

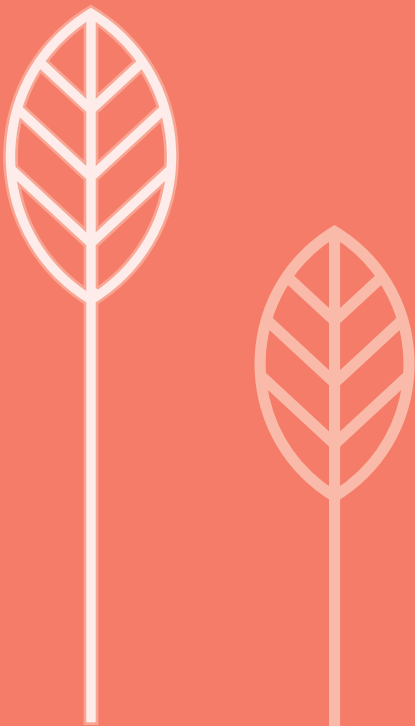


Shared Prosperity Dignified Life



Building a State of institutions,

# regional integration and international cooperation



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## NOTE

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This document is one of a set of eight studies<sup>2</sup> on policy options relating to the socioeconomic vision mentioned above, conducted by ESCWA in collaboration with a group of Libyan experts. These studies are meant to contribute to realising this vision, addressing its challenges, and facilitating the process of drafting policies and developing strategies that take into account its socioeconomic and institutional dimensions.

**1** Vision for Libya: towards prosperity, justice and strong State institutions.

**2** Titles of these studies:

1. Towards an inclusive national identity in light of a just citizenship State.
2. Social protection system.
3. Human capital, youth and women empowerment, and the integration of militant forces.
4. The role of the State in sustainable economic development and the strategic positioning of Libya in the global economy.
5. Strengthening the State authority and the rule of law through a fair and independent justice system, and human security based on human rights and the principles of comprehensive justice.
6. Restoring trust and reconciliations to establish a national charter.
7. **Building a State of institutions, regional integration and international cooperation.**
8. Mechanisms for economic reform and recovery.



# Executive summary

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Since 2011, the question of institutional reform in Libya has been put forward. There are some who believe and claim that Libya has never known institutionalisation in its entire history, that “the Libyan character is a chaotic character” by nature, and that this issue has deep historical roots. Yet the truth is that the notion of institutionalisation and the importance of preserving it are deeply entrenched in Libyan political culture, and in the modern nation-state of Libya, which began to take shape in the mid-19<sup>th</sup> century. The notion of institutionalisation is also well entrenched in Libyan economic and social contexts, and has numerous manifestations in every field. This is due to cultural and social considerations, as well as considerations arising from the relationship between geography and ways of life (demographic considerations in a general sense).

Institutions were established and flourished in modern Libya within a context that saw formal authorities (the State) and society share in the fulfilment of public functions. This was grounded in the notion that, while formal authorities carried the greater responsibility for fulfilling public functions whenever they were able to do so, society should also play a supporting role in this context (under the aegis of formal authorities as represented by the State). At times, the role played by societal forces in partially fulfilling certain public functions would be acknowledged. Yet at others times, these forces would play the same role by virtue of the status quo, and this would often take place within the context of localities.

During the transitional period, institutional failure contributed directly to the descent into violence and

the eruption of conflict in Libya, following the start of an electoral process that promised a safe political and constitutional transition. Institutional failure was the result of several factors, most prominently the ill-designed network of institutions and jurisdictions, especially when it comes to high-ranking sovereign and representative positions. Another cause of institutional failure were the weak capabilities and poor institutional performance of those in charge, whether they were individuals (political representatives, public figures, etc.) or public entities and platforms (political parties and groups, etc.).

Since the start of the transitional period in 2011, demands for the adoption of a decentralised federal system have emerged. Such demands were often grounded in the predominance of the administrative heritage of the previous era, when attempts were made to combine decentralisation with multipolar centralisation. They were also rooted in the influence of the centralised governance mechanisms that were used during the pre-2011 era. Perhaps this requires exploring innovative and creative solutions that would allow for the creation of a mixed system, one that would bring together the positive aspects of both decentralisation and centralisation, and avoid their negative aspects. In solutions of this kind, the most important element would be to restore this notion of State and society sharing in the fulfilment of public functions. These could be political or socio-economic functions, or other functions such as those of providing social security and healthcare at the level of localities. There is also a need to develop and shape the strategic policies and measures needed for and supportive of the process of restoring the State and building modern and capable institutions.

# Introduction and historical background

Since 2011, the question of institutional reform in Libya has been put forward, especially when it comes to those institutions that fulfil public functions, as one of the most important questions that have imposed themselves at this stage. Various concepts have been suggested for the ideal reform method, the one best suited to the root causes of the situation of institutions today, and the one most understanding of the nature of the existing institutional heritage, with the aim of diagnosing the flaws that have afflicted the functioning of institutions. The importance of institutional reform lies in its contribution to making the passage of Libya from the transitional period to one of constitutional stability a safer one. Indeed, the process of rebuilding the Libyan State after 2011 faces challenges in which the contradictions of both domestic and foreign forces overlap at several levels. Those include interests and trajectories; the economic measures required under the hegemony of the rentier economy; the issue of decentralisation; the dominance of tribalism, regionalism, religion and ideology over political life; and the issue of security and the military. Libya today is in dire need of building a stable State with stable institutions, and this can be achieved through a social contract that everyone would accept, in the form of a consensual constitution.

The way in which the situation of the Libyan State is being addressed suffers from the repercussions of a burdensome heritage when it comes to the notion of nation-state – a situation that applies to the region's other countries as well. Indeed, the State suffers from apparent powerlessness and lacks the legitimacy to achieve development and institutional reform. To endure, the State relies on two essential elements: monopolising wealth within the rentier economy model, and monopolising violence within the military hegemony model. The Libyan State thus became more of a ruling authority than a proper State. On the whole, however, the Libyan experience has not been as bad as others, in view of how new the notion of nation-state is to it.

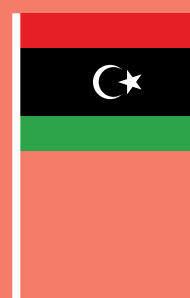
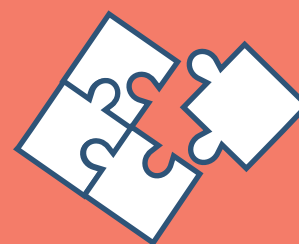
In any case, the different cultural contexts in which countries are rooted must be understood, especially in the case of societies characterised by tribal and sectarian entities. Indeed, the nature of the relationship between State and society in such cases has its own special dynamic, in which the State contributes to shaping society exactly as much as society contributes to shaping the State, with neither of the two dominating the other. Ignoring the nature of this situation is likely to perpetuate the failure of the State as a project.

## Building the Libyan State after 2011:

Interests and trajectories

Economic measures under the hegemony of the rentier economy

Decentralisation; dominance of tribalism, regionalism, religion and ideology over political life; the issue of security and the military



# The entrenchment of the notion of institutionalization in collective consciousness, and its applications during the emergence of modern Libya

As a country, modern Libya covers a vast geographic area, while at the same time having a small number of inhabitants in comparison. Yet the demographic map of Libya is characterised by the strength and cohesion of the country's native social components, particularly its tribes and extended families. In spite of its vast area and wealth of resources, the number of inhabitants in Libya has not increased in recent eras. In fact, it has seen some sharp decreases due to various factors, such as rebellions against the Ottoman Empire and the displacement they caused, clashes with the Italian occupation, and the mass extermination perpetrated by the Fascists. The difference is noticeable when the current population of Libya is compared to that of other countries that did not experience rebellions, displacement and occupation. Population density is low, except in the centre of each of the three Libyan regions, where it is higher, but still relatively limited in view of the size of each region, and compared to other countries. Over the centuries, a demographic pattern has become entrenched in which there are great distances between clusters of population.

Libya enjoys a globally strategic location, at both the economic and political levels. Indeed, the country is located at a point of convergence for crossings between Africa and Europe, and is only separated from Asia by the length of the Northern Egyptian coast. Its own coastline is the longest of any Mediterranean country. Its topography is generally flat with few natural obstacles and barriers, facilitating movement across the country. All of these factors have made the Libyan coastal strip an international trade route. Historically, the country's location, as was the case with all Mediterranean countries, has exposed it to successive waves of invasion. During the Second World War, the Allies and Axis powers turned the Eastern Libyan desert into a battleground, and the region experienced a series of major military battles.

At the economic level, despite the country's vast area, the amounts of resources discovered remained scarce until recent times. During that time, most of the inhabitants of the Libyan interior continued to rely on pastoralism for their livelihood, while those of the coastal strip relied essentially on fishing (although their fishing activity remained limited). Oil was only discovered in the late 1950s, and since then, it has consistently made up over 95 per cent of the country's Gross Domestic Product (GDP).

All of the country's past challenges have led to a general feeling of how dangerous economic exposure can be, which in turn has led to an attachment to institutionalisation as a defence against it. In fact, it has become a fixed part of Libyan collective consciousness that the country is under constant threat of foreign domination, and that its resources are scarce. This feeling of exposure and economic insecurity is also one of the major effects of the large discrepancy between the country's area and its population. The attachment to institutionalisation in Libyan collective consciousness has thus become an "existential necessity", as a means of providing Libyans, as well as future generations, with a better life.

## Institutionalisation and its applications between independence and 1969

There are some who claim that Libya has never known institutionalisation in its entire history, often adding that the Libyan character is chaotic by nature, and that this issue has deep historical roots. Colonialist and local authoritarian rhetoric, as well as that of some researchers, has contributed to the spread of these false allegations. Indeed, some researchers have promoted such slander by claiming that Libya, like other Arab societies, is governed by the three elements of doctrine, tribe and plunder.

During the establishment phase of the independent State of Libya, after independence was formally declared in 1951, the political and socio-economic fields saw the emergence of new institutional models that relied on the notion of consensual contracting, and on a unique mixture of federalism, broad decentralisation and multipolar centralisation. A new constitution was drafted on this basis, and a federalist system was subsequently adopted, which lasted from 1951 to 1963. During this period, the independent State was grounded in an objective constitution, and many of the values of institutionalisation became entrenched. The most prominent of those were "accountability", "law and custom enforcement", and "handling public funds with integrity", as well as the assertion that the King did not control the country's resources. As soon as drilling for oil began in 1955, the decision was issued to create a Libyan Petroleum Commission, which became the authority responsible for following up on deposit finds and negotiating with the foreign parties engaged in prospecting. When it came to

the new military institution, in spite of the massive budget deficit resulting from the scarcity of known resources, the national Libyan Army was created in 1952, followed in 1954 by the establishment of the Zawiya military school for army officers, then the military academy in 1957. An intelligence agency was also created as part of the federal police force, which also included the passports and nationality administration and the customs administration.

When it comes to political representation, special budgets were allocated to build State institutions with the core concern of raising standards of competence, without disrupting the country's social structure. Thus, for example, it was decided that members of the Chamber of Deputies would be elected, while respecting the country's social composition and making use of it to build the fledgling State, and that members of the Senate would be appointed by the King. To achieve a balance in appointments, it was ensured that a sufficient number of seats were granted to tribal leaders and city notables. Meanwhile, competence remained the main standard for appointing officials in the executive branch of Government.

When it comes to international cooperation, the foundations of a foreign policy were laid, grounded in standards of national security and international peace, projecting a sound image of the Libyan "State" as a State of institutions, and laying the groundwork for what was later called its "diplomatic personality". Libya provided a broad scope of support to the Algerian liberation movement, joined the Arab League in 1953, and took part in the Bandung Conference for non-aligned nations in 1955. It joined the United Nations in 1956, and then the Organization of the Petroleum Exporting Countries (OPEC) after that. It was also a founding member of the African Bloc at the 1961 Casablanca Conference in Morocco. Over a brief period of time, a number of competent Libyan

personalities became prominent on the international scene, and Libya made its diplomatic presence felt in international organisations.

Yet mistakes were made during this period with regard to the concept of institutionalisation. Thus, a socio-political model was adopted that lacked balance between State and society in terms of fulfilling public functions and economic activity. Indeed, the State sought to fulfil all public functions, without any contribution from society, and dominated most economic activity, leaving no role for society to play. During the period of sudden transition from extreme poverty to extreme wealth, resulting from the discovery of oil, numerous flaws became apparent. Indeed, as oil was discovered in 1958 and national income rose, a "rentier" tendency began to rear its head. With time, this tendency led to lowering citizens' level of productivity and raising the level of their dependence on financial and in-kind entitlements and services provided by the State. The economic boom that came with the discovery and export of oil was not accompanied by a fair distribution of wealth. This led to a decline in the popularity of the Monarchy, which also suffered, at the political level, from shortfalls when it came to resolving the issue of royal succession (Mogherbi, 2005).

The movement of planning and policies then turned towards asking for foreign assistance in domestic development issues. This became clearly apparent in matters pertaining to the protection of the right to healthcare and the right to clean water and sanitation, which were at the time some of the most important socio-economic rights for society, after half a century of systematic violations. Libya received technical assistance in health matters from the United Nations and its specialised agencies, as well as from a number of its member States, through the appointment of technical experts to educate Libyans on healthcare.



## Institutionalisation and its applications under the Jamahiriya

During the period between 1969 and 2011, State institutions experienced instability at first, due to the change of regime, and the change in the philosophy and methods of State administration. Indeed, a non-traditional administrative philosophy was adopted, and non-traditional political institutions were established, as the country became a Jamahiriya, which is considered a mixture of various and sometimes incompatible political systems. This situation grew more acute after 1977, as there was a lack of clarity about the notion of the State in a broad sense, and flaws in the achievement of institutionalisation and in the establishment of stable institutions, within the context of the struggle between ideology and State at the time. This resulted in several crises and failures at the political, economic and social levels. Indeed, directly connecting all institutions to the Head of State led to instability in those institutions and disruptions of their administrative methods. New institutions were created that mirrored the old institutions in both description and function. Some of them were made to replace the old institutions, while others were integrated into diminished original institutions, and others still established in parallel to completely disabled older institutions. This was especially true when it came to the composition and structure of the military institution, where greater reliance was placed on the Security Brigades, which were granted additional powers, at the expense of the Libyan Army. The results of those ill-designed mechanisms, added to the adoption of centralisation in administration, included weakening the role of the three distinct regions of Libya, restricting all decision-making to the centre, and adopting extremely centralised institutionalisation and administration systems. The headquarters of all major national institutions were relocated to Tripoli, forcing Libyan citizens to travel to the capital to complete administrative procedures. Even in development, the capital was given priority at the expense of other cities and regions, in development plans carried out through foreign companies. The social contract was ended, and the constitution was replaced by the Green Book, as a form of constitution that had never been voted on. This lack of stability resulted in many challenges and distortions, as oil continued to be relied on as the sole source of income controlled by the Government, and as this income was disproportionately spent on armament and military matters. The policies that were adopted also resulted in weakening the private sector, especially after private sector projects were nationalised and real estate ownership transferred in accordance with maxims like “homes belong to those who live in them” and “partners not employees”.

When it comes to political representation, the Jamahiriya regime at first maintained standards of competence, seniority and expertise, but then the Government began

to appoint public figures, who had no political experience but were popularly selected through People’s Congresses, to political representative positions abroad. While this approach did achieve a kind of justice in distributing public positions among the different components of the Libyan people, it also allowed mostly unqualified individuals from outside the diplomatic corps to represent Libya abroad. Similarly, inside Libya, leadership positions were filled by having their occupants selected by the General People’s Congress (the Parliament), with consideration given to geographic distribution and the representation of different components of society (to a certain extent).

With regard to the country’s tribes, the Jamahiriya regime focused on giving them a greater role and making them essential partners in Government. It thus made sure that every Government cabinet would be formed on the basis of a kind of reasonable geographic balance between tribes and other components of the Libyan population. The role played by the tribes was also instrumentalised by the ruling regime on several occasions, both domestically and abroad. This was clearly noticeable in the creation of special formations just for this purpose, such as the Gathering of Libyan Tribes. It was also apparent in the repeated visits to tribes for the signing of pledges and swearing of oaths, and in the mediation of tribal leaders to resolve political and security problems both at home and abroad.

As far as international cooperation was concerned, it was greatly reduced with international organisations, including United Nations development organisations. This can be seen in the scarcity of data provided by the Libyan State in the reports issued by United Nations agencies prior to 2011. The main reason for this is perhaps that the ruling regime feared that its military data might be exploited by its adversaries, and used to undermine the stability of the State. Within this context, Libya joined a number of international legal frameworks. It focused on efforts to create a union of African countries, unite Africa, and even attempt to mint a unified currency. This led to the establishment of the African Union, from which a number of organisations were later derived, such as the Community of Sahel-Saharan States and others.

## Institutionalisation during the transitional period (2011-2020)

Following the start of the transitional period in 2011, the failure of institutions directly contributed to the descent into violence and the eruption of conflict in Libya, following the start of an electoral process that promised a safe political and constitutional transition. This failure was the result of several factors, most prominently the country’s ill-designed network of institutions and jurisdictions, especially when it comes to high-ranking sovereign and representative positions. It was also the result of weak capabilities and poor



institutional performance on the part of those in charge, whether they were individuals (political representatives, public figures, etc.) or public entities and platforms (political parties and groups, etc.). The process of designing a network of institutions and jurisdictions was affected by struggles for power and attempts to gain as much of it as possible. As a result of this infighting, the constitutional structure was compromised from the very beginning, and work was never done to avoid the problem of disruptions to the principle of the separation of powers. In addition, the transitional period experienced the monopolisation of the constitutional process by dominant political forces, and their refusal to design a participatory process that would be managed with contributions from societal forces and ordinary citizens. This period also witnessed the emergence of power-sharing institutions among political forces. Ultimately, as a result of power struggles and constitutional disruption during the transitional period, the situation in the country deteriorated at every level.

The failure of institutions also resulted in the dissemination of weapons all over the country, and worsening foreign interference. This in turn led to crippling the process of restoring security, in the absence of structured and organised security institutions capable of achieving it during the transitional period. The armed conflict itself led to very acute political and institutional division, reaching up to executive and legislative institutions, and affecting judicial institutions. This also contributed to the eruption of the civil war, and to deepening tribal and regional conflicts.

The role played by the country's tribes grew even broader after 2011, as they became involved in the armed conflict, and encouraged their members to take up weapons and fight (on both sides). The tribes created armed formations, some of which are still active today, got involved in the political and military process to a considerable extent, and drove their members to assume positions in the State. They thereby secured their own share in the power-sharing game over civilian and military sovereign positions. The tribes even broadened their role beyond the country's borders, through visits to foreign countries in support of taking certain directions domestically. Examples of this include the visit of Libyan tribal leaders to Egypt, where they met with the Egyptian President, and visits by some tribal leaders and sheikhs to the United States of America, France, the United Arab Emirates and others.

In terms of international cooperation, successive Governments attempted to play a role that would strengthen the positioning of Libya on the international scene. They thus allowed international organisations and institutions to work in Libya in all sectors contributing to the reconstruction process. Organisations currently working in Libya include the United States Agency for International Development (USAID) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), as well as United Nations agencies, such as the United Nations Development Programme (UNDP), the World Health Organisation (WHO) and others. However, political and military changes have given rise to a real challenge facing those organisations and their ability to achieve any positive results from their action on the ground.

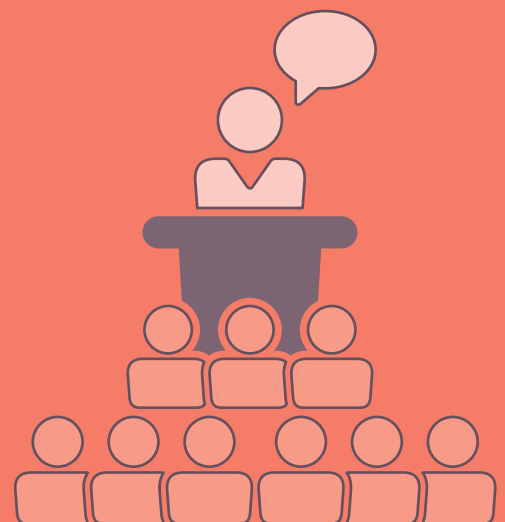
During the transitional period, demands for the adoption of a decentralised federal system have emerged. Such demands were often grounded in the predominance of the administrative heritage of the previous era, when attempts were made to combine decentralisation

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Dialogue  
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**262** Libyan  
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involved



with multipolar centralisation. They were also rooted in the influence of the centralised governance mechanisms that were used during the pre-2011 era. This is what made these demands persist beyond the era to which they belong. At first, the suggestion of federalism was viewed as a gateway to dividing Libya, having been misunderstood and not having been sufficiently explained by its supporters. Yet after the armed conflicts and wars that have been raging since 2011, the federal solution has become the closest thing to an ideal solution. Indeed, at this point, it is the one best suited to preserve the unity of Libyan soil; preserve the social fabric shared by its citizens; achieve the fair distribution of resources; contribute to real spatial

development; and put an end to the pretexts for war and infighting. Innovative and creative solutions should thus be explored that would allow for the creation of a mixed system, one that would bring together the positive aspects of both decentralisation and centralisation, and avoid their negative aspects. Some political forces have made sure to assert that their demands for decentralisation are made within the context of their complete conviction of the unity of the Libyan nation, and that decentralisation would strengthen this unity and not take away from it. Nevertheless, these demands were still met with a number of accusations that cannot be further discussed here.

## I. Methodology

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Over the course of an entire year, the ESCWA team conducted preliminary studies to identify and analyse the challenges facing Libya at the institutional level, relying on official statements issued by Government officials. The research team then recommended reform mechanisms to improve the work of institutions in Libya. Their recommendations were presented to 88 Libyan experts, so that they may assess them, suggest additions and provide appropriate clarifications. Priority issues were then identified, particularly when it comes to State-building, regional integration and international cooperation. These recommendations were then discussed in a wide-ranging societal dialogue, which included various different social groups, including public and private sector employees, people with disabilities, and representatives from every region of Libya. This dialogue went on for eight sessions,

with discussions involving 262 Libyan participants, and over 857 written submissions received. All of these efforts led to a set of important recommendations and priorities for the preparation of a unified national vision for the future. All of the data previously obtained were then gathered, reformulated and presented in a validation session, with the participation of 81 Libyan citizens of diverse backgrounds.

A deductive method was adopted, as a basis for evidentiary thinking, to reach conclusions from the evidence connected to the process of building State institutions, and to refine relevant recommendations into effective policies and measures. Meanwhile, a historical approach was used to take stock of historical events connected to institutions and the State, in such a way as to help understand the present state of affairs.

## II. Recommended options and policies

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### Unifying institutions

The current institutional division is considered the greatest challenge to face the process of building the capabilities of the State in Libya in a long time. Institutional division has had a considerable effect on the performance of many institutions after they were divided, as well as on the level of public services being provided to citizens, especially after the division of the legislative and executive institutions. The political agreement signed in the Moroccan town of Skhirat in December 2015 has widened the rift between warring factions, increased the pace of conflict, fighting and proxy warfare, and entrenched the problem of the division of Parliament. Ultimately, all of this has had a negative impact on State institutions and their performance.

Institutional division in all its forms has given rise to major challenges, including:

- Excessive spending and expenditures in existing and functioning institutions, including operating costs, salaries and wages.
- Extravagant hiring and posting, both domestically and abroad.
- Decisions and administrative measures taken by one Government being met with counter-measures by the next.
- Ill-designed decisions being issued, in view of the lack of documentation and background information. This has exhausted the State Treasury and led to squandering public

funds in struggles to prove the legitimacy and rightful representation of each of the warring factions. Ultimately, with political division and unqualified representatives, this has only led to wasting the Libyan people's money.

- Rebellions against officials under the pretext of political division, especially among affiliated parties, and heads of institutions changing their affiliation for personal gain.
- Challenges to court rulings, and to the judiciary and the decisions it issues, especially when it comes to relief of duty, with former officials continuing to represent institutions illegally, making them liable for financial and legal commitments, and in some cases seeking international support to keep their positions.

### Institutional and governance reform

Libya has so far lacked clear visions and programmes on the priorities of institutional reform and the principles of good governance. This has been due to the lack of political will and of appropriate circumstances for reform and improvement, especially at the present time. Yet past efforts have actually yielded a number of visions. Thus, for example, Monitor Group was tasked with presenting a national strategy, which it did in 2006. Yet this strategy was criticised for having ignored the political and social aspects of issues, and having focused instead on their economic aspect. In 2007, the Centre for Research and Consulting at Garyounis University was tasked with preparing a 2025 vision, which was supposed to include the economic, political and social aspects of issues. Those strategies were in fact adopted and some positive results were noted, such as with the attempt to diversify the private sector economy, the creation of the Economic Development Council, and others. Yet the events of 2011 put an end to the implementation of these strategies, in view of the complete

change of regime. Then in 2012, the National Planning Council, affiliated with the General National Congress, tasked a number of Libyan experts with preparing a Libya 2040 vision, which was considered an extension of the 2025 vision. In spite of this, it was not adopted by any of the successive Governments. In 2013, the Interim Government appointed a committee, made up of fifty Libyan experts in different fields, tasked with developing a Libya 2030 vision. The latter was nearly fully developed, but was never presented in writing to the Interim Government.

It is worth mentioning in this context that capacity-building is not a goal in itself, but rather a means for achieving several security-related, economic and social goals. These goals can be summed up in the reform of State institutions and the improvement of their performance, such as to ensure the presence of an effective, responsible and comprehensive administration. Their success would achieve sustainable peace and stability, spark real national development, and ensure the application of the principles of good governance in all parts of the administration. It would also help this approach for those institutions to be efficient and transparent, built on foundations of accountability, responsive to the needs of citizens, and able to perform the functions and tasks of the State. All of this would be within the framework of a comprehensive process of reform, and a transition from the rentier model to an alternative, diversified and non-monolithic economic model.

### Decentralisation and local governance

The creation of modern Libya relied on a mixture of ideas derived from federalism, broad decentralisation and multipolar centralisation. Broad decentralisation and multipolar centralisation are both suited to countries in which natural components (such as tribes or extended families) and cultural components have a strong social



presence. Broad decentralisation is also suited to a geographic and demographic pattern in which a country would have a limited area, with most of its population concentrated in a narrow patch of land, and living in small family groups or as independent individuals.

An extremely centralised administrative style is no longer viable, with popular demand for self-administration, and the inability of the central administration to provide services and achieve economic goals. The central administration has also been unable to find appropriate solutions for issues stemming from the country's vast geographical area, rising tensions and successive conflicts and wars (all of these problems being a direct result of the rentier State model found in Libya). Decentralisation and local governance therefore represent the choice and alternative that is best suited to public and economic administration in Libya. The country should thus seek to adopt a decentralised system grounded in preserving its unity, sovereignty and internal cohesion, in accordance with clear standards that would preclude personal, regional and foreign exploitation, and would help achieve comprehensive spatial development. Yet local governance, as an alternative to the centralised model of Government, requires strengthening transparency, adopting comprehensive oversight mechanisms, and including the partnership of civil society organisations and other oversight entities, to identify deviations and shortcomings in public administration.

### Supporting the capabilities of the State in international cooperation and integration

As the main foundation for State-building, no political system can be described as an active entity at the international level if it does not possess the elements of international cooperation. The level of international cooperation and integration is determined by a number of conditions, most prominently a country's level of political and security stability, its economic progress based on the volume of its economic activity, its credibility in implementing international agreements, and its adherence to international law.

There are difficulties and challenges to providing these elements under the current circumstances in Libya. No predictions can be made about what could be achieved in this context until the State has successfully completed major stages of the process of building and strengthening

the efficiency and competence of its institutions. The latter must show themselves to be capable of handling political, social and economic contradictions in society. Furthermore, it will be necessary to come to an agreement on administrative style, adopt a suitable constitution, and impose the rule of law. Indeed, international cooperation takes place between States and their institutions, not between political parties, entities and movements.

Libya today faces an international and regional struggle to influence its economic decisions, and to redirect the process of exploiting the country's resources and economic foundations in favour of certain foreign countries. The latter are deliberately exerting pressures under the pretext of human rights and of strengthening democracy and good governance, while deepening existing divisions, supporting warring factions, and strengthening certain ideological movements. The situation thus requires linking State-building efforts to those of limiting the repercussions and effects of such foreign interference.

### Building a modern State

For a modern State to improve its institutions and structures does not necessarily mean that it is separating itself from the structure of the State as it exists in society, nor does it mean that it seeks to become a completely new State. The rise of the modern State is connected to its capacity-building, which in Libya today remains insufficient, due to the complete powerlessness of the existing State, resulting from repeated conflicts, wars and development failures. This requires developing multidimensional policies to make State institutions effective at achieving the desired goals. This is especially true as globalisation, and the situation produced by the overlap of domestic and foreign environments in political and economic matters, require continuous improvements to State institutions, their structures and their functions. Building a modern State would require strong foundations, most prominently that of a citizenship State in which everyone would share the same rights and obligations. Such a citizenship State would be grounded on a social contract and constitution, the separation of powers, not involving institutions in ideological disputes, meeting the social and economic needs of citizens, and creating a competitive system capable of positioning itself in the global economy.

## III. Moving forward

### On unifying institutions

Achieving a comprehensive political solution, forming a national unity Government, and unifying institutions all represent imperative popular demands. Unifying institutions to meet those demands would require taking a number of measures and steps to deal with the current situation of institutional division. These can be summed up as follows:

- Supporting central institutions and strengthening their independence, so that they may represent a foundation for unifying divided institutions.
- Working to unify institutions in collaboration with the Ministry of Planning and the National Planning Council.
- Unifying the main institutions, starting with the Central Bank of Libya and the State Treasury, and ensuring that the Constitutional Court fulfils its function of protecting key institutions.
- Merging the institutions that were created following the Skhirat Agreement with existing institutions, and developing effective methods to deal with their problems.
- Supporting institutions that have preserved their unity, such as the Civil Registry Authority, the Tax Authority, the Customs Authority, the Passport Authority, the Great Man-Made River Authority, and others.
- Supporting institutions that supply society with energy, such as the National Oil Corporation and the General Electricity Company.
- Unifying the boards of directors of public institutions like the airlines, airports and seaports.
- Unifying salary and wage procedures in a single system that cannot be abused in the future.
- Allowing for bank clearance across all branches and in all parts of the country.
- Strengthening coordination among mid-level administrations in all institutions.
- Activating the role of non-State actors in the process of unifying institutions.
- Restoring trust in the State and its institutions by focusing on the concept of national identity.
- Raising awareness in society about the importance of unifying institutions.
- Spreading the culture of unified institutionalisation, in such a way as to prevent the dismantling of complex institutions.

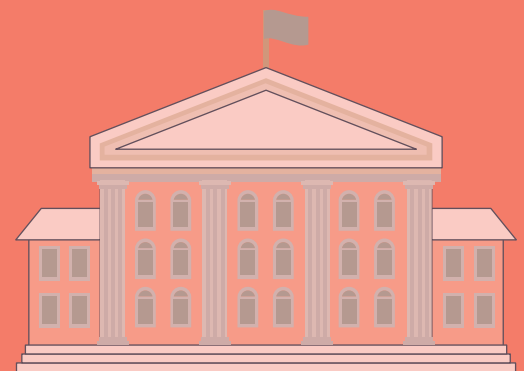
### On institutional and governance reform

The process of reforming and improving the capabilities of State institutions, and of developing the general framework within which laws and decisions are drafted and implemented, is one of the utmost

**Supporting  
the capabilities  
of the State in  
international  
cooperation and  
integration**

**Decentralisation  
and local  
governance**

**Institutional  
and  
governance  
reform**



importance. It should be made the top priority of the State capacity-building process, by taking the following strategic steps and measures:

- Creating an institution or formal body that would take charge of the process of institutional and governance reform, as well as the process of training personnel and improving administrative leadership, as per the standards and requirements of good governance, which should be applied in both the public and private sectors.
- Working to instil the principle of competitiveness, while making sure its requirements are met as per international standards, and directing relevant authorities towards improving the level of competitiveness in the Libyan economy.
- Redistributing central and vital institutions among the different regions, in such a way as to achieve comprehensive institutionalisation.
- Improving the economic unit acquisition programme, especially for companies that have stopped working or are struggling.
- Focusing on raising the capabilities of institutions connected to economic activity, such as the land and trade registries, or those of public property, urban planning and taxes.
- Revising the laws that govern the work of administrations.
- Developing mechanisms for administrative, organisational and financial control in State institutions, by improving administrative and financial jurisdictions and structures, building human capabilities, recommending organisational structures, and restructuring staffing systems in such a way as to ensure an effective resolution of the phenomenon of excessive staffing.
- Finding an effective mechanism for monitoring and oversight within institutions.
- Hiring and promoting on grounds of merit and competence, and linking the salary and incentives system to productivity and the quality of outcomes.
- Including women and young people in leadership and high-ranking positions in State institutions.
- Developing the work of State regulatory agencies, strengthening them, and appointing the right people to head them, as per internationally recognised technical standards.
- Developing a professional code of conduct for every State institution, such that it may become their working method and the framework for improving their performance.
- Developing a comprehensive national strategy to implement good governance, and revise and update legislation connected to governance, to keep pace with both domestic and international changes.
- Spreading societal awareness about the standards of good governance, and the importance of applying them in the face of the culture of corruption, and strengthening the role of civil society organisations in instilling and applying the rules of good governance.
- Developing education curriculums to support the culture of institutionalisation and the rules of good governance.
- Making use of information technology to achieve a safe and efficient transition to e-Government and a digital system.

### On decentralisation and local governance

There is a need to redouble efforts and take strategic measures to build and strengthen decentralisation and local governance in Libya, on both the short and medium term. The most important of these strategic measures are the following:

- Strengthening the decentralisation method between the centre and the periphery, such as to achieve local governance and administration in principle, and link it to spatial development to ensure its success and survival.
- Developing a legal framework to govern the relationship between the centre and the periphery.
- Developing financial rules to govern the work of localities, such as to ensure financial competence when it comes to spending and collection.
- Reaching an agreement on how the country's resources should be managed, and putting their revenue to use as per agreed-upon mechanisms, such as the establishment of duty-free zones or spatial development, in line with the particularities of each region in terms of natural resources and needs.
- Giving localities sufficient powers and authority to allow them to develop local development plans and programmes.
- Maintaining objective and economic standards when delineating and establishing governorates and municipalities.
- Building organisational and administrative structures in localities, and building up their human and technical capabilities.
- Strengthening societal participation by broadening the scope of women's participation in local governance and administration, as well as the scope of partnership with the private sector.

- Activating a mechanism to evaluate and assess institutional performance in local governance units, and applying the standards of good governance to ensure that corruption does not spread to localities.
- Spreading societal awareness about the independent management of local development, to avoid tendencies to secede and rebel against the centre and the decentralised administration.

### On supporting the State's capacity for international cooperation and integration

Preparing an environment that would promote international cooperation, and strengthen the State's ability to fulfil its functions, would require taking the following strategic steps and measures:

- Developing a comprehensive national framework to strengthen the role played by international aid in rebuilding the State.
- Strengthening human rights standards in both State and society, within the framework of international law.
- Supporting the country's ranking in international economic classifications.
- Developing and supporting a safe environment for international cooperation.
- Developing foreign policy mechanisms and instruments with a view to strengthen international and regional cooperation, notably through the following:
  - » Developing a strategy for international cooperation that would revolve around supporting economic development, the rule of law, the policies and frameworks of decentralisation, and a culture that would promote transparency and accountability and would combat corruption.
- » Establishing a channel in (or outside) the Ministry of Foreign Affairs to coordinate international cooperation with other sectors.
- » Enacting legislation to govern international cooperation, its fields of action and its goals.
- » Intensifying cooperation with international organisations, such as the World Bank and the International Monetary Fund (IMF), especially in the economic and financial fields.
- » Relying on bilateral international cooperation when it comes to international aid, as the assistance provided by individual countries is more important than the one provided by the United Nations.
- » Turning to countries with sound experience to benefit and cooperate in the fields of education, healthcare, social protection, national development, human rights, transport, energy, alternative energy, and digital Government.

### On building a modern State

Building a modern State requires basic foundations that can be laid by taking the following steps:

- Restructuring the system followed by the State in line with domestic and international changes.
- Drafting public policies grounded in national strategic plans in which goals are set, implementation mechanisms are recommended, and responsibilities are assigned.
- Revising the organisational structure of existing institutions, and updating them in line with technological and political changes.

## IV. Conclusion

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Institutions are the most effective tool the State has to fulfil its essential functions and tasks, particularly those of achieving security and stability, and building sustainable peace. Indeed, the presence of effective, responsible, comprehensive and competent institutions is the necessary prerequisite for economic development, and the true guarantee of sustainable economic wealth and gains.

A modern State in Libya would be one that relies on a new social contract that establishes relationships between individuals, the State and society. The constitution would be the primary institution of such a State, and the only guarantee of the achievement of long-term socio-

economic goals. This would allow the country to transition from a rentier economic model to one that is diversified and competitive, and to position itself in the global economy.

The process of building the State and its institutions is subject to the circumstances Libya has been through, and to the needs and aspirations of its citizens. This imperatively requires a lucid response to those circumstances and needs, as well as to the changes and challenges institutions in Libya have been through since the country's independence, all while steering clear of efforts and attempts to apportion power, influence and wealth.

# List of Publications Issued by the Libya Project

Document Number	Title	العنوان
E/ESCWA/CL6.GCP/2020/TP.3	An Introductory Study on the Status, Challenges and Prospects of the Libyan Economy Part I of a Baseline Study for the Libya Socioeconomic Dialogue Project	دراسة تمهيدية عن الاقتصاد في ليبيا: الواقع والتحديات والآفاق الجزء الأول من دراسة أولية لمشروع الحوار الاجتماعي والاقتصادي الليبي
E/ESCWA/CL6.GCP/2020/TP.2	An Introductory Study on the Status, Challenges and Prospects of the Libyan Society Part II of a Baseline Study for the Libya Socioeconomic Dialogue Project	دراسة تمهيدية عن المجتمع في ليبيا: الواقع والتحديات والآفاق الجزء الثاني من دراسة أولية لمشروع الحوار الاجتماعي والاقتصادي الليبي
E/ESCWA/CL6.GCP/2020/TP.1	An Introductory Study on the Status, Challenges and Prospects of Governance and Institutions in Libya Part III of a Baseline Study for the Libya Socioeconomic Dialogue Project	دراسة تمهيدية عن الحوكمة والمؤسسات في ليبيا: الواقع والتحديات والآفاق الجزء الثالث من دراسة أولية لمشروع الحوار الاجتماعي والاقتصادي الليبي
E/ESCWA/CL6.GCP/2020/TP.8	The economic cost of the Libyan conflict	الكلفة الاقتصادية للصراع في ليبيا
E/ESCWA/CL6.GCP/2020/TP.5	Economic cost of the Libyan conflict Executive Summary	الكلفة الاقتصادية للصراع في ليبيا ملخص تنفيذي
E/ESCWA/CL6.GCP/2020/2	Benefits of Peace in Libya :Neighbouring Countries and Beyond	السلام في ليبيا: فوائد للبلدان المجاورة والعالم
E/ESCWA/CL6.GCP/2020/2/ SUMMARY	Benefits of Peace in Libya :Neighbouring Countries and Beyond Executive Summary	السلام في ليبيا: فوائد للبلدان المجاورة والعالم ملخص تنفيذي
E/ESCWA/CL6.GCP/2021/TP.1	Vision for Libya: towards prosperity, justice and strong State institutions	رؤية لليبيا: نحو دولة الازدهار والعدالة والمؤسسات
E/ESCWA/CL6.GCP/2021/ POLICY BRIEF.1	Towards an inclusive national identity in light of a just citizenship State	نحو هوية وطنية جامعة في ظل دولة العدالة المواطنة
E/ESCWA/CL6.GCP/2021/ POLICY BRIEF.2	Social protection system	منظومة الحماية الاجتماعية
E/ESCWA/CL6.GCP/2021/ POLICY BRIEF.3	Human capital, youth and women empowerment, and the integration of militant forces	رأس المال البشري وتمكين الشباب والمرأة ودمج المسلحين
E/ESCWA/CL6.GCP/2021/ POLICY BRIEF.4	The role of the State in sustainable economic development and the strategic positioning of Libya in the global economy	دور الدولة في التنمية الاقتصادية المستدامة والتموضع الاستراتيجي لليبيا في الاقتصاد العالمي
E/ESCWA/CL6.GCP/2021/ POLICY BRIEF.5	Strengthening the State authority and the rule of law through a fair and independent justice system, and human security based on human rights and the principles of comprehensive justice	تعزيز سلطة الدولة وسيادة القانون في ليبيا: دور مبادئ حقوق الإنسان والعدالة الشاملة في إرساء منظومة مجتمعية عادلة، وقضاء نزيه ومستقل، وأمن إنساني مستدام
E/ESCWA/CL6.GCP/2021/ POLICY BRIEF.6	Restoring trust and reconciliations to establish a national charter	ترميم الثقة والمصالحات: الطريق نحو تأسيس ميثاق وطني ليبي
E/ESCWA/CL6.GCP/2021/ POLICY BRIEF.7	Building a State of institutions, regional integration and international cooperation	بناء دولة المؤسسات والتكامل الإقليمي والتعاون الدولي
E/ESCWA/CL6.GCP/2021/ POLICY BRIEF.8	Mechanisms for economic reform and recovery	آليات الإصلاح والتعافي الاقتصادي



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