Desk Review of Cash & Market Studies in Libya

Libya Cash & Markets Working Group (CMWG)

supported by REACH Initiative

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Contents

Introduction 1
Overview of Relevant Documents 2
Household-level Data 3
Market Systems 6
Macro-level Data 8
Summary and Key Information Gaps 11

Introduction

As of April 2017, almost 300.000 people are internally displaced in Libya due to conflict[1] and an estimated 1.3 million are in need of humanitarian assistance, according to the 2017 Humanitarian Needs Overview (HNO).[2] On top of the complex displacement dimension, Libya has been suffering from severe economic downturn and a political stalemate. Consequently, access to basic goods and services has become a primary challenge as many people face decreasing purchasing power due to liquidity and inflation challenges. While 96% of IDPs are estimated to have access to markets, many indicate steep price increases and limited access to cash.[3] In this environment, with households struggling to meet basic needs, humanitarian organizations are increasingly scaling-up cash-based interventions to mitigate households reverting to negative coping mechanisms. Such market-based responses require markets to function properly, and to provide basic goods and services continuously.

Little is known about the present state of market systems in Libya. It is assumed that in the light of the protracted conflict, supply chains may have been affected, impacting the stability of both quantity and quality of goods. However, relevant market dynamics, such as the impact of the liquidity crisis, are not fully understood by the humanitarian community. This, in turn, impedes the provision of an effective and efficient response to vulnerable population groups.

It is the intention of this desk review to provide a baseline for members of the Libya Cash & Markets Working Group (CMWG) on the current state of the literature related to cash and markets in Libya.[4] Specifically, the review will inform the upcoming CMWG joint market assessment and joint market monitoring initiatives, which will fill relevant information gaps.

The desk review is arranged around three themes: household level data, market systems and macro-level data.

[1] IOM, DTM Libya Report Round 8 (April 2017), p. 4
[2] UNOCHA, 2017 Humanitarian Needs Overview (November 2016), p. 6
[3] Mercy Corps, We Will Stay Here - IDP Vulnerability Assessment (December 2016), p. 19
[4] Current as of May 2017

Overview of Relevant Documents

Table 1: Relevant Cash & Market Key Studies gathered by CMWG[5]

Year	Month	Issued by	Title	Region	Sector
Needs Assessments					
2016	Mar	Save the Children & Handicap International	Protection Assessment in Libya	All	Protection
2016	June	REACH	Multi-Sector Needs Assessment III	All	All
2016	Sep	WFP	Rapid Food Security Assessment	All	Food Security
2016	Sep	Mercy Corps	Sirte Rapid IDP Needs Assessment	Sirte	All
2016	Dec	Mercy Corps	We Will Stay Here – IDP Vulnerability Assessment	Coastal regions	All
Market Assessments					
2011	Apr	WFP	Food Security in Libya – An Overview	All	Food Security
2011	Aug	WFP	Emergency Market Mapping and Analysis – Report on the Wheat Flour and Tomato Market Systems	Eastern Libya	Food Security
Macroeconomics					
2017	Jan	UNSMIL	Overview of Libya's Macro-Economy	All	
2017	Jan	UNSMIL	Why Libya Should Stop Subsidizing Energy	All	
2017	Mar	CMWG	Economic Factors Briefing Note	All	
2017	Apr	Mercy Corps	Libya's Shadow Economy	All	
2017	Apr	USLBA	Libya's Liquidity Crunch and the Dinar's Demise	All	
CBI[6] Reports					
2016	Feb	DRC	Fezzan Area Cash Feasibility Assessment	South	
2016	Dec	DRC	PDM Report on CTP Distribution in Sabha	South	
2016	Dec	DRC	Market Monitoring in South Libya	South	
2017	Feb	ACTED	Post Distribution Monitoring Survey – Preliminary Findings	Benghazi	
2017	Mar	DRC	Humanitarian Response to Displaced and Conflict Affected Population in Libya Focusing on Fezzan – Cash Programming in Libya – Lessons Learned (Presentation)	South	
2017	Mar	ACTED	Cash Distribution Monitoring (Factsheet)	Benghazi	

[5] Last updated in May 2017. A more comprehensive documents table is found here: https://www.dropbox.com/s/b9uc9w2p5fonlny/Documents%20Table_Libya%20Cash%20WG_080517.xlsx?dl=0

[6] Cash-based interventions.

Household-level Data

Household-level data related to cash and markets is found in a limited number of assessment reports. Key insights can be drawn from the following reports, listed in order of relevance:

- **REACH – Multi-Sector Needs Assessment III (June 2016)**
  The report presents household finance data and touches on cash and food availability as well as access to markets in Libya.
- **Mercy Corps – We Will Stay Here - IDP Vulnerability Assessment (December 2016)**
  Most recent narrative assessment report. Besides some income data, it contains some references specifically to cash. Coverage is limited to coastal areas.
- **WFP – Rapid Food Security Assessment (September 2016)**
  Includes more detailed information on household incomes and expenditures. Data assessed from August to September 2016.
- **Save the Children & Handicap International – Protection Assessment in Libya (March 2016)**
  Data on incomes, expenditures and coping strategies.

Income

Average incomes of IDPs in coastal regions vary between 700 and 900 LYD (Libyan dinar) depending on the location. The highest levels of income are found in Tripoli.

IDP households are heavily reliant on salaries from the Libyan state. Numbers on average income share vary among assessment reports. On average, state salaries account for roughly 42% of income according to a WFP assessment from September 2016.[6] Other sources are salaried work (15%), casual labour (14%), family support (7%), petty trade (6%), skilled labour (5%) and social security (5%). Respondents from a Mercy Corps assessment from December 2016 confirmed IDPs heavy reliance on public sector related sources of income, with 86% deriving their primary income from government salaries or pensions.[7]

Between May 2014 and September 2016, incomes have fallen on average. Almost half (46%) of IDPs saw a decrease in income, particularly in the recent year, while 17% of IDPs have seen their income dropping by more than 50%.[8] The main income challenges have been the lack of economic opportunities as well as unpaid or delayed salary payments, and a lack of banking functionality. Income challenges are particularly pronounced in Sabha, where up to 90% of the IDPs are affected by the previously named challenges.[9]

Only a small fraction of incomes can be accessed by the population each month as a result of the liquidity crisis and withdrawal limits.[10] Together with the steep increase in prices, this presents a major decrease in household's purchasing power.

Expenditure

Overall expenditure levels of IDPs have risen since 2014. In most instances (60%), the increases in expenditure were over 50%.[11] The overall rise in expenditure can most likely be attributed to the overall price inflation. A partial removal of food

[6] WFP, Rapid Food Security Assessment (September 2016), p. 11
[7] Mercy Corps, We Will Stay Here - IDP Vulnerability Assessment (December 2016), p. 18
[8] WFP, Rapid Food Security Assessment (September 2016), p. 11
[9] Ibid., p. 12
[10] Mercy Corps, We Will Stay Here - IDP Vulnerability Assessment (December 2016), p. 18
[11] WFP, Rapid Food Security Assessment (September 2016), p. 13

subsidies may have additionally contributed to the increase.[12] As incomes do not keep up with the increasing costs that IDPs are facing, many families are facing severe budget constraints. In fact, a majority (75%) indicated that expenditure had risen more than income could compensate for.[13] When asked to estimate how long savings would last keeping the same levels of expenditure and without assistance, respondents in Tripoli and rural Benghazi indicated a period of more than 14 days, while in urban Benghazi, it was less than 14 days.[14] This discrepancy gives rise to negative coping strategies, which are presented below.

The composition of expenditure varies depending on location, place of displacement and duration of displacement. Overall, the bulk of expenditure is allocated to food (60%), with health (13%) and rent (11%) being other key expenses. Education (5%), transportation (3%) and others account for the remaining costs.[15] Depending on the region, these shares differ: while in Bani Walid, Benghazi and Ajdabiyah, over 75% of expenditure is spent on food, less than 50% in Zawiyah, Sabha and Tobruk is for food.[16] A larger share of food expenditure is furthermore found among IDPs from Awbari as well as households that have been displaced for a longer time.[17] Households with larger shares spent on food are likely to be more vulnerable as they seem to spend less on non-essential goods. In Tripoli, IDPs are spending a third of total expenses on rent, reflecting the relatively high housing prices. [18]

Coping Strategies

As the costs of living rise and income is becoming increasingly unstable, many IDPs resort to negative coping strategies. Among the households that are unable to cover their basic needs with income, many spend savings, borrow money or sell assets. Some of these strategies are particularly problematic as they present some immediate relief but increase vulnerability in the future.

In the REACH MSNA from June 2016, 70% of IDPs reporting a shortfall in income for basic needs indicated to spend savings. Apart from buying food on credit (53%) and borrowing money (27%), the selling of assets (household assets: 38%; productive assets: 30%) is also a common coping strategy.[19] Seventy percent of respondents selling livestock reported to do so for income generation.[20] The pattern of previously reported coping strategies was also found among IDPs from Sirte.[21] A more recent assessment conducted in coastal areas largely confirms these findings, highlighting the selling of gold and silver as an increasingly common coping strategy.[22]

Besides buying food on credit, little is known about how vulnerable households are dealing with the lack of cash specifically. A possible coping strategies could be participation in the shadow economy. More on this subject is part of a Mercy Corps report on the shadow economy.[23]

Access to Cash/Banking Functionality

The lack of banking functionality has been reported to be one of the main income challenges among Libyan IDPs. As a result of the protracted liquidity crisis, banking functionality has been a key issue since it affects the transfer of salaries from employment, pensions and social insurance, as well as access to savings and credit. Access to cash is of particular importance in the Libyan context as the economy has traditionally been reliant on cash as a form of value transfer. A vast

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[12] Libya Herald, Eastern government ends food subsidies? (12 October 2016), available from https://www.libyaherald.com/2016/10/12/eastern-government-ends-food-subsidies

[13] WFP, Rapid Food Security Assessment (September 2016), p. 13

[14] Save the Children & Handicap International, Protection Assessment in Libya (March 2016), p. 28

[15] WFP, Rapid Food Security Assessment (September 2016), p. 12

[16] Ibid., p. 13

[17] Ibid.

[18] Save the Children & Handicap International, Protection Assessment in Libya (March 2016), p. 27

[19] REACH, Multi-Sector Needs Assessment III (June 2016), p. 25

[20] Ibid., p. 32

[21] Mercy Corps, Sirte Rapid IDP Needs Assessment (October 2016), p. 12

[22] Mercy Corps, We Will Stay Here - IDP Vulnerability Assessment (December 2016), p. 20

[23] Mercy Corps, Libya's Shadow Economy (April 2017)

majority of food purchases are paid in cash, making access to cash crucial for market participation. A lack of cash effectively further reduces purchasing power of vulnerable IDPs and reduces the scope for intervention regarding cash assistance.

Issues with banking functionality have been reported in all regions. Overall, the situation seems to have worsened between February and June 2016, particularly in the West and South.[24] The decline in banking functionality directly affected IDPs' access to cash. Over half of REACH MSNA III respondents reported to have limited access to cash, while a third indicated not to have any access to cash at all. [25] A mere 3% reported to have adequate access to cash while limited access to cash was reported in all regions of the country.

Vouchers and checks are increasingly being used as means of payment as opposed to cash by IDPs in Benghazi (over 60%).[26] This is true to a lesser extend in other coastal areas. The focus of vouchers and check use in Benghazi has several reasons: first and foremost, there seems to be trust among providers, banks and the people, with many IDPs still having access to their trusted bank. Furthermore, banks in Benghazi have been involved in the promotion of the use of vouchers and checks while many shops currently accept this alternative form of payment.

In the rapidly changing Libyan environment, up-to-date information on banking functionality and liquidity are vital. The most recent data can be drawn from post-distribution monitoring (PDM) surveys. ACTED reported that 90% of beneficiaries of its latest cash distribution between January and February 2017 received the transfer, 91% of which were able to withdraw the cash.[27] In all PDM reports, indicated waiting times of up to 4 hours were the norm. In light of the previously presented data, however, the PDM reports show promising data on banking functionality. Though banks are not fully functional, cash transfers still reach a majority of beneficiaries.

Access to Markets

A market, or marketplace, is a location where households purchase goods. A lack of market access increases the vulnerability of households as it impedes the meeting of basic needs. In terms of effectiveness of a market-based response, access to markets is therefore of fundamental importance.

Access to markets in Libya seems to have been stable since 2015, with no trend to be detected.[28] Between 93-96% of households reportedly have access, leaving an estimated 5% without. This figure is concerning as it excludes a part of the population from the reach of potential marked-based solutions. Obstacles hindering household's access to markets need to be assessed. These could be linked to transportation and security concerns.

Little is known about how people cope with the absence of access. Some may rely on food distributions from the government and aid organizations as well as on help from relatives and friends, or own production. Furthermore, no data is available on whether lack of access to markets persists over time.

It is unclear how access to markets differs among regions. A study of Sirte and surrounding areas revealed that access may depend on the location.[29] While in the aftermath of fighting in Sirte most people still have access, the functioning of markets varies significantly across regions. While 45% of markets were reported to be functional in Sirte, only 5% were functional in Alamra. This highlights the importance of geographically confined data as aggregation across locations misses this dimension.

[24] REACH, Multi-Sector Needs Assessment III (June 2016), p. 27

[25] Ibid., p. 38

[26] Mercy Corps, We Will Stay Here - IDP Vulnerability Assessment (December 2016), p. 19

[27] ACTED, Cash Distribution Monitoring (Factsheet) (March 2017)

[28] REACH, Multi-Sector Needs Assessment III (June 2016), p. 29

[29] Mercy Corps, Sirte Rapid IDP Needs Assessment (October 2016), p. 12

Market Systems

Available Literature

Only two reports regarding markets systems in Libya were identified:

- **WFP – Emergency Market Mapping and Analysis (June 2011)**
  EMMA report on the wheat flour and tomato market systems.
- **WFP – Food Security in Libya – An Overview (April 2011)**
  Secondary literature review on characteristics of Libya's food market.

WFP carried out an **Emergency Market Mapping and Analysis (EMMA)** of the wheat flour and tomato markets in 2011, during the months following the revolution.[30] The two markets were chosen since the Libyan food basket is heavily based on wheat flour, which is the foundation of products such as bread, pasta and couscous, while tomatoes are a staple vegetable. Even though both markets were facing some challenges as a result of the conflict, the report found that they remained completely functional. A WFP report from April 2011, **"Food Security in Libya – An Overview",** gives an overview over Libya's food market characteristics.[31] The paper analysed domestic food production, imports, market supply and prices. Furthermore, it assessed households' access to food markets.

No comprehensive market assessment has been conducted in Libya since the country fell into renewed turmoil in 2014. Given the rapidly changing context of the crisis, the findings of the previously mentioned reports might be outdated, and market structures may have been heavily disrupted since. However, the reports still help to understand recent dynamics and inform the current market assessment efforts in that they point out a number of key characteristics of Libyan market systems.

Recent Evidence on Market Systems

Very little is known about the state of market systems in Libya. Anecdotal evidence can be drawn from several needs assessment reports:

- Among interviewed IDPs, only 1% of food consumption comes from their own production. Indeed, the conflict has heavily affected local production of agricultural goods: on the one hand through the destruction of irrigation systems, on the other hand through the disruption of supply routes which complicates the purchase of seeds. In addition, rising fuel prices have increased the costs of production.[32]
- It was also reported that partial destruction of Benghazi's commercial port has negatively affected food imports.[33]
- In February 2016, DRC found that in the Fezzan area, the supply routes are largely working, and that the markets are able to supply basic goods and services (with the exception of medical services). Prices (of oil in particular) spiked upwards as a result of supply routes from Benghazi being cut off due to the conflict. Goods are now supplied from Tripoli, Tunisia and Algeria, and usually shipped by a small group of traders. Even though the supply routes were affected by the conflict, traders built new networks which led to generally ample availability of goods in the Fezzan area. Goods (food and NFIs) are bought at supermarkets. The frequency of supermarket visits is dependent on the availability of cash as goods are usually purchased once a week and paid in cash. [34]
- Fluctuations of the exchange rate have been cited by most traders (65%) as a constraint affecting their activities, as the depreciation of the Libyan dinar and the liquidity crisis have led to the rise of an unregulated black market.

[30] WFP, Emergency Market Mapping and Analysis – Report on the Wheat Flour and Tomato Market Systems (June 2011)
[31] WFP, Food Security in Libya – An Overview (April 2011)
[32] WFP, Rapid Food Security Assessment (September 2016), p. 18
[33] Ibid.
[34] DRC, Fezzan Area Cash Feasibility Assessment (February 2016)

Lack of cash availability (61%) and credit (26%) were furthermore reported as hindering trading activity, which are directly related to the liquidity crisis and the loss of banking functionality. Other constraints are border closure, road blockages and insecurity.[35]

- According to a Mercy Corps study from December 2016, supply markets in coastal areas have not been disrupted.[36]

Prices and Availability of Goods

No country-wide effort to systematically monitor market prices has been undertaken to date. Evidence is therefore somewhat anecdotal. It is evident, however, that as a result of Libya's traditionally heavy reliance on imports and the depreciation of the Libyan dinar since the onset of the conflict in 2014, prices of goods have significantly increased. To what extend a partial removal of food subsidies may have contributed to the price increases is unclear.

In most areas, prices have more than doubled since the outbreak of the conflict.[37] The prices of sugar, flour and rice are said to have risen threefold in Tripoli, Sabha and Derna since May 2014.[38] Furthermore, oil, fortified children's food and meat were reported to be particularly pricey and livestock prices have generally increased in Libya.[39]

On top of rising prices, some goods are reportedly difficult to obtain. A third of respondents in a survey claimed a lack of some food items to be an obstacle to food access.[40] Wheat bread and flour are among the most challenging food items to find.[41] There is no evidence to suggest, however, that there is a recent downward trend in terms of availability of goods.

DRC is the only humanitarian actor known to have published longitudinal price data. The time series have been compiled from five locations in the South since July 2016.[42] With respect to January 2017 levels, overall food and NFI prices have increased across all southern locations compared to July 2016. While some food prices in the South have increased by more than 50%, prices of some key commodities, such as chickpeas, vegetable oil, canned tomatoes and wheat flour, have fallen, which contradicts findings from other locations in Libya, where these prices have increased. The data furthermore shows volatility in some areas which may be due to roadblocks and security changes, which hinder supply.[43]

The news website Afrigatenews.net has been publishing irregular but at least weekly data on food prices in Tripoli. The data has been assessed since April 2017 and includes prices on over 20 basic food commodities, such as flour, oil, lamb meat, eggs, tomatoes and potatoes.[44] Further weekly data is available from the website on the black market exchange rate, reaching back to March 2016 at least.[45] It is not known whether the data will be continued to be reported on a regular basis.

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[35] REACH, Multi-Sector Needs Assessment III (June 2016), p. 30

[36] Mercy Corps, We Will Stay Here - IDP Vulnerability Assessment (December 2016), p. 19

[37] Ibid.; Mercy Corps, Sirte Rapid IDP Needs Assessment (October 2016), p. 12

[38] Save the Children & Handicap International, Protection Assessment in Libya (March 2016), p. 26

[39] REACH, Multi-Sector Needs Assessment III (June 2016), p. 29

[40] Ibid.

[41] Ibid.

[42] DRC, Humanitarian Response to Displaced and Conflict Affected Population in Libya Focusing on Fezzan – Cash Programming in Libya – Lessons Learned (Presentation) (March 2017)

[43] It is possible that distribution programs of humanitarian actors may have had an impact on prices as well.

[44] Afrigatenews.net, Food Commodities, Vegetables and Meat Prices on Thursday (13 April 2017), available from http://www.afrigatenews.net

[45] Afrigatenews.net, The Sale of Foreign Currencies Against the Libyan Dinar on Monday (17 April 2017), available from http://www.afrigatenews.net

Macro-level Data

Available Literature and Data

The key papers on Libya's macro-economy are the following:

- **UNSMIL – Overview of Libya's Macro-Economy (January 2017)**
  Report highlighting characteristics of the Libyan economy
- **Libya CMWG – Economic Factor Briefing Note (March 2017)**
  Primer on the economic crisis and its consequences for humanitarian actors
- **Mercy Corps – Libya's Shadow Economy (April 2017)**
  Study assessing the significance of Libya's shadow economy and black market
- **US-Libya Business Association – Libya's Liquidity Crunch and the Dinar's Demise (April 2017)**
  Analysis of the psychological and macro-economic dimensions of the current crisis
- **World Bank – Macro Update (April 2017)**
  Update on macro-economic developments in Libya
- **UNSMIL – Why Libya Should Stop Subsidizing Energy (January 2017)**
  Report on Libya's subsidy system and its drawbacks
- **World Bank – The Quest for Subsidy Reform in Libya (March 2015)**
  Distributional analysis of food and energy subsidies in Libya

A key paper presenting Libya's macroeconomic context is **"Overview of Libya's Macro-Economy" (2017)** from UNSMIL. The report touches on key features of the Libyan economy, pre-revolution conditions, oil exports, fiscal crisis and the depreciation of the Libyan dinar. It highlights the significance of Libya's collapsed oil production and suggests that a depreciation of the official exchange is inevitable as a result of the depleting foreign reserves.

The above mentioned paper largely served as an input to the CMWG's **Economic Factor Briefing Note (2017)**, which additionally covers how macro-economic factors specifically impact humanitarian actors. This briefing note is an essential read for professionals engaged in the Libya humanitarian response. It informs the community of crucial factors that are relevant to humanitarian market-based interventions. In particular, it highlights the reduction of purchasing power that households are facing due to the economic conditions of steep price inflation and banking illiquidity, which hinders household from accessing incomes. This in turn reportedly threatens food security, prompts negative coping mechanisms and creates new vulnerabilities.

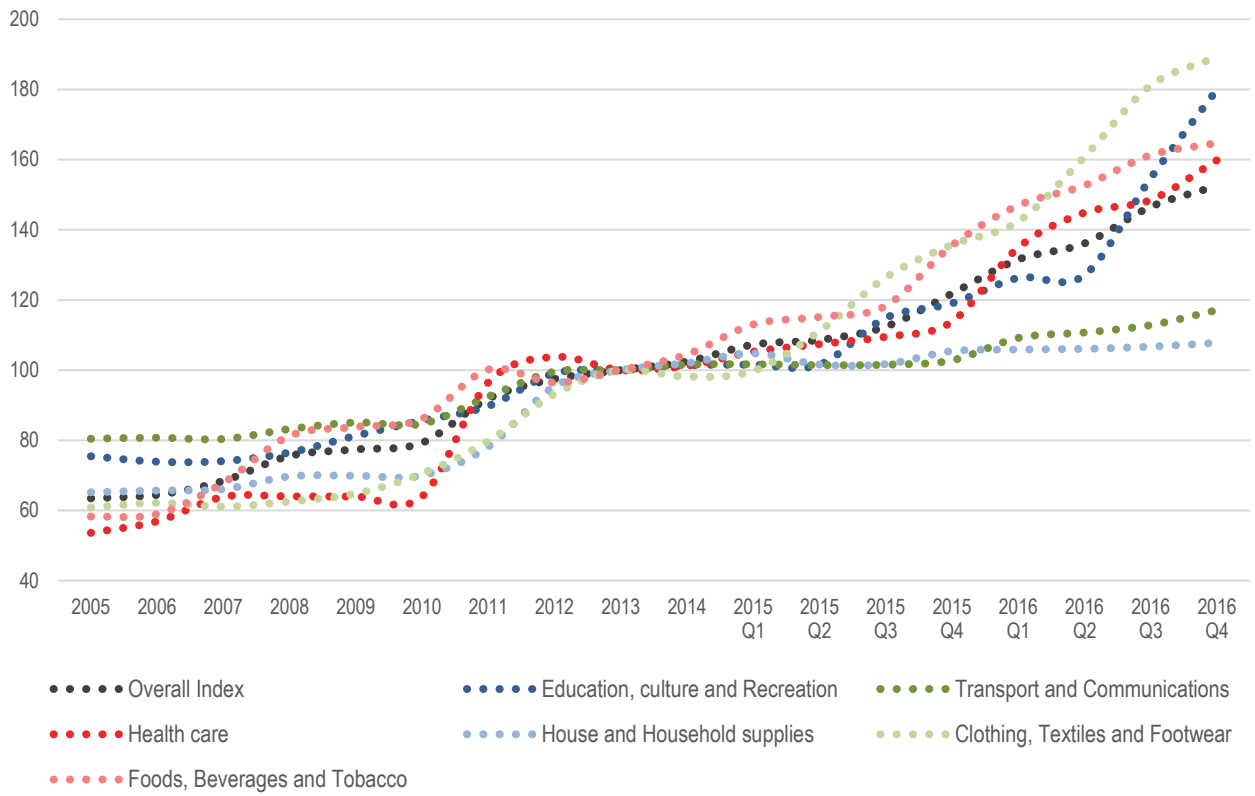
A report from Mercy Corps, **"Libya's Shadow Economy" (2017)**, gives an in-depth analysis of Libya's financial systems, black market, shadow economy and liquidity crisis. It examines the black market exchange rate and explores informal transactions and illicit practices. The paper found that the size of the shadow economy has rapidly increased since 2014 as a result of the renewed conflict: it is estimated that roughly half of cash in Libya is circulating in the informal sector as of March 2016. Furthermore, the paper advocates for the use of legal financial systems by the humanitarian community when assisting vulnerable households in order not to boost the shadow economy and black market.

A recent report from the US-Libya Business Association (USLBA), **"Libya's Liquidity Crunch and the Dinar's Demise" (2017)**, looks into the latest developments affecting the banking system as well the psychology behind the liquidity crisis. It concludes that an official depreciation of the Libyan dinar by the central bank will not be sufficient to halt the currency devaluation and liquidity issues. Trust in the banking system will have to be restored through a far-reaching political and economic deal among the rival groups.

Since April 2016, the World Bank publishes short, bi-annual updates on Libya's macro-economy and related challenges. The latest update is from April 2017:[46] recently, the economy continued to find itself in downward spiral with estimated GDP (gross domestic product) growth at -2.5% in 2016 and real GDP level below half of pre-revolution levels. Oil production and export revenues remain low and significantly below potential, which severely challenges the budget of the Government of National Accord. Compared to 2015, spending on subsidies was cut by 37%. The current account at 51% of GDP in 2016 was massive and further diminished foreign reserves. According to the **World Bank brief**, political stability and stable oil production are crucial to stabilize the Libyan economy.

Another UNSMIL policy paper, "**Why Libya Should Stop Subsidizing Energy" (2017),** focuses on Libya's energy subsidies and its impact on public expenditure. It suggests that a fundamental subsidy reform is needed in order to cut public spending. The paper argues that while subsidies are intended to support the poor population, they mostly benefit the rich and illegal smugglers, and boost overconsumption and waste. Cash transfers are proposed as a more efficient alternative to the current subsidies while simultaneously protecting the poor. The paper builds on a World Bank report on the subject from 2015 **("The Quest for Subsidy Reforms in Libya"),** which also addresses food subsidies and advocates for reform. It is questionable, however, to what degree a substantial reform and its implementation are feasible in the present political climate.

Figure 1: Evolution of Consumer Price Index in Libya since 2005 (2013=100)



Source: Economic Bulletin 4th Quarter, Bureau of Statistics and Census Libya

Basic macroeconomic data is published by the **Libyan Bureau of Statistics and Census in their quarterly Economic Bulletin**. It includes a wide variety of data from public finances to oil production and revenue, GDP, balance of payments, foreign reserves and consumer price index. Figure 1 is a graphic representation of the CPI (consumer price index). It is disaggregated by category with 2013, the year before the breakout of renewed conflict, set as reference year. One can

[46] Available from http://pubdocs.worldbank.org/en/992911492266521026/Libya-MEM2017-ENG.pdf

clearly see that the overall price level had risen significantly by the fourth quarter of 2016: prices with respect to 2013 levels rose by 52%. One of the main drivers were food prices increases (65%) while housing and household supplies' prices remained within more regular levels (8%). Official figures indicate that overall prices rose by 26% in 2016.[47]

More detailed price index data is published by **the Bureau of Statistics and Census** through their **monthly update of consumer prices.**[48] The general index is divided into 40 categories, among which are 12 different food items (vegetables, fruits, oils and fats, milk and eggs, etc.). The data reaches back to January 2016. As the data is not further divided into regions, and does not include values for actual prices of items but rather a price index, it cannot be used as an input tool for the MEB (minimum expenditure basket). However, humanitarians should keep the data in mind as it gives a clear indication over which product categories are affected the most by inflation and how volatile the trajectory of prices has been in the last few months.

[47] Census & Statistics Department, Economic Bulletin 4th Quarter 2016, p. 57

[48] Bureau of Statistics and Census Libya, Monthly Update on Consumer Prices

Summary and Key Information Gaps

The desk review revealed that the devaluation of the Libyan dinar and the liquidity crisis have had an adverse effect on IDPs household finances, both through an increase in prices and reduced access to cash.

Markets are reported to be accessible by a vast majority of IDPs. While supply chains have undoubtedly been affected by the fighting and economic conditions, market systems seem to be working, in the sense that they are able to provide basic goods (albeit at increasing prices). However, markets are volatile and correspond to the security situation and economic context. How supply chains work and how they respond to (future) shocks to the system is largely unknown as no market assessment has been conducted since 2011. The literature therefore gives little insight into the current state of market systems. A study tailored to the humanitarian impact of inflation and liquidity crises on vulnerable households is required.

It should be noted that the household level data consulted by this desk review, with little exception, relies on IDP assessments. However, price inflation and liquidity crisis undoubtedly also affect the non-displaced as well as migrants, asylum seekers and refugees. More information on the needs of these population groups should be collected, as well as on the vulnerabilities the current economic environment creates for them.

In order to better inform future market analysis and CBIs, several additional recommendations to improve evidence-based response have been identified through this desk review:

- The data sources used for this desk review are mostly from 2016. Given the dynamic and fast-paced nature of the Libyan conflict, however, some of these sources might be outdated. It is crucial to continuously assess and analyse data on a regular basis.
- Comparing findings of assessment studies is difficult as they often differ in geographical scope as well as timing of data collection. Further complicating is the lack of harmonization of indicators across assessments. Harmonization would allow for a better comparison among different reports and give a more meaningful impression of changes over time. In terms of cash and market indicators, such an effort is under way with the CMWG, which is endorsing a list of indicators to be proposed for future assessments.
- Most assessment reports present data at the country level. However, a response analysis and market assessment require data to be disaggregated in order to mirror the local nature of the conflict in Libya, as well as the diversity of the country. Solutions need to be adapted to the respective situation on the ground and assessments should be conducted accordingly. This is particularly vital for the understanding of market dynamics and the identification of causal relationships.
- Prices of relevant goods need to be tracked on a regular basis. A systematic monitoring of market prices across the country will be initiated by the CMWG in May 2017.
- Panel data could be valuable in assessing the impact of shocks on household finances, market access and vulnerabilities and establishing causality claims. Furthermore, it should be analysed whether key indicators (such as food security of households) are correlated with access to markets. This would give a quantitative indication over the effectiveness of a market-based response.
- No data has so far been collected on people's expectations of future incomes, prices, availability of goods, political, economic and security situation, even though expectations are one of the main drivers of the current liquidity crisis.
- How households and small enterprises cope with a lack of cash needs to be further investigated. Strategies they use to deal with liquidity issues also need to be better understood.