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The multiple challenges
of Libya's reconstruction

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>> The prospects for Libya's reconstruction remain uncertain. Following the death of Moammar Gaddafi in October 2011, Libya's ruling National Transitional Council (NTC) quickly formed a government and announced an electoral calendar. However, the tasks ahead are huge. The international community should now direct its effort towards improving economic governance; assisting in the complex management of Libya's tribal and ethnic divisions; and the development of more democratic security structures.

Unlike most of its North African neighbours, Libya has the advantage of possessing sufficient resources to build a bright future. However, the guidelines for a fundamental economic reform, key for the country's future, must still be defined. In addition to the economic challenges, the political situation in Libya is complicated enough to jeopardise the country's reconstruction. Unlike the ethnically comparatively homogenous Tunisia, Libyan society is a complex web of tribes, clans and ethnicities. The potential for tensions and divergences created by this social mix constitutes an additional challenge to the construction of a peaceful, democratic and unified Libya. Despite the complexity of Libya's economic, political and social challenges, the NTC, supported by a determined international community, can face them successfully if no further time is wasted.

(RE-)CONSTRUCTING LIBYA'S ECONOMY

In many respects, Libya's economy requires reform to start from scratch. Gaddafi's regime was able to rely on oil as its main source of income, but the oil sector is not labour-intensive and is poorly linked

HIGHLIGHTS

• Success will be determined by the NTC's ability to adopt an official economic roadmap that goes beyond energy perspectives.

• Many of Libya's partners fear the country might fall into general chaos, but none of them have offered solutions that could be of real help to Libyans.

• Libya should address its main challenges by pooling efforts and channelling them towards concrete objectives; the international community has a very important role to play.

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to the broader economy. In order to foster growth and create jobs, new ways of generating revenue must now be devised. The transition towards a modern and efficient economy will require Libya's oil revenues to be invested in long-term projects and infrastructure. In order to do this, however, the first step must be the adoption of a comprehensive roadmap for economic reform.

While Libya's energy infrastructure requires improvement, it nevertheless already performs well and guarantees substantial revenue. Relying on this alone and becoming a rentier state, however, would be a fatal mistake. The Libyan population has contributed its part to bringing about a radical political change in 2011. Now it is waiting for concrete initiatives and projects by the government to indicate a positive path towards the future. The absence of any industrial activity, the limited number of private businesses, the high rates of unemployment and the lack of employment opportunities all threaten the country's cohesion and stability.

Although Libya's exact economic situation is presently unknown, a number of targeted steps could certainly help the country to move economically forward. Libya has a very young workforce, and with half the population aged under 15, this feature will become more notable. Much can still be done to increase the share of qualified workers and the general level of education, and orientate young Libyans towards fields that correspond to the country's needs. For example, the introduction of marketing classes, a focus on business administration and law and the reorientation of political science towards international relations and theories of management, are issues that are likely to improve Libya's prospects for growth and employment. The sooner the education system in Libya is reformed, the sooner it will be able to shape its citizens and produce new leaders.

The science and technology sector equally requires an overhaul. The Libyan population is currently under-informed and ill-prepared in the key areas of industry and technology, a situation which must

change radically if the country is to move forward. The energy sector, communication and transport are areas in which a change of paradigm is most urgent. Supported and trained by their international partners, education authorities would have to launch nation-wide training sessions and programmes. International cooperation in the education and training sector will be key to Libya's short-term success.

Success or failure regarding Libya's most urgent challenges will be greatly influenced by the issuing of a Law on Economic Governance. Most obviously, regulation in the energy sector will be key in view of the country's potential in this area (more than 40 billion barrels of proven oil reserves, and 1548 billion m^3 of natural gas). A useful inspiration in this regard could be Ghana's Extractive Industry Transparency Initiative (GHEITI), which allowed Ghana better to utilise its national resources and potential by attracting foreign investment, encouraging transparency and setting concrete objectives. But while the new Libyan legislature is still awaiting consolidation via the June 2012 elections, the temporary character of both the NTC and the newly appointed government hampers the efficiency of their decision-making. The current government therefore has very limited scope of action, and many of its moves remain opaque.

The international community's response to Libya's financial needs has been swift, although not necessarily sufficient. Funds have quickly been made available. Prior to Gaddafi's death, the Paris conference on Libya unfroze $15 billion of Libyan assets. In late December 2011, the EU decided to unfreeze funds and assets belonging to the Central Bank of Libya and the Libyan Arab Foreign Bank. This additional $97 billion, combined with a similar unfreezing of $37 billion of assets by the United States, took Libya closer to obtaining the total of $160 billion that was held by its foreign partners. In parallel, the commitment of several international partners to assist Libya with targeted technical cooperation (training, sending of advisers, quick improvement of the country's infrastructure) set a positive tone for the country's

future. For example, the European Commission has put together an assistance package of €10 million to support education, administration and civil society. But much more must be done.

The conditions for success still rely on the NTC's ability to adopt an official economic roadmap that goes beyond energy perspectives. It must create employment opportunities, undertake urgent and significant education reforms, and involve international and regional partners more significantly. To a large extent, however, Libya's economic perspectives are also determined by the country's political situation.

POLITICAL STUMBLING BLOCKS

It took a long time for the NTC to appoint the members of the Libyan national government. Despite the drawn out consideration this decision was given the new cabinet attracted substantial criticism from the outset. Initial criticism was directed to the presumed lack of representativeness of the government, as certain groups (some southern Libyans, some from the northeastern town of Ajdabiya and some tribal representatives, from al-Magharba, al-Ourfi and al-Awaqir, one of the biggest tribes in the East) complained that they were not represented in the new executive. By a similar token, the Amazigh community did not agree with the composition of the new government and withdrew its representatives from the NTC. In response, the NTC has attempted to reassure the Amazighs, as well as the Tebou and Touaregs, regarding the protection of their interests, and called upon them to see the coming legislative elections as an opportunity to seek representation in Libya's new institutions. The former proximity of

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some members of the newly appointed government to Gaddafi has also generated criticism. Detractors argued that a new start for Libya could not be achieved while individuals linked to the former regime held important official positions.

Given Libya's cultural and ethnic diversity, it will not be possible for the government adequately to represent all groups within the country. A more important question, however, is whether Libya's complex sociology will jeopardize its future. Everybody seems to agree that Libya should build up institutions, including a parliament, a government and ministries, to move the country towards democratic efficiency. Nevertheless, the sudden shift from a non-governmental campaign to a more structured one has certain pitfalls. While most efforts in 2011 focused on how to get rid of Gaddafi, little was done to prepare for the post-Gaddafi era. As a result, the NTC's nominal commitment to pave the way for building a new Libya that would satisfy everybody's needs convinced only Western partners, but not Libyans themselves. Regional interests, the importance of tribes and clans (as well as ideological perspectives from Islamists to secularists) will shape the future course of the country. Only well-organised legislative elections with legitimate results will be able to pave the way for the beginning of a new era of peace and prosperity.

The Libyan authorities are well aware of the persistent security challenges after the official end of the conflict. In early 2012, the chairman of the NTC, Mustafa Abdeljalil, recognised that if the country did not succeed in containing the current violence and disarming militias, the result could be both 'secession and civil war'. Therefore, the NTC has proposed to reward armed groups and individuals with financial and professional incentives in return for turning in their arms. This offer has so far produced no significant disarmament, however. At the same time, little progress has been made in the constitution of a national army – one of the governments's declared priorities. The building of a strong national army is conceived as a long term plan, over three to five years. All that is expected at this

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stage is the training of 25,000 soldiers. But the government is pressing former rebels to disarm and become part of the national security forces. Yet this seems unlikely given that the rebels are dispersed around the country and show no sign of willingness to adhere to these demands.

The international community remains timid in its approach to Libya. Many of Libya's partners fear the country might fall into general chaos, but none of them have offered solutions that could be of real help to Libyans. While the UN has established a Support Mission (the UNSMIL), European countries have yet formally to commit, and the US exhibits a narrow focus on security aspects – namely, the difficulty of disarming militias and the al-Qaida risk. Meanwhile, at the regional level (apart from the controversial visit of Tunisian president Marzouki to Libya, during which he talked of the need for the two countries to 'merge'), no significant advances have been realized. Libya needs to move beyond the Gaddafi era and start tackling its considerable problems. The international community could prove itself useful during the next phase in Libya's history. While disarming militias should be a Libyan responsibility, foreign assistance would be highly beneficial in the tasks of forming a strong national army, organising the coming legislative elections, issuing an electoral law, training Libyans in electoral monitoring and improving the government's communication and overall efficiency. Instead, at the moment the international community appears to be waiting for the security situation to be solved by the Libyan government alone. This would be counterproductive as it is likely to aggravate the situation. The NTC has wasted enough time issuing statements without implementing any decisions: it must now move forward.

POOLING INTERNATIONAL SUPPORT

Libya's solutions to its main challenges lie in pooling efforts and channelling them towards concrete objectives. The international community has a very important role to play. While the Libyan authorities reject direct foreign interference in their affairs, the NTC and the Libyan government are open to suggestions that would help them achieve the smoothest possible transition.

Libya's challenges are both economic and political. However, there are other issues that must also be taken into account, namely in the area of security, and it is in this area that foreign partners could play an important role.

Since the fall of Gaddafi, much has been reported about Islamist terrorist groups, in particular al-Qaeda, taking root in Libya. This is a serious concern, as neighbouring Algeria and the Sahel region have been struggling with the same problem. It is therefore important for regional actors to include Libya in their anti-terrorism policies. Algeria is heading a regional anti-terrorist programme involving Mali, Niger and Mauritania, and should invite Libya to join. On the other hand, Western states, in particular the United States, could do much to enhance Libya's anti-terrorist capacities and help it control those areas that are particularly under risk. But regional cooperation cannot be disconnected from Libya's own need to develop a national counter-terrorism strategy, which must be based on offers of dialogue with extremists and, if this should fail, coercive means.

A second set of security issues in which the help of the international community could be key lies in the area of migration. While Gaddafi used migration as a political tool, his fall did not stop floods of African migrants from using Libyan shores to try to reach the EU. But Libya's necessary focus on internal security issues led it to neglect anti-migration policies. The influx is most likely to stop by itself whenever prospective migrants find better perspectives for a dignified life in their own countries. Meanwhile, however, the EU could help by improving its complex migration policies via a better control of the Mediterranean Sea and an improved coordination of efforts and consultations with the Libyan government.

The 'Arab Spring' has created a deeply insecure regional situation due to the insufficiency or even lack of controls at the borders of countries

undergoing transition (Libya and Tunisia, and their borders with Egypt). Radical elements have been able to spread in the region, as proven at the Syrian borders where some Libyan fighters have joined anti-Assad opponents. A stronger involvement of Libya's international partners to help strengthen border controls would considerably reduce regional threats. Furthermore, the temporary posting of policemen from other Arab countries to Libya would probably prove more efficient than current efforts, as their Arabic skills would allow them to inquire more efficiently about the real motives of those who try to cross the borders.

Last but not least, there is now an opportunity to integrate Libya into a broader North African framework. The Arab Maghreb Union (AMU) failed to achieve its objectives of regional integration. The 'Arab spring', however, seems to have taught Algeria and Morocco the importance of promoting better means of regional cooperation. The international community, first and foremost the members of the Arab League, should therefore make every possible effort to turn the AMU into a reality. Economic (trade, roads and common infrastructure, desalination, solar energy etc) and political regional priorities (such as anti-terrorism strategies) should be the raison d'être for this project. A functioning AMU would also allow social regional development prospects to improve considerably through a general improvement in the average revenue and way of life, while the North African region would find an efficient way to strengthen and stabilize itself, becoming a reliable partner for both Arab regional and international counterparts.

CONCLUSION

The international community may have helped Libyans overthrow the Gaddafi regime, but it cannot now rest on its laurels. Libya's foreign partners all have an interest in ensuring the country achieves stability as quickly and efficiently as possible.

Indeed, Libya is an oil-rich state, but also has other considerable advantages. The industrialisation of the country, the reform of its public sector, the creation of business opportunities and the training of both the youth and the rest of the population are tasks important enough to deserve the attention and commitment of the international community.

Therefore, respecting the need not to interfere in domestic Libyan affairs should not stop the international community from putting pressure on the Libyan government. At the same time, it should provide Libya with technological expertise, training for the security forces, political elite and workforce and an injection of financial and intellectual resources into priority areas (health, education, the media and technology). Libya's foreign partners should also facilitate the government's design of a clear and systematic political agenda which should encompass representation, stability (including institutional stability) and a special focus on fulfilling Libya's economic potential.

On their side, Libyans should also turn to their Arab, African, Asian and Russian partners to develop commercial partnerships. The Libyan example could then not only serve as a potential success story for the rest of the region, but also prove that the diversity among the Libyan population, their different ideological and socio-political orientations and their tribal and racial diversity, need not stand in the way of the successful construction of a new democratic state.

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