

Rapid Markets Assessment

Eastern Libya



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World Food Programme

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1.0 Executive summary

In mid-August 2011, World Food Programme (WFP) conducted a rapid market assessment to monitor, re-assess and verify critical issues identified in the Emergency Market Mapping and Analysis (EMMA) mission to eastern Libya in June. Limited to the Benghazi area and focusing specifically on the wheat supply chain, WFP found that markets are functioning relatively well. The Price Stabilization Fund (PSF) is experiencing problems importing wheat grain; however this constraint is expected to be alleviated by pending shipments that should stabilize the subsidy system pipeline through the end of the year. Liquidity has become a critical concern at the import, wholesale, and household levels. The lifting of sanctions and unfreezing of assets would quickly resolve this issue. There is currently not a need for in-kind food aid, however if households are unable to increase access to bank holdings in the coming one to two months, some action may be necessary to address liquidity constraints. Thus far households have to a large extent been able to cope with inflated prices and decreased incomes, although reports indicate that the standard of living of the most vulnerable populations may have deteriorated. Any additional response will require a reassessment of liquidity status, as well as a feasibility assessment of limited market-based mechanisms for carefully targeted vulnerable populations.

2.0 Context

The state of the Libyan conflict remains extremely fluid, with government opposition forces having made significant gains in formerly Qadhafi-controlled areas. While the situation continues to develop quite rapidly in the western part of the country, eastern Libya and its main city of Benghazi are stable, with daily life returning to relative normality. United Nations (UN) agencies and international non-government organizations (NGOs) have been actively involved in supporting the National Transitional Council's (NTC) efforts to restore order and public services to the east. In June 2011, the International Rescue Committee (IRC) in conjunction with partners conducted an Emergency Market Mapping and Analysis (EMMA) assessment in eastern Libya, focusing on wheat grain and fresh tomato supply chains. Among its key findings, the EMMA found the following:

1. Markets for staple foods are functioning sufficiently that any wheat or food-oriented international interventions should be market-oriented.
2. There is enough wheat and flour in eastern Libya until approximately the end of July; about 45 days at normal consumption levels.
3. Households in eastern Libya have not suffered significant disruption of their access to and ability to purchase bread, pasta and couscous.
4. Wheat flour is not widely used at the household level and should not be directly distributed to families. Strategies of directly supporting bakeries with flour, yeast and salt, combined with vouchers for identified vulnerable households (ongoing in Misrata) should be replicated in any contingency planning. Warehousing capacity is only enough for three months of flour consumption. A result of limited storage capacity is reliance on continuous importation, and that fluctuations in the prices of foreign wheat without domestic reserves can be very costly to the PSF [Price Stabilization Fund]. This is a weakness in the market system that undermines food security.¹

World Food Programme (WFP) conducted an independent rapid market assessment in Benghazi from August 15-23, 2011, to monitor, re-assess, and verify critical issues identified in the EMMA assessment, however the scope of the exercise was limited to the wheat grain and flour supply chain. Additionally, the WFP assessment aimed to better understand the functioning and viability of the public food distribution system that has been absorbed by the NTC, clarify how structure, conduct and performance of markets have changed since the EMMA,

¹ Emergency Market Mapping and Analysis: Report of the Wheat Flour and Tomato Market Systems, Eastern Libya. June 2011.

as well as make programmatic recommendations to adjust WFP operations in the eastern part of the country. It also follows on the recommendations of June 2011 Emergency Food Security Assessment (EFSA) to “conduct an assessment of the various government support systems...”² The mission draws primarily on key informant interviews with NTC, academia and private sector actors, though limited price data and anecdotal observations have also been incorporated.

Before considering the findings of the assessment, it is important to remember the uniqueness of Libya as a setting for a humanitarian crisis. Libya is an upper-middle income country, with well-established public services and government safety net programmes. Households consume a diverse food basket that includes fresh vegetables, meats, and dairy products. While poor populations certainly exist, by and large Libya is a relatively affluent country in which the population is accustomed to standard of living atypical of the sub-Saharan crises that WFP more commonly responds to. It should also be noted that this assessment can only draw conclusions as to conditions in eastern Libya, and only those that prevailed up to August 24th. On-going operations may have changed many aspects of the security and economic environment since that time.

This report is one of a series of assessment reports compiled to better understand the food security situation arising from the North Africa crisis. Secondary Data Analyses (SDAs) for Tunisia, Libya and Egypt have been compiled. An EFSA for Rural Tunisia, a Rapid Assessment of Libyan Refugees in Tunisia, Rapid Assessment of Returnees to Tunisia and Egypt, an Assessment of Markets in Eastern Libya and an EFSA of Eastern Libya are reports compiled under this series. These documents are available at the OCHA website:

<http://northafrica.humanitarianresponse.info/Sectors/FoodSecurity.aspx>

3.0 Pre-crisis market structure, conduct and performance

Libyan Arab Jamahiriya has had some form of country-wide public food subsidy since the early 1970s. In its original form, the system was managed by the National Supply Company (NASCO), which subsidized a food basket of seven to eight commodities primarily based upon wheat flour and wheat products, but also including non-essential food items such as sugar and vegetable oil. With only one to two percent of the Libya’s land arable³, it has and continues to be dependent upon wheat imports to meet national consumption requirements. When wheat flour was not available for import or prohibitively expensive, wheat grain was milled in-country by a number of nationally-owned mills spread throughout Libya’s various population centres. The government would purchase the grain, the mills would process it, and the flour was then stored in government-owned and operated warehouses for distribution to bakeries. Libyan households purchased bread, their primary staple food, at a heavily subsidized price from these bakeries. Other subsidized staples were sold at *jemiah* stores, or associations, outlets that operated as discount food retailers. Households would present a “family book” that noted the family size and would buy the corresponding subsidized ration.

Around 2003-2004, responsibility for the subsidy system transferred to the newly formed Price Stabilization Fund (PSF). This was shortly followed by a period of gradual economic liberalization beginning in 2007 that saw an increasing role for the private sector in Libya’s food supply chain. Aside from limiting the diversity of the food basket to wheat flour, pasta, rice and semolina, one of the most drastic changes brought by the PSF was the introduction of privately-owned mills. Rather than the government establishing import contracts and then supplying mills, the mills themselves took on sole responsibility for the import of wheat grain. After processing, the PSF would pay the mills a negotiated price for a specifically contracted quantity. The mills would transport to PSF-operated warehouses, which would then distribute the flour to bakeries, and semolina and pasta (as well as small quantities of rice) to associations. Conditions were far from free-market, however. With the government subsidizing wheat to

² WFP, FAO, Mercy Corps, Save the Children. Emergency Food Security Assessment: Eastern Libya, June 2011.

³ USDA Foreign Agricultural Service, Production Estimates and Crop Assessment Division, 2004.

bakeries and setting prices with mills, non-mill private sector traders and wholesalers were unable to compete through imports at the market price. Privately-owned mills were nationalized in all but name; set import requirements and contracted production levels meant new mills could not enter the market. In 2010, a lack of attention to costing analysis resulted in the over-contracting of wheat flour production, resulting in large in-warehouse losses. Subsequently, the PSF was forced to renegotiate many of its contracts with mills for lower quantities. Many of the mill owners benefiting from the government's cornering of the wheat market during this period were reportedly Qadhafi loyalists closely affiliated with key government authorities.

Per capita food requirements are revisited by the PSF every five to six years. The PSF based its purchasing most recently upon a per capita consumption figure of 15 kg wheat flour; 80 percent of which was distributed to bakeries in the form of flour, with the remaining 20 percent as hard wheat products such as pasta and semolina through the associations. Assuming an average milling efficiency of 70 percent⁴, this equates to approximately 260 kg of wheat grain consumption per person annually. Using a conservative population estimate of 6 million people (that which is used by the PSF), the national food requirement would be roughly 1.6 million MT of wheat grain each year.⁵ At such a rate, Libya would rank as one of the largest per capita consumers of wheat in the world, even amongst intensively wheat-consuming North African and Middle Eastern countries. Assuming robust domestic wheat production of 200,000 MT annually⁶ (mostly hard wheat), the national import requirement of 1.4 million MT, or almost 90 percent, is much higher than previously triangulated estimates of 70 percent import dependency⁷. Based upon interviews with the private sector and regional estimates of per capita wheat consumption in neighbouring countries, a more reasonable estimate of actual per capita consumption is 200 kg grain per capita annually, or 140 kg flour. At 1.2 million MT grain required overall, 200,000 MT from domestic production, the import dependency may still be higher than previously estimated.

Nationally there are 20 privately-owned mills, and 30 publically-owned facilities. In eastern Libya there are eight to ten privately-owned mills and one publically-owned company with four separate factory branches. According to the main office of the public company in Benghazi, accrued profits to public mills are being held in a trust and will eventually be invested in the opening of a new facility, to which shares will be sold and the new mill formally privatized. Total warehousing capacity in the east is roughly 100,000 MT of flour, or three to four months of eastern distribution targets, although eastern mills have additional wheat grain storage capacities. At larger mills this stock capacity is as high as 45,000 MT grain, though the average is likely smaller. Considering only privately-owned mills and assuming an average mill stock capacity of 10,000 MT grain, this potentially represents up to an additional two to three months of wheat flour input storage capacity.

Mills are contracted exclusively by the PSF. Foreign suppliers include France, Morocco, Turkey, Russia, and sometimes Ukraine, with an average lead time of three to four weeks. The price paid by the PSF to mills is established annually by a four-member committee, which includes a representative from the PSF, the Ministry of Economy, the publically-owned mills and the privately-owned mills. The price can be adjusted on an ad-hoc basis when strong fluctuations in international wheat prices are significant enough to erode the mills profit margins; however the PSF ultimately absorbs the majority of day-to-day, week-to-week price volatility. These margins vary by mill and their cost structures, but typically are targeted by the pricing committee to be around 10 percent.

⁴ Assumption based upon interviews with milling key informants and estimates in June 2011 EMMA report.

⁵ Other estimates of Libya's population range from 6.294 million by WFP in 2008, to 6.597 million by US Central Intelligence Agency in 2011. Under the higher scenario, the national requirement increases to 1.7 million MT of wheat annually, however import dependency does not change significantly.

⁶ Author's estimate based upon 125,000 MT reported through USDA Foreign Agricultural Service, Production, Supply and Distribution Online Database, 175,000 MT reported by EMMA June 2011, and 300,000 MT reported by Reuters, February 9, 2011.

⁷ Emergency Market Mapping and Analysis: Report of the Wheat Flour and Tomato Market Systems, Eastern Libya, June 2011.

Key informants estimate that corruption and leakage of subsidized wheat to the black market is significant. This likely occurs at multiple levels of the supply chain, from warehouses as well as bakeries and associations. The institution of 'ghost' bakeries (identified in the EMMA assessment) likely exists. These registered bakeries receive PSF wheat flour but sell to the black market rather than bake with it; this assessment was unable to verify their operation, however. Nevertheless, normal bakeries likely represent a major inefficiency to the subsidy system, both through direct sale of flour to black market wholesale traders, as well as in the production of sweet pastries with subsidized flour, sold at a non-subsidized price. Association outlets in practice are rarely open more than once a week, and when they are have limited stocks on hand (result of black market sales). Unpredictable hours of operation make them difficult for households to access, particularly in rural areas. There is also reportedly a social stigma with being seen purchasing from associations.

4.0 Current market conditions and developments

The critical area of concern identified in the EMMA assessment was the temporary disruption to wheat imports by mills, and the associated threat of a national wheat pipeline break. Sanctions placed upon Libyan banks and a freeze of internationally held assets has prevented mills from obtaining letters of credit (LC) for their international maize purchases; without these LCs mills are unable to import. A temporary funding mechanism (TFM) does exist where the NTC can take on limited loans against frozen assets, future oil revenues, or international assistance. This has been used for the purchase of medical supplies and diesel fuel, and may be utilized for pending purchases.

The eastern branch of the PSF, based in Benghazi, estimates that it operates one-third of the national subsidy programme. Currently, they report to be holding 30,000 MT wheat flour and 5,000 MT rice in its warehouses. As of August, the PSF monthly distribution of wheat flour was 30,000 MT; however as of September, this will be revised downward to 23,000 MT. The PSF indicated this was necessary to stretch supplies to cover the pipeline, and that for the time being, associations will not be supplied. However, the PSF also indicates that this amount will still be adequate to meet its monthly distribution targets and household needs; if this is accurate, then current stocks in eastern Libya are sufficient until early to middle October. This also suggests that under the 260 kg per capita wheat grain scenario mentioned previously, that Libya is significantly over-importing wheat.

There are two important pending deliveries that must be considered. There is a balance of 25,000 MT flour that has yet to be delivered to the PSF; this will likely exhaust current wheat grain stocks held by the private mills, and represents an additional month of PSF supply. Furthermore, the delivery of 120,000 MT grain (~85,000 MT flour) ex-France is currently being organized by the mills through facilitation by the NTC, possibly utilizing the TFM. This delivery is expected in mid-September, and equates to an additional three to four months of supply. Successful delivery of both tenders would ensure the viability of the eastern Libya pipeline into early 2012.

There are currently no significant private sector stocks of wheat flour held. While small amounts of higher quality specialty flour can be found in large supermarkets, this is a relatively small niche market with separate supply and demand curves, which should not be considered in pipeline calculations. After delivery of the pending 25,000 MT to PSF, private mill stocks will likely be exhausted. The national milling company has already depleted its stocks and has switched operations to maintenance, fumigation and animal feed processing (feed has reportedly been a helpful revenue stream during the crisis). The PSF has paid LD 75 million to millers since the beginning of the crisis, however is still delinquent in payments from May onwards. This has been a challenge for some millers; sources at private mills indicated adequate capital to continue limited operations for only an additional one to two months.

Aside from the currently low level of wheat grain supplies, all other markets in eastern Libya appear to be functioning without disruption. Fresh fruits and vegetables are abundant;

supermarkets are fully stocked with a number different brands and varieties of food and non-food items. Milk, eggs, cheese and meat are all readily available. At the primary wholesale market, *Souq al Arab*, warehouses are also holding large stocks. These include non-food items and fast moving consumer goods, as well as non-essential food staples such as tomato paste, pasta and cooking oil, as well as bulk intermediate inputs such as starches, spices, and additives. A quick noting of source countries reveals that despite macro level liquidity issues, import activity is robust: Egyptian, Tunisian, Chinese, Indian, Indonesian, Iranian, and German goods can all be found, to name a few. Wholesalers confirm that these imports are not carry-over stocks but acquired post-February 17th. Turnover for non-essential items has slowed, reportedly, as households under liquidity constraints are budgeting more carefully, and turning to less preferred foods.

Sanctions and asset freezes imposed by the UN have had a detrimental impact on liquidity in the market, both at the macro and micro level. At the macro level, the Central Bank imposed withdrawal restrictions on all accounts in an effort to conserve cash and avoid a run on banks. This eroded confidence of the private sector in the banking system and resulted in cash hoarding, further decreasing liquidity. This coupled with disruption to oil exports has also tightened the supply of foreign exchange. As both Libyan dinars and foreign exchange have become scarce, the black market exchange rate has risen and imports have become significantly more expensive, with food prices still up as much as 40-50 percent from pre-crisis levels⁸. Rationing of public sector salaries by banks combined with higher food prices is posing risks to household food access.

At the micro level, bank withdrawal limits at the time of assessment were set at 60 percent of public sector salaries up to LD 250. In addition, any deposits made after February 17th can also be removed. The 60 percent figure has gradually been revised upwards, and banks report that in September 100 percent of salaries will be accessible to public sector employees. This indicated optimism as to the state of frozen assets and their predicted availability to banks. As 70 percent of Libyans receive a public sector salary averaging LD 300-400/month,⁹ the total cost of paying all public sector salaries nationally is roughly USD 800-850 million/month. On August 26 the UN agreed to unfreeze USD 1.5 billion of Libyan assets, released in three USD 500 million tranches; one for humanitarian relief via UN agencies, one for civilian power, and one for health, education and food. It appears that for the NTC to fulfil the expectation of fully salary distribution, these assets will need supplementary funding.

WFP distributed food baskets through the Libyan Red Crescent during the month of Ramadan. The Ramadan distributions are calculated for a one month period, however are designed as a supplemental to normal household consumption. The volumes are roughly half of the basic needs of a household of 5.5 individuals. Ration composition is described in Table 1.

Table 1: WFP food basket, Ramadan distributions

Commodity	Volume
Wheat Flour	25 kg
Rice	10 kg
Pasta	8 kg
Beans	5 kg
Tomato paste	4.8 kg
Vegetable oil	4 L

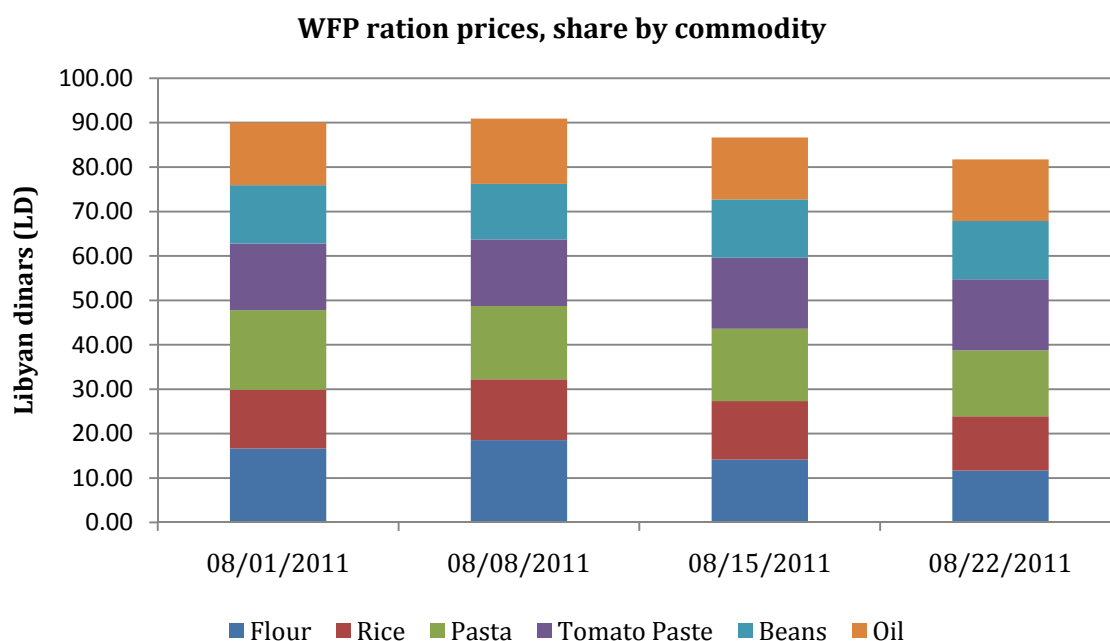
In August, WFP began collecting retail prices in supermarkets of the goods being distributed in the food basket. While a paucity of historical price data for Libya makes it difficult to know exactly how pre-crisis levels have changed, informants report that non-subsidized goods have

⁸ At time of assessment, the LD: USD official exchange rate was approximately 1.3; immediately following the beginning of the conflict and imposition of Central Bank restrictions, the black rate jumped to 1.8-1.9, dropping to 1.6-1.7 in recent months.

⁹ No information is available on private sector salaries; however these households were not reported to be high-risk populations and are likely receiving incomes above public sector and welfare transfers.

increased by 40-50 percent, roughly equivalent to the black market foreign exchange premium. WFP prices collected at three major retailers in the Benghazi area over a four week period in August reveal that while inflated, prices are relatively stable as measured by a coefficient of variation¹⁰, and in some cases following a slightly decreasing trend. The total cost of the WFP food basket has moved in a range of LD 80-90 (Figure 1), which would bring the monthly value to LD 160-180. Of important note is that the WFP basket contains wheat flour. As previously mentioned, few purchases of wheat flour occur for use in baking at the household level; bakeries are the primary point of purchase for wheat-based calories. By reducing the wheat share price of the food basket by two-thirds to approximate for the reliance on subsidized bread, households' basic food needs are more in the range of LD 140-160/month.

Figure 1: Cost of WFP ration at retail prices in Benghazi supermarkets, August 2011.



Taking into consideration that those households reliant on public sector salaries can only access LD 180-240/month, or 60 percent of their LD 300-400 average salary, it becomes clear that LD 160 of food expenditure is a significant portion of the income household are receiving. This potential access issue is being compensated for in a number of ways. First, the Zakat system, mosques, and donations from the Libyan Diaspora have played an important role in providing assistance to vulnerable households. The response of a civil society, that during the Qadhafi government was largely invisible or absent, was unanticipated and highly welcomed by many Libyan observers. Second, the private sector by and large has avoided the temptation to engage in profiteering and price gouging. HB Group, a Libyan large-scale international trader, has at its own-cost subsidized a number of goods to vulnerable households, and by effect temporarily filled the role that once belonged to the association stores. Finally, informal manual labour, not before viewed as a suitable activity for non-migrant Libyans, has begun to be performed by Libyans in the Benghazi area.

A full analysis of vulnerable household dynamics was not possible with the timeframe of this assessment; however larger households, those housing internally displaced persons (IDP) and those whose public salaries are paid by Western districts and thus not accessible through Benghazi banks are likely in direr situation than is described above.¹¹ That said it is important to remember that the Libyan context is atypical of most emergencies. Even poorer households are accustomed to a higher standard of living than is seen in many parts of Africa and Asia. Households will continue to decrease consumption of luxury food items, meats, and cheeses;

¹⁰ The coefficient of variation for monitored goods did not exceed 9 percent, with the exception of wheat flour, which is registering 19.6 percent despite a decreasing trend. Short time series and small sample size introduce considerable room for measurement error.

¹¹ More detailed household level information is available in the June 2011 EFSA.

additionally household asset depletion, including cash savings not held in banks, may be a coping strategy that will be observed in the future if the liquidity issue is not resolved.

5.0 Conclusions

The two primary areas for concern are the replenishment of the wheat supply chain through importing and the availability of cash to households, liquidity being the greater risk to households. Thus far, they have been able to cope with inflated prices and decreased incomes, although reports indicate that the standard of living of the most vulnerable populations has deteriorated. This does not necessarily indicate, however, that households are food insecure. Relatively speaking, the poorer segments of society are still maintaining a standard of living higher than much of sub-Saharan Africa. Both wheat supply and liquidity issues are likely to be resolved in the coming month, as they are direct results of international sanctions and asset freezes that have constricted liquidity throughout the supply chain.

Food availability is not an issue at this time. While stocks of wheat, the primary food security commodity are at very low levels, current in-county stocks should be sufficient to supply eastern Libya into October. Incoming shipments from France will extend the life of the pipeline in 2012. The value of this shipment, roughly USD 50 million CIF at prevailing market prices, should be within the capacity of the TFM to finance, especially considering the unfreezing of USD 500 million Libyan assets for food, health, and education.

The PSF system is the primary mechanism through which households access wheat; however it is not of critical importance or even major significance to other commodities. The pre-crisis system was prone to corruption and significant leakage to the black market, which was facilitated by a propensity to over-import. Current downward revision of eastern Libya PSF flour requirements are a first step in reforming the system, however such measures should be permanently adopted as part of a gradual phasing out of the subsidy system all together that is compensated by an increase in public sector salaries, including welfare transfers to unemployed poor households.

Despite abnormally low wheat stocks, pending shipments to mills have an extremely high likelihood of resolving any potential food availability issues. While mills are still unable to obtain LCs to finance imports, it appears that the NTC will utilize the TFM through recently unfrozen assets to facilitate these imports. None of the key informants interviewed made any indication that food aid was necessary to fill an availability gap. There was also limited urgency or worry amongst the PSF, traders, or mills as to the state of the pipeline. The NTC will need to legitimize its rule by quickly restoring the functioning of government services and social support structures. The feeling in Benghazi is that neither the NTC nor its key backers in the international community will allow something as significant as a break in the food pipeline to occur.

It is extremely difficult to draw implications for western Libya and Tripoli at this time. The situation remains extremely fluid in these continuing areas of conflict. Currently a number of WFP and inter-agency assessments are considering the developing conditions. It does not appear, however, that there are any fundamental markets issues in the east that undermine food security in the west. Of possible exception is the security of the coastal highway that connects Libya's major population centres. On-going fighting in Sirte makes this transportation route unavailable to transporters, however this not a new development.

Scenario 1– Food shipments arrive, bank restrictions are eased

- Likelihood: Probable
- Impact: Markets return to normal pre-crisis function.
- WFP action: Reassessment and monitoring to validate normalization of the situation.

Scenario 2 – Food shipments arrive, bank restrictions are maintained

- Likelihood: Possible
- Impact: Households face continued liquidity constraints, wheat supplies normalize.
- WFP action: Update food security conditions facing vulnerable populations, in line with recommendations for short-term market-based assistance identified in the June 2011 EFSA; N.B. any market-based transfer response, i.e. cash or vouchers, will require a separate transfer feasibility study.

Scenario 3 – Food shipments are delayed, bank restrictions are maintained

- Likelihood: Unlikely
- Impact: PSF wheat stocks will be exhausted by October or November; both food availability and access become concerns. Household liquidity constraints continue. NTC will likely take unilateral action to prevent this outcome.
- WFP action: Re-assess vulnerable populations to investigate whether expanded food distributions are necessary.

Scenario 4 – Food shipments are delayed, bank restrictions are eased

- Likelihood: Extremely unlikely
- Impact: Both food availability and access will suffer, though greater income will offset price increases marginally. The NTC is unlikely to move for lighter banking restrictions if food import capacity is still endangered.
- WFP action necessary: Re-assess vulnerable populations to investigate whether expanded food distributions are necessary.

6.0 Programmatic recommendations

5. This assessment reaffirms the recommendation of the EMMA that wheat flour is not an appropriate commodity in the urban eastern Libyan context, and the composition of current WFP food baskets should be revisited. Households by and large do not bake bread at home, while at the same time are able access subsidized bread through PSF-supported bakeries that are operational throughout the area. WFP's experience with ACTED in the Misrata bakeries project could potentially be leveraged in the future for very targeted and limited actions in areas with acute wheat flour supply problems. However, it does not appear that such issues currently exist, or are likely to develop in eastern Libya.
6. Any additional responses should be in line with those recommendations made by the June 2011 EFSA, although revising and updating key assumptions will be necessary considering the fluidity of the conflict. This assessment has identified liquidity as the key factor affecting household food security. In the absence of any action to relax banking restrictions by NTC, WFP will need to investigate how acute this issue is in conjunction with implementing partners.
7. Market conditions at this time indicate that cash or voucher transfers are the most appropriate response options, however any such response would require an in-depth transfer feasibility study. While a developed banking sector and retailer network exists, and traders have capacity to respond to demand increases, the acute lack of hard cash in the economy provides challenges to actors throughout the supply chain. It must be reiterated, however, that such responses would only need to be considered if banking restrictions and cash availability do not improve within the next one to two months.
8. WFP should closely monitor the state of pending shipments, particularly the 120,000 MT from France. Successful delivery of this shipment nullifies the need for wheat flour distribution in eastern Libya.
9. Retail price monitoring should continue for the duration of WFP's emergency operations.
10. Market-based responses should only be considered if there is no relaxation of bank withdrawal limits in the next month, or if retail prices suggest a marked deterioration of household purchasing power. If at any point the WFP food basket exceeds one-half of the monthly bank withdrawal limits for those with an average public sector salary of LD 300-400, then income is likely failing to meet food expenditures requirements of the average household. The liquidity crunch requires close monitoring of the macro-economic conditions specific the Central Bank outlook, as well as market prices.