the last UNHCR Protection monitoring survey, **83 percent of the surveyed refugee households reported an inability to pay rent, 33 percent reported an inability to purchase essential medicine** due to lack of money while the vast majority of refugees continue to resort to harmful coping strategies to survive, such as begging, borrowing money, not sending their children to school, reducing health expenses or not paying rent. WFP and UNHCR will continue to adapt to this changing and uncertain environment to ensure that Syrian refugee families receive the assistance they need in these increasingly difficult circumstances.

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