BRIEF REACH Informing more effective humanitarian action

UNHCR The UN Refugee Agency

# ACCESS TO CASH AND THE IMPACT OF THE LIQUIDITY CRISIS ON REFUGEES AND MIGRANTS IN LIBYA

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The Libyan economy builds on a long history of labour migration to the country. In the 1950s and 1960s, the discovery of oil fields in Libya led to large numbers of migrant workers from across the Middle East, North Africa and sub-Saharan Africa to come to the country and work in emerging economic hubs across Libya. Between 1970 and 1982, the proportion of foreign workers in the total active labour force increased from 11% to 50%. Migrants came with various skill levels, working in oil fields, but equally in the construction and agricultural sectors.[1] In the 1990s, then-leader Ghaddafi, one of the prime Pan-Africanists at the time, introduced visa-free travel for sub-Saharan migrants, both as a symbolic gesture in the name of pan Africanism and as a means to attract much-needed labour to the country.[2] As a result, Libya became one of the main destinations for labour migration across the African continent. In the 2000s, it is estimated that 1.5 million refugees and migrants lived and worked in Libya, a country with a total population of six million people at the time.[3]

In 2004, following increasing domestic and international pressures, previously pro-immigration policies were reversed, leading to the irregularisation of migrants across the country.[4] Still, and despite the rise in protection risks for refugees and migrants, exacerbated by their irregular status, refugees and migrants continued to travel to Libya and work in the country. Libya continued to present lucrative work opportunities for sub-Saharan migrants in particular, as the country continued to rely heavily on migrant labour in key sectors of its economy.

In 2014, as a result of renewed conflict, Libya fell into a severe economic crisis, following disruptions to its oil production which forms the backbone of the Libyan economy. The economic crisis, coupled with a general mistrust in the banking system and ensuing shortage of foreign currency has led to a broader liquidity crisis in Libya, which has held the country in its grips since 2016.[5] Libya is a largely cash-based economy, hence the impact on everyone in the country has been severe.[6] Due to a shortage of physical Libyan Dinars, the Libyan Central Bank has restricted the distribution of cash in the country, meaning that Libyan bank account holders can only access a fraction of their salary.[7] At the same time, access to foreign currency at the official exchange rate has been severely limited and the prices of basic commodities have skyrocketed since 2016.[8] As a result, a huge gulf has opened between the official exchange rate and the exchange rate available at the parallel market, where the very vast majority of people in Libya, including refugees and migrants, exchange Libyan Dinars into US Dollars, at a rate five times higher the official, but inaccessible for most, exchange rate.[9]

While there is some understanding of how Libyans have been affected by the liquidity crisis,[10] there has previously been very limited information on how the almost 700,000 refugees and migrants, who are estimated to be in the country,[11] have been affected by the crisis. REACH, in partnership with UNHCR, conducted this assessment with the aim to increase understanding as to how refugees and migrants in Libya access cash in the context of the ongoing liquidity crisis by exploring (1) how refugees and migrants interact with and access cash, store it and send it to their countries of origin as remittances; (2) how the ongoing liquidity crisis affects refugees and migrants; (3) what the coping mechanisms are employed by refugees and migrants in response to the challenges surrounding access to, handling of and storage of cash; and (4) how refugees and migrants aiming to transit to Italy through Libya fund their journey within Libya and to Italy. The study was based on 120 in-depth semi-structured individual interviews with refugees and migrants in the main economic hubs in the west, east and south of the country and 20 key informant interviews, including with employers, shop owners in refugee and migrant neighbourhoods and informal money transfer agents.

The assessment found that refugees and migrants continue to form an important part of the Libyan economy. Notwithstanding the limited availability of cash, refugee and migrant labour remains in demand, with individuals mostly paid in cash. However, the liquidity crisis has increased protection risks for refugees and migrants in the country, including heightened risk of kidnapping, robbery and not being paid for one's work. The liquidity crisis has further impacted refugees and migrants' ability to send money home to support their families, leading to individuals having to stay in Libya for much longer than they had previously expected, disrupting important remittance systems across the region. To cope, refugees and migrants largely depend on personal networks, be it relying on Libyans or members of the migrant community. The increase in departures of Libyan nationals as a result of the enduring liquidity crisis, coupled with the impact on refugees and migrants in the country and their families abroad illustrates the urgent need for long-term investments into the stabilization of the country and its economy.

## Refugees and migrants' access to cash

### Earning money

As reported by all key informants interviewed and evidenced in secondary literature, the vast majority of refugees and migrants in Libya work in the informal sector, due to their largely irregular status in the country. Most work long hours in a precarious environment.[12] According to both key informants and interviewed refugees and migrants, refugees and migrants tend to be employed in the service, construction and agricultural sectors, working either as daily labourers or with a more longstanding work agreement.[13] Among refugees and migrants interviewed, the majority of respondents worked in the service sector and, to a lesser extent, in the construction sector, as reported by 88 and 11 out of 110 respondents respectively. The majority of all had worked as daily labourers at some point since their arrival to Libya, as reported by 66 out of 112 respondents.

Interviewed refugees and migrants from West and East Africa tended to work in more precarious types of jobs, compared to individuals from the Middle East and Asia. Daily labour was particularly common among West and East African respondents, while less frequently reported by interviewed refugees and migrants originating from Asian countries or the Middle East. In contrast, more than two thirds of refugees and migrants from Asian countries reported working with more stable arrangements, compared to only nine out of 18 West African respondents. This was also found in a study REACH conducted on refugees and migrants' access to resources in December 2017.[14] Among refugee and migrant respondents who had been living in Libya for one year or longer, almost half (34 out of 89) reported not having found a more stable work arrangement, suggesting that even in the longer term finding full-time work may be difficult.

The majority of respondents worked six out of seven days (reported by 72 out of 120 respondents) with one in four reportedly working all seven days of the week (31 out of 120). Twelve respondents reportedly worked five days a week and only four out of 120 reported working less than that.

#### Income modality and frequency

Cash was the primary method of payment for refugees and migrants, reported both by refugees and migrants and key informants interviewed. According to respondents, this was primarily due to refugees and migrants' inability to open bank accounts in Libya, due to their irregular status and the general acknowledgement within the Libyan economy that refugees and migrants can only be paid in cash.[15] Thirteen out of 120 respondents reported having their salary partly paid in-kind and three respondents reported that their salary was directly sent to their family's bank account in their country of origin. Of those who reported being paid in-kind, most received accommodation or food in lieu of cash or, in a minority of cases, items to resell, reported in four cases, or phone credit, reported by three individuals. Of those who were paid in-kind, the average proportion of the salary which was paid in-kind amounted to 30% or less of the overall salary.

*"First of all, I don't get all my salary in cash. I get one quarter in kind, because I get paid for work in cash with a small part in kind for housing. Sleeping at work means I can save money on transport. Also, it's safer as I need to leave the house less often and reduce the risk of robbery."*

*Senegalese man, Sebha*

Most refugees and migrants interviewed reported being paid regularly (107 out of 120). The majority received their salary monthly, reported by 62 respondents, or daily, reported by 29 respondents. Refugees and migrants with more stable forms of employment tended to be paid monthly, compared to daily labourers who were paid at the end of each workday.

### Spending money

On average, refugees and migrants interviewed spent their money almost equally on (1) accommodation and food (32%), (2) sending money to their family in their countries of origin (29%) and (3) savings (28%). A smaller remaining proportion was spent on personal items, such as phone credit and transportation (11%).

**Figure 1: What refugees and migrants spend cash on**


Interviewed refugees and migrants' main expenses differed by their regions of origin. Respondents from the Middle East and North Africa (MENA) region tended to spend more money on accommodation and food (average 40.5% of overall salary), while saving less (18%), compared to refugees and migrants from Asia, West and Central Africa. Migrants from Asia tended to spend less money on accommodation and food because their employment usually came with a place to sleep and eat. Correspondingly, Asian refugees and migrants tended to send a larger proportion of their salary to their family back home (42.73%).

Interviewed refugees and migrants from Central and West Africa tended to spend less money on housing and food (28.5%), instead saving larger proportions of their salary (32%). This was found to be for two reasons. First, a larger proportion of respondents from Central and West Africa lived and ate at the work place, compared to interviewed refugees and migrants from the MENA region, thus lowering their expenditures on food and housing. Second, refugees and migrants from Central and West Africa often lived in more precarious shelters, sharing a place with other refugees and migrants, and spending less money on food, to be able to save more for an emergency situation, such as being kidnapped and having to pay one's way out.[16]

Interviewed refugees and migrants' expenses also differed by their intention to stay in Libya or wanting to transit to Europe. Interviewed refugees and migrants who aimed to transit to Europe tended to save on average a higher proportion of their salary (40%), compared to those who wanted to stay in the country (20%). They also tended to send less money home to their families (15%), compared to the majority of the interviewed who wanted to stay in the country and sent 38% of their salary to their families at origin.

*"All I need is work, housing and food only. Any other services are not important and I can live without them."*

*Senegalese man, Sebha*

Spending on personal items was low for all nationalities and also the figure which fluctuated the least between respondents.[17] This suggests that interviewed refugees and migrants were in Libya primarily to work for some time, as they aimed to cover first their basic needs, including food and accommodation, and prioritise saving money and sending money to their families back home, rather than buying other items, such as clothing or phone credit, which cover more than the mere basics.[18]

## Saving money

When asked what they saved for, more than half of respondents (67 out of 120) reported saving in case of an emergency situation. The second most reported reason for saving was for returning home one day (59 respondents). Transiting to Italy was the third most commonly reported reason for saving money (35 respondents).

**Figure 2: Top three reported saving reasons**

| | | |
|---|---|---|
| **1.** For an emergency situation | 67 | 63% |
| **2.** To return home one day | 59 | 55% |
| **3.** To transit to Italy | 35 | 33% |

Saving money in case of an emergency situation was consistently reported by both refugees and migrants who were in Libya to stay and those aiming to transit to Italy. When asked what respondents meant by 'emergency situation' they referred to the high risk of being kidnapped in Libya and the resulting need to have some savings put aside to pay their way out should they be kidnapped. This was particularly frequently reported by interviewed refugees and migrants from West and Central African countries, illustrating their particularly vulnerable situation in the country.[19]

### Saving method

As refugees and migrants do not have access to bank accounts in Libya due to their irregular situation, respondents were asked how they stored their money in Libya. Both key informants and interviewed refugees and migrants reported that safely storing cash in Libya was a problem for refugees and migrants, as their access to safe storing places, such as bank accounts or other saving mechanisms, is limited. While the questions sought to ascertain saving mechanisms, all methods reported were rather risk mitigation measures, illustrating the very limited ways available to individuals interviewed to save money.

The majority of interviewed refugees and migrants reportedly kept at least some of their money in a safe place at home, while acknowledging the high risk of burglary in their homes, reported by 75 out of 120 respondents. Almost half of respondents further reported transferring parts of their salary to their home country as quickly as possible as a means of storing their salary safely (49 out of 120). The third most reported saving method was carrying their savings with them at all times, to minimise the risk of their salary being stolen at home while they were away at work (31 out of 120). This, however, increased their exposure to the risk of being robbed on the street.

One in five respondents further reported saving their salary directly with their employer or a Libyan friend they trusted. In the case of refugees and migrants who aimed to transit to Italy, this also included smugglers. However, few respondents relied on this saving method, as not all of them knew a Libyan they would entrust with their salary. However, all refugees and migrants interviewed reported that Libyans were at a lower risk of being robbed in the country, which is why they felt this would be the best way to keep their salary safe.

## Transferring money

According to key informants, most official money exchange bureaus and money transfer agencies have stopped working in Libya since 2014. Consequently, the only way for refugees and migrants to exchange and transfer money to their countries of origin is via the parallel market.

To access the parallel market, all refugees and migrants interviewed reported going through personal contacts, preferably their Libyan employer, Libyan friends or friends from the refugee and migrant community, who could facilitate the transaction. The transaction itself was reportedly quick, taking on average three days for the money to be transferred, with an average fee per transaction of 11% to 15% of the overall transfer amount.

How to exchange and transfer money to refugees and migrants' countries of origin reportedly differed between the west, east and south of Libya. While in the west and the east of the country respondents reported that refugees and migrants could directly access the parallel market to exchange and send money back home, in the south respondents reported that refugees and migrants needed to go through a Libyan person they knew to exchange and transfer money, as they would not have direct access to the parallel market.

*"I keep my money with my manager. I trust him and it's too dangerous for me to carry it on me."*

*Nigerien man, Tripoli*

## The impact of the liquidity crisis on refugees and migrants in Libya

Key informants uniformly reported that Libyans were the first to be negatively affected by the ongoing liquidity crisis in Libya. This was reportedly due to Libyans' high reliance on the public sector, for which payments are done exclusively to bank accounts, to which, due to the ongoing liquidity crisis, Libyans have only very limited access. As a result, Libyans have only very limited access to cash to cover their basic needs and while in larger cities electronic payments have become more common, the prices for products paid electronically are reportedly 30% to 50% higher than for purchases paid in cash.[20]

### Figure 3: Top three reported problems related to cash

| | | |
|---|---|---|
| **1.** Depreciation of Libyan Dinar | 112 | 93% |
| **2.** Increased risk of robbery or kidnapping | 56 | 47% |
| **3.** Increased risk of not being paid | 54 | 45% |

Refugees and migrants, mostly working in the informal sector, continue to be paid in cash, as their labour remains in demand in Libya and they do not accept nor access any other form of payment. This was reported by all refugees and migrants and key informants interviewed. However, as refugees and migrants form part of the wider economic system in Libya, the liquidity crisis still impacts them. The three most reported ways in which refugees and migrants were impacted were (1) through the poor exchange rate on the parallel market and subsequent lower amount of money individuals could save in hard currency (in US Dollars); (2) the heightened risk of robbery and kidnapping resulting from the overall more limited availability of cash in Libya and (3) the rising risk of being paid less or not paid at all for one's work.

### 1. Depreciation of Libyan Dinar and ensuing poor exchange rate

Since January 2016, the Libyan Dinar has lost almost 55% of its value.[21] As refugees and migrants are exclusively paid in Libyan Dinars, which they then exchange into US Dollars at the unofficial exchange rate, refugees and migrants' work has equally lost value with individuals de facto earning much less than what they did in the past. As a consequence, refugees and migrants reportedly needed to work much more to still earn less than what they did previously. While in some locations key informants reported that refugees and migrants were paid more Libyan Dinars than in the past to compensate for the value loss of the Libyan Dinar, all confirmed that the increase was not proportionate to the Libyan Dinar's fall.

*"The impact on my family back home is huge, because I used to transfer 150 LYD to them each month, 100 USD at the time, but since 2016 this is only 30 USD each time."*

*Ghanaian woman, Tripoli*

As a result of the poor exchange rate and the longer time needed to save money, the majority of respondents reported staying in Libya much longer than what they had previously expected. This was reported by both refugees and migrants who were in Libya to work to support their families back home and by those who were aiming to work for some time in the country to earn the money to transit to Italy.

For refugees and migrants who were in the country to work, this meant that their plans to return home and build a life there were delayed, as they needed to save much longer to pay for their return home, as well as to earn what they thought they would need to be able to build a life back home. At the same time, the money that respondents could reportedly send back to their families in the country of origin had disproportionately decreased, with larger intervals between transfers. This reportedly put a strain on refugees and migrants' families in countries of origin, who counted on the regular cash transfer from their family member in Libya to support them at home.

*"I wanted to earn 5000 USD for my trip to Europe, also to have some money saved for when I arrive there. I was planning to work for three years, until 2019. But now I think I will need more years to get there, because of the high exchange rate. I won't support my family until I arrive in Italy."*

*Nigerien man, Tripoli*

For refugees and migrants who were working in Libya with the aim to transit to Italy, the poor exchange rate meant that they needed to work in the country for much longer than they had expected and that their trip to Europe was disproportionately delayed, compared to their previous expectations. As a result, respondents reportedly tried to find cheaper boats to cross the sea than what they had previously planned, to minimize their remaining time in Libya. This, however, also increased their risk of  dying at sea.

### 2. Increased risk of robbery and kidnapping

While refugees and migrants have been at risk of robbery and kidnapping in Libya for a long time,[22] almost half of refugees and migrants and all key informants interviewed reported that the liquidity crisis has exacerbated the risk of robbery and kidnapping for refugees and migrants in the country. This was reportedly because criminal gangs and militia groups knew that refugees and migrants were paid in cash with limited ability to store the money safely, making them easy prey for extortion or robbery, both at home and in the street.[23]

*"You get robbed if you have money; you get killed or suffer severe beatings if you don't have money. I have been robbed five times since I arrived here."*

*Nigerian man, Sebha*

### 3. Increased risk of not being paid

While overall purchasing power of the Libyan population has decreased as a result of the liquidity crisis, most interviewed refugees and migrants still reported being able to access employment, and employers interviewed as key informants in Misrata in particular reported that they still heavily relied on refugee and migrant labour. However, the continued demand for migrant labour coupled with an overall shortage of cash has led to an increase in refugees and migrants not being paid for their work or being paid less than what was previously agreed.[24] This was often reportedly motivated by a lack of cash on the side of the employer and was particularly frequently reported in the city of Sebha.

## Coping with the impact of the liquidity crisis

Refugees and migrants were asked about the mechanisms they employed to cope with the impact of the liquidity crisis in Libya, namely: (1) the poor exchange rate; (2) the increased risk of robbery and kidnapping and (3) the increased likelihood of not being paid by an employer.

### 1. Coping with the depreciation of the Libyan Dinar and ensuing poor exchange rate

Overall, interviewed refugees and migrants reported being able to do very little about the poor exchange rate and their reduced ability to save money in Libya. What they did was reduce personal expenditures and only spend money on their most basic needs, to be able to save as much as possible. Saving was reportedly done at the expense of covering basic needs. When refugee and migrant respondents were asked what they would do if they did not have enough cash for accommodation and/or food, the three most reported coping mechanisms were (1) borrowing money from friends, reported by the majority of respondents (72 out of 120), (2) borrowing money from their employer (52 out of 120) or (3) seeking a job, which included accommodation and food, thereby reducing expenditures on basic needs (35 out of 120). Only one person reported they would resort to begging should they not have enough cash for accommodation and/or food.

**Figure 4: Coping mechanisms reported when respondents do not have enough cash for accommodation and food**

| | | |
|---|---|---|
| **1.** Borrow money from friends | 67 | 63% |
| **2.** Borrow money from employer | 59 | 55% |
| **3.** Take a job which includes accommodation | 35 | 29% |
| **4**. Buy food on credit | 32 | 27% |
| **5.** Pay in kind | 35 | 33% |

### 2. Coping with the increased risk of robbery and kidnapping

When asked what refugees and migrants did to minimize their exposure to the reported heightened risk of robbery and kidnapping, they reported moving as little as possible and diversifying the ways of saving cash, to minimize the risk of it being stolen all at once.

All refugee and migrant respondents reported only leaving home during the day, when the streets are busy and only leaving the house to go to work and come back. As part of this, seeking a job where accommodation and food is provided at the work place was also reported as a coping mechanism, as by living at the work place, respondents needed to leave the house less, minimizing their exposure to risk. The majority of refugees and migrants reported not carrying their savings with them and never displaying any sign of wealth, such as a mobile phone, in public. However, some refugees and migrants reported always carrying a bit of cash with them, in case of being assaulted on the street, to be able to give some money to the assailant and protect themselves from further harm.[25]

*"Avoid carrying large amounts of money when you go out, avoid security checkpoints, use only crowded streets and return home early. Overall, go out as little as possible."*

*Ethiopian man, Tripoli*

In terms of keeping one's money safe, respondents reported that the best way would be to transfer it directly back to their country of origin. However, due to the poor exchange rate and the length of time it took to accumulate enough money to exchange and transfer it, most said that they sent money home less frequently than what they thought most safe, rather hiding their money in different places both inside and outside the home with people they knew.

### 3. Coping with not being paid

When asked what refugees and migrants would do if they were not paid, the majority of key informants and refugees and migrants interviewed reported that there would be very little they could do, due to the latter's precarious situation in the country. In most cases, respondents reported that they would simply lose the money. Key informants reported that the best coping strategy for an individual would be to only work for employers they have worked for before and have a relationship of trust to minimize the risk of not being paid later on.

When asked who refugees and migrants would go to for help if they were not paid, the most reported source of help were Libyan friends, reported by 77 out of 120 respondents, followed by other members of the refugee and migrant community, who had good relations with Libyans, reported by 48 out of 120 refugees and migrants interviewed.

**Figure 5: Who respondents go to for help when not paid**

| | | |
|---|---|---|
| **1.** Libyan friends | 77 | 64% |
| **2.** Migrant community | 48 | 40% |
| **3**. Police | 10 | 8% |
| **4**. NGOs | 4 | 3% |
| **5.** No one | 18 | 15% |

Police or non-governmental organisations were reported as a source of support in only few cases where refugees and migrants experienced problems receiving their salary from their employer (10 and 4 out of 120 respondents respectively). Who refugees and migrants went to for help did not differ among more recently arrived individuals and those who have been in the country for longer. It also did not differ by region in Libya or region of origin of the individual interviewed. This suggests a general lack of trust in institutions and that personal contacts are the main source of support for refugees and migrants in Libya, no matter the personal background of the individual seeking support.

## Transiting through Libya to Italy?

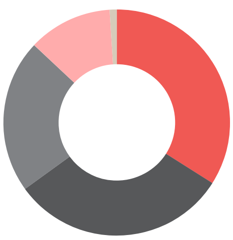
When asked whether the ongoing liquidity crisis impacted their decision to stay or leave Libya, respondents' answers were mixed. The majority of interviewed refugees and migrants reported that the liquidity crisis impacted their decision to stay or leave (65 out of 120); However, 55 out of 120 refugees and migrants interviewed reported it did not. This illustrates refugees and migrants' resilience when faced with the severe economic situation in Libya and their perseverence.

**Figure 6: Self-reported impact of liquidity crisis on refugees and migrants' decision to stay or leave Libya**

Impacts 54 %
Does not impact 46 %

Among those who said that the situation did impact their decision making on whether to stay or leave Libya, the overall majority reported that they did not want to go to Europe as a result. Rather, respondents considered returning to their countries of origin (20 out of 55) or reportedly wanted to stay in Libya for the time being, to see how the situation developed (8 out of 55). Some of those who reported that the liquidity crisis impacted their decision to stay or leave Libya but who wanted to stay in Libya for the time being reported considering moving to another city within Libya should the situation not improve in their current location (14 out of 55).

**Figure 7: Where interviewed refugees and migrants who want to leave Libya because of the liquidity crisis want to go**



| | |
|---|---|
| Europe | 22 |
| Country of origin | 20 |
| Another city in Libya | 14 |
| Do not know yet | 8 |
| Another country in the region | 1 |

### Paying for the journey to Italy

Among those interviewed who were in Libya with the aim to transit to Italy, slightly more than half reported working while in transit to pay for the journey to Italy (17 out of 32), illustrating their need to work and earn money in Libya. In 12 out of 32 cases, respondents reported having savings which would pay for the entire trip to Italy.

Refugees and migrants interviewed were asked what they had estimated the journey within Libya and the boat trip from Libya to Italy would cost when they were in their home country and how this compared once they were in Libya. While respondents tended to have realistic expectations of the costs of traveling within Libya, which they estimated at total 2,000 USD, they tended to underestimate the costs of the boat trip to Italy. While when they left their country of origin, respondents reportedly estimated the boat trip at an average of 1,400 USD, once in Libya they reported it to be slightly more than 2,000 USD. More limited knowledge about the costs of the boat trip towards Italy upon departure from respondents' countries of origin was also found in a study REACH conducted in 2017 with refugees and migrants in Libya, suggesting that this is a trend that continues.[26]

## Conclusion

The present assessment found that, despite the ongoing economic crisis, refugees and migrants continue to form an important part of Libya's economy. While the liquidity crisis has made access to cash much more difficult for everyone in Libya, refugees and migrants continue to be paid in cash. Coupled with employers reporting their continued need for migrant labour, this illustrates how refugees and migrants' labour in Libya is still in high demand.

However, although they form part of the larger economic system in Libya, refugees and migrants have still been heavily impacted by the ongoing liquidity crisis in the country. The limited availability of cash, coupled with the widespread knowledge that refugees and migrants are paid almost exclusively in cash and are therefore likely to carry cash on them or save it in their homes, has led to an increase in their exposure to the risk of robbery and kidnapping. Further, the shortage of cash has resulted in higher risks for refugees and migrants not to be paid for their work.

Remittances sent by refugees and migrants in Libya play an important role in the economies of their countries of origin, and the liquidity crisis in Libya seems to have had an impact also in this area. According to refugees and migrants interviewed, the poor exchange rate available in Libya means that saving money takes much longer than respondents had previously anticipated, disrupting important economic support for families in countries of origin and postponing the return or onward journey from Libya.

When asked how refugees and migrants coped with the challenges resulting from the liquidity crisis, respondents uniformly reported that there was very little they could do about the challenges outlined. However, all coping mechanisms used were based on personal contacts and the individual's social networks, with a high reliance on Libyan friends, illustrating refugees and migrants' need for strong local community ties in Libya.

Another link between the liquidity crisis and migration dynamics in the country highlighted by the study concerns Libyan nationals. Key informants reported that the population group most affected by the liquidity crisis in the country remain Libyans. This was reportedly due to Libyans' high reliance on public sector jobs and salary transfers, which exclusively function through bank accounts to which access has been restricted. According to some reports, the impact of the liquidity crisis on Libyans contributes to the increasing number of Libyans attempting the perilous sea journey through the Mediterranean to Europe, highlighting the severity of the issue.[27]

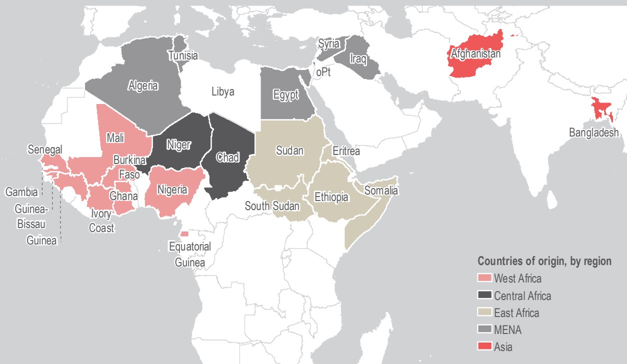
Finally, despite the widespread focus on Libya as a transit country for refugees and migrants on their way to Europe, this study illustrates that Libya is still a destination country for refugees and migrants seeking work in the region. The present study finds that notwithstanding the deteriorating economic situation and severe protection risks in Libya and the impact on individuals interviewed, Europe was not the obvious choice for the majority of refugees and migrants interviewed. This illustrates that Libya remains a source of income for people in the region, highlighting the need to look at Libya as part of a larger economic system across the African region. The extent to which all population groups, Libyans and non-Libyans alike, have been impacted by the liquidity crisis in Libya, indicates the urgent need for long term investments into the stabilization of the country and its economy.

## Methodology

This brief presents findings from an assessment of refugees and migrants access to and interaction with cash in Libya, conducted in four locations across the country between 28 May and 11 June 2018. It is based on 120 individual interviews administered with refugees and migrants and 20 key informant interviews. Locations assessed were selected for their role as major economic hubs in Libya, known for hosting large refugee and migrant populations, as well as representing main geographic regions in the country (east, west, south). The cities included were Tripoli, Misrata, Sebha and Ejdabia.

In each location 30 individual interviews with refugees and migrants were administered. Refugees and migrants were purposively sampled on the basis of their region of origin (Central and West Africa, Asia, Middle East and North Africa), on their intention to stay in the country or transit to Italy and the length of time they had been in the country (more than one year or less). In addition, in each location five in-depth semi-structured individual interviews with key informants were administered. Key informants were selected on the basis of their expertise on refugees and migrants' access to and interaction with cash and included employers who employed migrants, shop keepers in refugee and migrant dominated neighbourhoods and informal money exchangers.

### Map 1: Regions of origin of refugees and migrants interviewed




Data collection was carried out by field teams; all received tailored training on qualitative data collection and interview skills, as well as on ethical considerations around data collection with vulnerable groups. All primary data was triangulated with existing secondary data. Raw data was analysed using quantitative data analysis software SPSS and qualitative analysis software Atlas Ti.

As this assessment employed qualitative research methods, results are indicative only and cannot be generalized for the entire population of refugees and migrants in Libya. Please note that not all interviewed refugees and migrants responded to all questions; for each question the total number of respondents has been specified. Only interviewed individuals in urban areas were interviewed, hence no information on the situation in detention centres or in rural areas was collected.

### About REACH

REACH facilitates the development of information tools and products that enhance the capacity of aid actors to make evidence-based decisions in emergency, recovery and development contexts. All REACH activities are conducted through inter-agency aid coordination mechanisms. For more information, you can write to our global office: geneva@reach-initiative.org. Visit www.reach-intiative.org and follow us @REACH_info.

## End notes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2. Pliez, O. ed., 'La nouvelle Libye, géopolitique, espaces et sociétés au lendemain de l'embargo', Karthala-Irema, 2004.

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4. Bredeloup, S. and Pliez O. , 'The Libyan migration corridor'. Robert Schuman Centre for Advanced Studies, San Domenico di Fiesole, European University Institute, 2011. The laws Law No. 2/2004 and Law No. 19/2010 criminalised all irregular entries, notwithstanding the individual's status as refugee or asylum seeker; previous regular entries were irregularised, subjecting individuals to penalties of fines and prison sentences; individuals who were in the country in 2017 with regular papers reported difficulties in renewing these (see IMPACT/Altai Consulting, Mixed Migration Trends in Libya: Changing Dynamics and Protection Challenges, July 2017).

5. US-Libya Business Association, Libya's Liquidity Crunch and the Dinar's Demise, 2017.

6. As example, in its Multi-Sector Needs Assessment in 2017, REACH found that 'consumers heavily rely on cash: 98% of households in Benghazi, 93% in Tripoli and 89% in Sebha have reported cash to be their primary modality for expenditure'. See REACH, 2017 Multi-Sector Needs Assessment, September 2017.

7. Harchaoui, J., Libya's Monetary Crisis, January 2018; Reuters, Libyan officials squabble, residents protest as cash crisis hits home, October 2016.

8. Middle East Eye, Libya's currency crisis: Can the Central Bank stop the decline of the dinar?, August 2017.

9. As of June 2018, the unofficial exchange rate of the Libyan Dinar to US Dollars is 7:1; the official rate lies at 1.3:1. See REACH, Joint Market Monitoring Initiative, June 2018. For further information see REACH, Libya Joint Market Monitoring Initiative (JMMI) - June – December 2017 Trends Analysis: Libya Cash & Markets Working Group (CMWG), January 2018.

10. See for instance, Pack, J., Libya's Liquidity Crunch and the Dinar's Demise: Psychological and Macroeconomic Dimensions of the current crisis, April 2017; and Harchaoui, J., Libya's Monetary Crisis, January 2018. For a first overview on refugees and migrants' access to markets and basic goods in the context of the liquidity crisis, please consult REACH, Joint Market Analysis Initiative: Market Systems in Libya, October 2017.

11. IOM DTM, Libya's Migrant Report: Round 19, April 2018.

12. As reported by key informants. See also IMPACT/Altai Consulting, Mixed Migration Trends in Libya: Changing Dynamics and Protection Challenges, July 2017.

13. This is usually an oral agreement between the individual and employer concerned specifying the length of the work arrangement and pay, with arrangements lasting several months to years.

14. REACH, Refugees and migrants' access to resources, housing and healthcare in Libya, December 2017.

15. This mutual understanding is based on the overall reliance of Libyans on cash for most types of payments and due to the widespread understanding that refugees and migrants can only be paid in cash, as they do not have bank accounts.

16. This was also found in REACH, Refugees and migrants' access to resources, housing and healthcare in Libya, December 2017.

17. Standard deviation of 7.8.

18. This resonates with findings on the reduced purchasing power of refugees and migrants in autumn 2017. Please consult REACH, Joint Market Analysis Initiative: Market Systems in Libya, October 2017.

19. For an overview of protection risks for Sub-Saharan migrants in Libya please consult: ICMPD, What are the protection concerns for migrants and refugees in Libya?, November 2017.

20. See REACH, Joint Market Monitoring Initiative, June 2018.

21. See also The Arab Weekly, Libya's cash crisis worsens three years into civil war, June 2017; For monthly monitoring of fluctuation of mark-ups, please consult: REACH / Libya Joint Market Monitoring Initiative, available here.

22. REACH, Joint Market Monitoring Initiative, June 2018.

23. See REACH, Mixed Migration Dynamics in Libya: the impact of EU migration measures on mixed migration in Libya, April 2018.

25. This was also found in other recent studies by REACH on the situation for refugees and migrants in Libya, including: REACH/UNICEF, Solitary Journeys of UASC in Libya: mobility, protection risks and support mechanisms, forthcoming; REACH, Mixed Migration Dynamics in Libya: the impact of EU migration measures on mixed migration in Libya, April 2018; REACH, Refugees and migrants access to resources, housing and healthcare in Libya, December 2017.

26. IMPACT/Altai Consulting, Mixed Migration Trends in Libya: Changing Dynamics and Protection Challenges, July 2017.

27. Refugees Deeply, Why Libyans are turning to smuggler to escape, 30 June 2018.