

## KEY MESSAGE on Government payments

7th March 2017

### INTRODUCTION

The purpose of this document is to address one of the primary concerns of stakeholders prioritising the delivery of cash based interventions in Libya:

***The majority of beneficiaries receiving cash assistance are already have other sources of income (government payments in particular)***

*Therefore*

***they do not need humanitarian cash assistance***

*So*

***priority should be to beneficiaries not receiving other sources of income (government payments).***

### ADDRESSING THE CONCERN

**The majority of beneficiaries receiving cash assistance are already have other sources of income (government payments in particular)**

- Some 1.8 million out of 6.3 million Libyans are on the government payroll (salaries, pensions etc.)<sup>1</sup>
  - Average of 1.8 persons per household (in an average family size of approximately 5.5)
  - Prior to the crisis, most Libyan households had members engaged in public service employment and therefore had access to cash via wages (McInerny, Tebbutt & Whitworth, 2017).
- The Mercy Corps study identified 87% of households have access to a primary source of income. This is collaborated by the DRC & ACTED PDM's.
  - 82% of households receive less than 700LYD (PDM, ACTED 2017)
  - Evidence shows that government payments are and/or:
    - Decreasing or same amount as years ago
      - 29% of households reported their income decreased by 50% and 17% more than 50% compared with May 2014 (Food Security Analysis: WFP, 2016)
    - Not being provided regularly
    - Not accessible (see point below)
    - Not adjusted in accordance with inflation of basic goods and services.
      - 47% reported their income was almost the same as 2014 (Food Security Analysis: WFP, 2016)
- Having other sources of income is considered a positive 'capacity' that is actively promoted and ideally enhanced by humanitarian actors.
  - Beneficiaries should not be fully dependant on the unsustainable distribution of humanitarian cash assistance.

**Because beneficiaries are receiving other sources of income (government payments) they do not need humanitarian cash assistance**

- The humanitarian cash assistance transfer value (amount provided to beneficiaries) is calculated based on a Minimum Expenditure Basket (MEB) and vulnerability and gaps analysis that is jointly agreed by Cash WG Members based on technical inputs by sectors.
  - The MEB is defined as 'what a household requires in order to meet basic needs' – on a monthly basis - and its average cost.
    - The MEB value for Libya is currently 1050 LYD
  - The current transfer value of most humanitarian cash assistance is around 35% of the MEB
    - The transfer value for Libya was 200LYD and is now 400LYD
- Inflation of prices of basic items has continued to rise rapidly
  - Inflation reached 27% in June 2016 with food inflation at 24% (Oct Update: DFID, 2017)
  - Food prices rose 31% in the first half of 2016 (HNO 2017)
- Access to liquidity
  - Average amount households can access is approximately 400 LYD per month
  - Non-functioning bank system is mentioned by 46 percent of IDPs as a primary income challenge. (Food Assessment: WFP, 2016)
  - 29% of beneficiaries are waiting between 5-8 hours at the bank (PDM: ACTED/UNHCR, 2017)

<sup>1</sup> See this document for more background - Cash WG Briefing Note 'Economic Factors of Importance for Humanitarian Cash Based Interventions in Libya (McInerny, Tebbutt & Whitworth, 2017)

## Humanitarian cash assistance should be prioritised to those beneficiaries that are not receiving other sources of income (government payments)

- The vulnerability and gap analysis identifies which beneficiaries cannot meet their needs and why, by understanding the nature, scope, depth and causes of socio-economic vulnerability.
  - Thousands of vulnerable people are screened before the final list of the most vulnerable beneficiaries is identified.
    - The Cash WG Vulnerability Scorecard Tool is developed based on the 'Recommendations from the Protection Sector on Minimum Vulnerability Criteria and Beneficiary Targeting'
- Average monthly income is just one factor that impacts on the overall vulnerability score, there are multiple factors that also contribute:
  - Gender, Age, Pregnant/lactating women, single headed
  - Disabilities, chronic illness, critical medical conditions
  - Legal and/or physical protection, risk of eviction
  - Average monthly income, debt or overdraft over 500LYD
  - Access to markets, drinking water, latrines, electricity,
  - Etc. etc.

### CONCLUSION

**TRUE most beneficiaries do technically have other sources of income. This is a positive capacity. However, government payments are not adjusted for inflation, decreasing, irregular and/or not accessible.**  
but

**FALSE as the amount provided by cash assistance is not even close to enough for beneficiaries to meet basic needs at the current inflated prices, even with their government payments.**  
and

**FALSE as having other sources of income (government payments) is taken into account in the vulnerability scoring, but does not cancel out all the other factors that define the beneficiaries as the MOST vulnerable.**

### SUMMARY

Globally the humanitarian community is no longer questioning cash assistance as a modality to achieving humanitarian objectives. Operational experiences have generated evidence that cash based interventions are an appropriate and cost-efficient response modality in many emergency contexts.

Also worth noting that the concern addressed in this documents is not specific to cash assistance, but also applies across all humanitarian assistance in Libya. Therefore, the same level of scrutiny is welcomed.

The Cash WG Members will continue gathering the evidence, specific to the Libyan context, to answer 'why not cash?' and if not now, when?2.

*This document is directly linked to the overall Cash WG 'Key Messages' which provide a wider overview and case for cash in Libya. The Libya Cash WG is continuing to update key messages and identify and address these key concerns and perceptions.*

<sup>2</sup> [Doing cash differently](#). How cash transfers can transform humanitarian aid. (ODI, 2015)