

Inter-Agency Assessment Mission to Eastern Libya

LIBYA

HIGHLIGHTS OF THE FOOD
SECURITY SITUATION

April 07-12, 2011



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WFP/FAO HIGHLIGHTS ON THE FOOD SECURITY SITUATION

1 KEY MESSAGES

Serious vulnerabilities of the food system may trigger full blown food security crisis affecting the entire population within two months.

If the oil and fuel pipelines are further affected as a result of the ongoing conflict, the humanitarian situation could deteriorate rapidly in terms of provision of basic services (water, electricity, transport). Immediate concern is to secure resumption of upstream sourcing of food commodities currently disrupted by lack of import. Commercial import should be immediately reactivated by resolving the banking transaction blockage and resuming shipping to the ports.

Financial issues having direct or indirect effects on food security include liquidity, availability of hard currency, ongoing devaluation of the Libyan Dinar (LYD), decrease in the people's purchasing power and payment of government salaries/pensions/allowances.

Specific groups such as displaced people, Third Country Nationals, and pre-crisis vulnerable people already experience serious difficulties to buy food as most commodities register an average 30 to 40% price increase. Those population groups mostly rely on social solidarity provided by hosting communities and families whose capacity to cater for them is thinning.

In order to avert a large-scale food security crisis, immediate actions are urged to:

- (i) replenish stocks of food commodities and inputs for local food production, including animal feed;
- (ii) maintain social safety nets (including food distribution to selected population groups) and consumer subsidy schemes against the backdrop of soaring food prices and economic downturn;
- (iii) support relevant institutions (public, private and non-governmental) to prevent the collapse of the upstream food supply chain and protection of consumers' purchasing power.

Simultaneous gap-filling response includes:

- Provision and distribution of food commodities, as requested by the Libyan Committee for Humanitarian Aid and Relief, to cover the immediate needs of the specific population groups, and inputs for local production of fresh and nutritious food;
- Strengthen market and food security analysis to inform the response coordination.

2 INTRODUCTION

In mid-February, civilian protests started in Libya against Muammar Gaddafi's-led government. As unrest rapidly spread throughout the country, governmental security forces began responding to protesting crowds with increasing violence. The eastern part of the country is currently under control of armed protesters, while most of the western part, including Tripoli, is under government control. Pro- and anti-regime forces battle for control of the country. The opposition has set up the National Transitional Council of the Libyan Republic in Benghazi. In response to the violence, the international community has imposed sanctions on the Libyan regime. In addition, on March 1, the U.N. General Assembly unanimously suspended Libya's membership in the U.N. Human Rights Council. Then, the United Nations Security Council backed resolution 1973 authorizing a no-fly zone over Libya and "all necessary measures" to protect civilians on 17th March. .

Further to an initial needs assessment mission by UN agencies early March, an inter-agency team led by OCHA and including representatives from UNICEF, WFP, UNFPA, WHO, UNDP, FAO, UNHCR and IOM travelled to eastern Libya from 7 to 11 April 2011 to conduct an assessment of humanitarian needs.

While key findings on the current food security situation in Eastern Libya were integrated in the Inter-agency report already disseminated¹, the present document provides more detailed findings derived from the assessment. A secondary literature review and analysis of the food security situation in Libya was also undertaken to provide background information on the situation predating the conflict and will be disseminated shortly².

¹ Inter-Agency Assessment Mission Report, OCHA, April 2011

² Food Security in Libya – An Overview, WFP/FAO, April 2011

3 METHODOLOGY

The team in charge of the food security component of the inter-agency assessment was composed of 2 food security specialists from FAO and WFP. The team visited Tobruk, a city bordering Egypt; Benghazi, the second largest city of Libya and Derna, a smaller coastal town which is located between Tobruk and Benghazi.

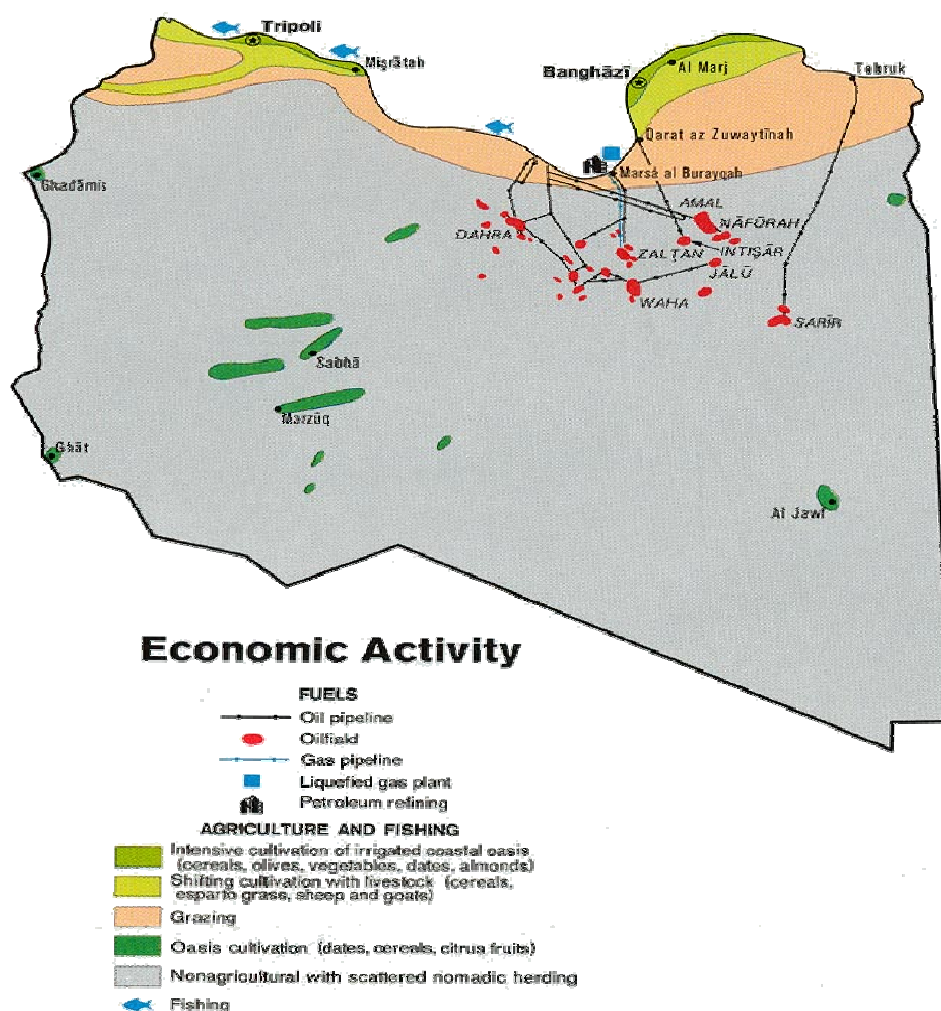
The methodology included broad consultations with public and private actors as well as Non-Governmental Organisations (NGOs) in addition to secondary data analysis. Meetings were held with relevant official counterparts from the Interim Transitional National Council, the Libyan Committee for Humanitarian Aid and Relief, departments of Social Affairs and Finance and Economy and Price Stability Fund representatives (ex-NASCO). Key informant interviews with wholesalers, retailers were conducted in addition to visits of markets, bakeries, milling factory and visual check of food stocks in warehouses.

Main methodological limitations are the time constraints for the assessment, its qualitative nature where perceptions of interviewers and interviewees play an important role and the timing, as situation is still highly fluid and dynamic.

4 KEY FINDINGS & PROPOSED ACTIONS

4.1 Socio-economic context of Libya

Libya is ranked 53 out of 169 countries according to the Human Development Index³ of 2010. Libya is considered an upper Middle Income Country whose economy is dominated by the hydrocarbons sector. Owing to its limited agricultural potential, Libya imports 75%-80% of its food consumption requirements.



Libya's population is estimated about 6.5 millions in 2011, with additional 2.5 millions of foreign workers. About 85% of the population lives in or around the coastal cities, especially the capital Tripoli and Benghazi.

The standard of living of ordinary Libyans is one of the highest in the region, with revenues from the hydrocarbons sector being used by the government to subsidise basic foodstuffs, fuel, education, health and housing. Literacy rates are among the highest in North Africa. Unemployment is high – estimated to be at least 30% - particularly among the youth (about 40%). Estimates indicate that the government employed up to 70% of all salaried Libyans, mostly in the education and health services, and public administration.

³ The Human Development Index is a composite measure of the average achievement in life expectancy, adult literacy and GDP per capita.

4.2 Demographic and general impact of the conflict

Displacement of population & protection concerns

Over half a million people have left the country as a result of the conflict. In terms of internal displacement within eastern Libya, 90% of Ajdabiah population is reported to have left the city. An estimated 35,000 internally displaced persons, primarily from Ajdabiah (and few from Brega) are currently living in Benghazi and surroundings, but many displaced are also reported in Albayda, Derna and Tobruk (900 to 1200 families reported). 85% of IDPs live in hosting families, while 15% in camps, i.e. public buildings, mostly schools, university dorms and emptied workers camps.

Several waves of displacement were observed, with people going back and forth between Ajdabiah and the other cities, following the trend of fighting and control over the town. An unverified estimation of 100,000 IDPs in total was reported in eastern Libya. Estimation of IDPs figures and registration, although initiated by local authorities and the LCHAR, is still problematic and need improvement for a better estimation of the needs and provision of assistance.

Protection of civilians, in particular children, women, elderly and people with special needs remains an area of concern, especially the Third Country Nationals (TCNs). In addition to those counted among the IDPs, some TCNs are still stranded in various areas of the country, although it is difficult to estimate how many.

Education is free and compulsory, except for migrant children who have to pay fees. However, the education sector faces challenges including teacher competence, out-dated teaching methods, and inadequacy of the curriculum to the needs of the labour market⁴. Since late February, schools are closed. Children and women, especially those who may have witnessed violence and loss of relatives or have been victims of abuse will most likely require psycho-social support.

Macroeconomics issues

Financial challenges include Transitional National Council's access to funding- especially oil revenues, liquidity issues, availability of hard currency and ongoing devaluation of the Libyan Dinar (LYD). The public and private companies' ability to finance activities, including the banks' ability to issue letters of credit, and persuade shipping companies to deliver commodities, is currently undermined.

Those challenges weaken the Transitional National Council capacity to sustain the existing social safety nets and subsidy system (food, fuel, housing, health, education, animal feed) on which both the population and economic activities are heavily dependent. In addition, public budget for the payment of salaries, pensions and other social allowances is drying up. Therefore, households' purchasing power could dramatically decline if such subsidy system is not urgently resourced and salaries/pensions/allowances paid.

⁴ UNICEF: The Situation of Children and Women in Libya. November 2010.

Institutional weaknesses & humanitarian actors

Libya has suffered from weak institutions for public service delivery and local development, limited space for the functioning of civil society organisations and limited national human resource pool. These institutional weaknesses have been further aggravated by the conflict.

Since the beginning of the conflict, a mushrooming of local charities and NGOs willing to provide assistance to the population was observed. Some of those structures are supported by the Diaspora, either remotely or by those who are coming back to the country, but face a lack of technical expertise and experience.

4.3 Food availability and markets

Commercial imports are currently limited due to banking transaction blockage and disruption of shipping to the ports. There are some 13 milling/processing companies in Eastern Libya, which produce wheat flour, rice, semolina and pasta products. The milling companies import raw materials, including paddy rice, wheat grains and ingredients for animal feed for milling/processing and handle the distribution of the finished products to bakeries and outlets. Food safety inspections are conducted at the port of entry and during production. Replenishment of public and private food stocks is a critical issue. Current stocks will be used up in 1.5 to 2 months, based on current consumption. Storage facilities are largely available, meet good quality standards and are owned and managed by public and private actors at Benghazi and local level.

Local production of fresh/nutritious foods and domestic food processing require large-scale import of raw materials. Although food shortages are currently not a widespread problem, replenishment is urgent for both public (Ex-NASCO) and private stocks as an issue of food supply stability. If the import capacity is not restored as a matter of urgency, this could lead to a massive food availability problem for the entire population of Eastern Libya. Local food production of meats, eggs, dairy, vegetables and fish contributes to the local economy and consumers' needs. If the productive capacity is not maintained, an additional food gap will add to the possible food availability crisis.

The pattern of commodities flow between Benghazi and the other cities in eastern Libya was altered by several factors, including the diversion of food stocks to support the fighting forces and the fact that most traders no longer deliver food to other cities but request them to collect them in Benghazi. Traders tend to slowly increase cross-border trade with Egypt, but are still reluctant to get too many supplies there as the exchange rate is at their disadvantage. Some food items, such as oil, tomato paste and baby milk are reported to be scarce.

Traders in eastern Libya have shown high social responsibility, not withholding or inflating prices of existing stocks so far. However, along the depletion of those stocks and with the current costs increases for the replenishment due to transport and exchange rates, they are now forced to pass the increased prices of imported commodities onto their customers. In average, a 30-40% price increase is observed across many food commodities (the increase can reach up to 70% for certain items in some shops). Such trend is of extreme concern, against the background of crippling social safety nets and subsidy schemes.

4.4 Agriculture overview

Rainfall in this 2010-11 winter season is reportedly good. Moving from the Egyptian border to Tobruk, the landscape is very flat with scattered barley fields and tiny fig tree plantations, with no irrigation network as the water table is allegedly very deep (approx. 300mt). Soil and water conservation works are well spread over the area but visibly damaged by floods (breaches on several bounds). Moving from Tobruk to Benghazi (East to West), across the 'Green Mountains', there is a visible gradient of increasing rainfall, water availability and agricultural activities. Particularly, the plateau between Al Bayda and Al Marj (approx. 100 km by 20-30 km) is covered with large barley fields and wind break tree lines. Good barley harvest is expected this year as rainfall was adequate. Several stone fruit tree plantations of small and medium size are present. Sheep/goat flocks are relatively large (approx. 50 – 70 heads). Many cows and poultry farms are also observed. Agriculture infrastructure, machinery and service centres are present across the area.

From Al Marj to Benghazi (coastal plain) the landscape is drier with barley fields and grazing areas. No irrigation infrastructure is visible and many water tank trailers are used to distribute water. Allegedly, Libyan land owners employ Palestinian and Egyptian share-croppers for crop and animal production.

In eastern Libya, artisanal fisheries are the most important source for the local market, which is quite limited. Many medium size fishing boats (approx. 12 meters long) have been lifted on the docks as migrant manpower, mainly Egyptians, fled the country.

Disruption to agricultural input import (including seeds, livestock feed and veterinary supplies) would impact agricultural production, food security and income-generation in the short and medium terms. A more in depth assessment of agriculture activities is urgently required to identify potential interventions –e.g. drip irrigation, diversification of forage crops, recovery of artisanal fisheries, support to animal production and animal health services.

4.5 Livelihoods and Households access to food

Departure of labour force, mainly migrant workers who are fleeing the country and, to a lesser extent, Libyan militants joining the armed conflict, is impairing different economic activities including services, food supply and processing thus contributing to the economic downturn. Milling companies are currently functioning at 50-55% capacity and some 50% of bakeries are functioning in Benghazi. The issue of the availability of foreign workers for commodity handling was highlighted, as some 80% of the handlers had departed. Temporarily, the milling companies are using Libyan Scouts and volunteers as replacements. Although young Libyan adults are being hired or are volunteering to replace some of the unskilled labour, there are concerns of sustainability and motivation as many Libyans view manual labour as degrading. Vocational training was reiterated by the interviewees as an option to ensure that young Libyan adults cover the labour gap. Anecdotal reports of employers travelling to Egypt to recruit new workers or convince former workers to come back, as well as increase in wages as incentives, were gathered but not confirmed.

As the vast majority of the food consumed by households come from market purchases, economic access to food is determined by (i) income levels and access to other transfers in cash or in kind, and (ii) market prices.

People primarily use their savings and their stocks as some had stockpiled food at the beginning of the conflict. However, those domestic stocks are being depleted now. Although the banks have re-opened, government salaries/pensions are reported not being paid since February and limits on cash withdrawal have been instituted. Access to savings in banks remains problematic due to the lack of liquidity, also for the IDPs whose bank accounts are located in different cities.

IDPs basic needs are mostly covered by donations from neighbours, hosting families, local charities and international actors as well as Libyan local authorities. Some food and non-food assistance started to be delivered as of March, but does not cover all emerging and evolving needs. The Zakat network is currently being supported through WFP's partnership with the LRC in eastern Libya. Nonetheless, specific vulnerable groups such as Internally Displaced People, Third Country Nationals, and pre-crisis vulnerable people already experience serious difficulties to buy food. TCNs have very limited, if any, access to subsidized food. Most food commodities register an average 30 to 40% price increase. Those population groups mostly rely on social solidarity provided by hosting communities and families whose capacity to cater for them is thinning. Food requirements for rice, oil, sugar, baby milk, and tomato paste were expressed.

No poverty reduction strategy exists to support poor households to enter the job market and develop income generating activities. Despite the official statistics that minimize poverty prevalence, a number of social safety nets are in place to cater for the poor and other vulnerable groups (disabled, elderly, homeless, divorced, etc.). In the Benghazi area only, with a population of approximately 150,000 families, the Department of Social Affairs operates the following schemes:

- Basic salary (approx. USD 100 per family per month) with a caseload of approximately 20,000 families;
- Unemployed scheme, with a budget of LD 7.5 million and a caseload of approximately 24,000 families.

4.6 Food consumption and utilisation

Wheat is the staple food of the Libyan diet, consumed principally as bread, couscous -a major traditional food, and macaroni as an easily prepared fast-growing dish. Rice consumption is spreading. Mostly consumed pulses are chickpeas, lentils, dried beans and fava beans. Meat, principally poultry, lamb and beef, is an important part of Libyan meals and mainly produced locally. Milk is consumed mainly for breakfast, with increased consumption in the month of Ramadan. A wide variety of seasonal vegetables and fruit are abundantly available, some locally produced while the rest is imported from Egypt. Olive oil is produced locally, but imports of subsidized corn oil – which is widely used for cooking, frying and baking – have increased over the last past years.

According to sales trends, it seems that some households have started to slightly reduce their consumption of most expensive items.

Ability to prepare food is still maintained for most households, except some IDPs living in camps who mentioned a lack of cooking utensils. Various local charities and international NGOs have started to provide Non-Food Item kits including cooking sets. Food safety will need

to be monitored if, and where, lack of electrical supply and possible acute shortage of water will occur.

As highlighted in the UN Humanitarian Inter-Agency Assessment report, although water supply to cities in eastern Libya are currently sufficient, they are vulnerable due to weak institutional structure and lack of resources and will be further challenged by the shortage of fuel.

No outbreak of water-borne and food-borne diseases was reported. However, given the overcrowded and basic living conditions of IDPs, the disease surveillance system should be strengthened or developed. Primary health care services are functional despite the departure of some foreign medical personnel. While stocks of basic medical supplies are sufficient for 1-2 months, some shortages were already observed for specific needs and chronic diseases. Technical support and guidance is required to coordinate the provision of relevant medical supplies and avoid the current mismatches seen, with some charities supplying health services with expired drugs, inappropriate items or locally unknown drugs provided with no instructions. *(For further details on water, sanitation and health, please refer to the Inter-Agency Assessment Report).*

4.7 Conclusions on Food Security Institutions and Governance

The mission has reviewed food systems, covering the entire supply / demand chain for various commodities and interviewing the relevant public and private actors.

So far, policy making and resourcing of food systems, social safety nets and subsidy schemes are totally centralized in Tripoli. The budget and distribution plans are set on a yearly basis and allocated quarterly. This turns into dramatic vulnerability in the current political situation. For instance, the Price Stability Fund (PSF, ex-NASCO) management in Benghazi and other towns has no technical capacity to adequately analyze the effects on upstream supply chain and make decisions/policy. Moreover, financial resources for food subsidies and social safety nets will soon dry up.

PSF is now mainly a financing/price control government mechanism through which public or private milling companies are compensated through the subsidization of finished products including wheat flour, rice, pasta, and semolina distributed to bakeries and cooperative outlets. Subsidies for cooking oil, tomato paste, sugar and other commodities were discontinued in 2007. A comprehensive study was undertaken in the 1980s on food consumption patterns and, since then, the same food subsidy system has been in place. Interviewees noted that the system has been affected by corruption at all levels, including smuggling into neighbouring countries. Nonetheless, the PSF is working with the Council to maintain the subsidies as no other options are available and the political risk to discontinue them is currently unacceptable.

The local authorities, civil servants and private traders/millers have shown good will and open mind to undertake necessary reforms addressing mismanagement, mis-targeting and other acknowledged shortcomings of the existing food systems, including food market subsidies and social safety nets. Immediate mobilization of technical support is required to strengthen the stakeholders' policy/monitoring capacity as in the medium-term such systems must be reformed to ensure:

- their fiscal sustainability, shifting from heavy/pervasive government subsidy systems to open market economy;
- correct errors in socio-economic targeting, corruption and leakage that feed black/grey markets such as the ‘Libya souk’ market network in Tunisia; and,
- address transparency and accountability by organizing the current mobilization of the civil society and empowering the NGO sector.

However, the immediate concern of local authorities is to secure resumption of upstream sourcing of food commodities currently disrupted by lack of import. Replenishment of commodity stocks being used up is an urgent matter. Commercial import should be immediately reactivated by resolving the banking transaction blockage and resuming cargo shipping to the ports.

Food distribution systems (from mills/processing plants to the retail outlets) and trade are operational, despite the shortage of manpower caused by the outflow of migrant labourers. Food commodity distribution seems the most resilient section of the food systems, whereas the upstream supply and consumer access to food seem more vulnerable.

The public sector is used to operate the food system based on financial appropriations and commodity stocks planned and operated out of Tripoli. The local authorities and actors have a good knowledge of international and local markets but need immediate technical support to empower them with policy capacity to replace the old top-down decision making process. Such policy capacity should be informed by enhanced monitoring mechanisms.

The civil society is mobilizing. In order to facilitate the transition to a more transparent food system and to enhance social accountability, currently mushrooming NGOs should be urgently supported with capacity building initiatives. This is essential to capitalize on the present social mobilization and help building new food systems based on informed decisions, including monitoring of food distribution schemes and social safety nets, to ensure maximum equity and social protection.

Support to the existing safety net infrastructure could be a fit with the shadow Ministries of Social Affairs and Finance and Economy so that the local systems are streamlined and strengthened. The LCHAR could be provided with technical assistance especially so as to ensure complementarities between UN and INGO activities on the one hand and the Arab and Muslim NGOs support on the other hand. In the meetings with LCHAR, it was clarified that the role of international aid would be primarily gap-filling assistance.

Support to local food production is also urgently needed to maintain strategic productive capacity in key sub-sectors –namely poultry, sheep/goats, dairy, fresh vegetables and fish. This would protect access of poor/vulnerable population groups to fresh and nutritious foods at a time when consumers have to make difficult choices on the use of their shrinking disposable income and declining purchasing power. Moreover, this would minimize the loss of dignity and the social stigma associated with food assistance. Voucher schemes to protect access to those foods should be urgently studied and activated as soon as pre-requisite conditions are met (eg. market functioning, etc).

Information for Food Security

Up-to-date information and baseline data on food security remain patchy and unconfirmed. No food security monitoring system exists to inform policy based on availability and market stability, or household economic access and consumption. This is of particular concern vis-à-vis soaring food prices in international markets and domestic economy decline. The Food and NFI Coordination forum that the LCHAR instituted would require technical assistance to establish a food security monitoring system as well as additional coordination support. It is also recommended that in the short-term, food security technical assistance (through UN/INGOs monitoring and capacity building) would be provided from the point of assessments and all the way through to post-distribution monitoring.

A rapid Emergency Food Security Assessment (EFSA) is being prepared to provide estimates of people in need of food security assistance. This would inform food security response, including the support to existing import capacity and social safety nets and subsidy schemes. Depending on access conditions due to the security situation, different approaches will be combined, ranging from key informants' and spot visits to a more structured household survey. As much as possible, the EFSA should cover (by priority order):

- 1) Directly conflict-affected cities and surrounding areas;
- 2) Areas indirectly affected (impaired access for security reasons);
- 3) Safe and accessible areas not affected by the conflict but hosting IDPs.

In each area, the food security situation of (i) residents, (ii) IDPs, and (iii) host families, should be assessed. Both nationals and migrants in each of these categories should be considered.

Simultaneously, an assessment of the potential for expanding local production of fresh and nutritious foods should be rapidly undertaken.



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food security analysis