



Governance assessment team interviewing NTC head  
Mustafa Abdul Jalil, July 18, 2011.  
Sanjay Gurung/Mercy Corps

## Beyond Gaddafi: Libya's Governance Context

### Executive Summary

August 2011

Over 6.4 million Libyans are living out a historic transition: emerging from 42 years of harsh authoritarianism towards a democratic state wherein the people are the source of authority. There is urgent need for the international community to understand the country's immediate governance issues in order to effectively support the people of Libya.

### ABOUT THIS STUDY

In July 2011 Mercy Corps and The Governance Network™ (TGN) teamed up to carry out an assessment of the immediate governance issues facing Libya. Combining Mercy Corps' world-wide experience in civil society capacity building and local governance with TGN's expertise with governments in transition and public sector development, the assessment aimed to identify areas where international assistance would be of use in Libya and to examine the greatest potential barriers to success of internationally supported interventions. The team traveled to Benghazi, Derna, Al Badyia and Tobruq to conduct interviews with over 40 NTC members, government officials and civil society leaders. The team held focus group discussions with youth, the media and academics, as well as hosted a civil society roundtable in Benghazi. The fully qualitative process provides illustrative examples that depict the current context from which six major themes emerged. It was, however, only an initial step and more detailed assessments, in close partnership with Libyan groups, will be important to determine specific needs and programming options in what remains a very fast evolving environment.

This assessment was led by Dr. Jim Armstrong, President of The Governance Network, and Dr. Sanjay Gurung, Mercy Corps Senior Program Officer for Governance, with assistance from Mercy Corps staff in Libya.

Since the uprising began February 17, 2011 ongoing fighting between forces loyal to Colonel Muammar Gaddafi and opposition forces connected with the National Transitional Council (NTC) has created a chaotic governance context. NTC leadership is focused first and foremost on resolving the military conflict, then on holding the opposition actors together and guiding the nation towards a transition that has been indefinitely delayed; civil society is striving for a system that ensures trust and prevents a backslide towards old patterns.

The widely held notion that appointing "honest people" will address the corruption rampant under Gaddafi and bring about profound change falls short of an effective strategy for improving governance. As Dr. Lamia Bousedra of the NTC's Executive Office of Cultural and Civil Society remarked, **"Goodwill is running the country now, but soon we have to build real institutions with real participation by the people."**

An overarching theme of the Mercy Corps/The Governance Network assessment was the tremendous enthusiasm and goodwill about Libya's future expressed by public sector, private sector and civil society informants alike. A strong sense of ownership in the transition on the part of diverse Libyans reminds all actors of the importance of an inclusive process going forward. The main point tempering this optimism that the assessment heard repeatedly was entrenched corruption and lack of leadership capacity which plagues Libya's public sector and certainly influences both civil society and the private sector. Four decades of highly centralized decision-making practices limited capacity in policy development and implementation acumen. Dysfunctional military and security establishments, and limited to non-existent community and business support mechanisms further contribute to Libya's challenging governance context.

Civil society has expanded massively since February 2011, reflecting the significant hope and determination of a population in the process of liberating themselves and eager to help lead what is next for the country. At the same time, citizens have organized themselves in an effort to meet urgent humanitarian needs. The NTC is responding by creating institutions with the goal of building civil society organization (CSO) capacity and to better engage the sector. The assessment found that these moves are being received with mixed reactions – some believe new CSOs are vehicles for future political ambitions, others see the influx of organizations as a trend due to expire in time and others welcome CSOs' role in holding government accountable

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to citizen needs. Relationships within the sector have been influenced by the strong roles of civil society in the revolution, a priority currently overshadowing other work and capacity of organizations.

The assessment also considered Libya's private sector, to the extent it relates to current and future governance issues. The reality is that formal business has been almost completely intertwined with Gaddafi's state. Current, reliable unemployment figures are not available and regulatory frameworks are nonexistent.

Based on this information, six key themes emerged with regards to the current governance context in eastern Libya, which will be important for the entire country in the coming months and years.

1. There is a critical gap in leadership due to deliberate strategies of the old regime; concepts of leadership focus on administration rather than service or management.
2. There is a generational divide; youth want to see comprehensive changes in governing systems during the transition rather than waiting until stabilization is achieved to make changes.
3. Gaddafi's influence is deeply embedded in the Libyan psyche and new leadership risks underestimating this legacy in managing public expectations about the extent and pace of change.
4. Transparency around transition planning is limited.
5. Citizens are longing for greater participation in planning Libya's future.
6. Opinions are mixed about the need for international assistance, influenced by the NTC's confidence in Libya's indigenous expertise and suspicion of international interests.

A number of governance priorities are becoming increasingly clear. Immediate needs include:

- Facilitating meaningful dialogue between citizens and government about the future of the Libyan state;
- Negotiating afresh the relationships and associated laws and policies between the new government, nascent civil society and the private sector;
- Determining how to reform ministries and reintegrate old regime technocrats;
- Demonstrating the establishment of effective institutions to sustain citizens' trust in the short term and to deal with the most significant concerns of citizens in the long term;
- Capitalize on new-found national identity to further develop an emerging sense of citizens' responsibility.

That foundation will support additional goals the assessment heard from diverse Libyans: curbing corruption, reconciliation between beneficiaries of the former regime and those who suffered from it, legitimizing the legal system, establishing property rights, and devolving government run commercial enterprises.

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## Introduction

Libya's position on the United Nation's Human Development Index (HDI) is significantly better relative to its neighbors. Though the former regime was brutal, citizens received public benefits, including heavily subsidized energy and food, as well as easy access to education and health care. However, **governance indicator ratings are extremely low – only Yemen ranks worse.** Under the Gaddafi regime, Libya ranked last or second to last in the region in four of Kaufman and Mastruzzi's five Worldwide Governance Indicators categories: government effectiveness, control of corruption, rule of law, regulatory quality, and voice and accountability.

The February uprising up-ended Libya's leadership, thereafter the National Transitional Council (NTC) was established, which became official on March 5<sup>th</sup> in Benghazi. In its own words, "the aim of the National Transitional Council is to steer Libya during the interim period that will come after its complete liberation and the destruction of Gaddafi's oppressive regime. It will guide the country to free elections and the establishment of a constitution for Libya."<sup>1</sup> The 31 NTC members represent eight regions of Libya and have backgrounds in law, government, community organizing, academia and business.<sup>2</sup> They anticipate additional members will join the NTC from the remaining central and southern regions, as well as Tripoli, as the battle for control of territory continues.

It is in this context that Mercy Corps and The Governance Network launched their assessment. The following sections summarize key findings with regards to the current governance context in eastern Libya. At the time of the assessment access to Western Libya was severely restricted by the ongoing conflict<sup>3</sup> and the team was unable to conduct interviews with technocrats currently involved with Gaddafi's government. Presently, the NTC has been recognized as the country's legitimate governing authority and an assessment based in Benghazi informs national-level concerns. The findings are not conclusive or prescriptive, but rather seek to illustrate some of the change-context issues that Libyan society, new Libyan leadership and the international community will have to grapple with as efforts to transition to a better governed Libya commence.

The following sections provide more detailed findings about the critical issues facing Libya's public sector, civil society and private sector at this juncture.

## Public Sector

### Experience Vacuum

One of the unique aspects of the Libyan situation, and what differentiates it from Egypt and other neighbors undergoing major transitions, is that there are few public institutions, such as a military or established ministries, upon which to build. This could very well be an advantage for Libya if there is: (a) honesty on the part of Libyan and other groups supporting public sector development about the very basic level from which they are starting; (b) a commitment to design and build institutions to address the aspirations of Libyans themselves; and (c) a focus on responding to the unique Libyan context.

The assessment's review of the public sector was limited by the fact that access to former government officials was minimal, as many are keeping a very low profile for fear of reprisals. While the situation may appear calm, it is still very uncertain.<sup>4</sup>

- 1 Introducing the Council. <http://www.ntclibya.org/english/about/>
- 2 Key Figures in Libya's Rebel Council. <http://www.bbc.co.uk/news/world-africa-12698562>
- 3 Concurrently to the governance assessment, Mercy Corps conducted a conflict assessment and will be utilizing the findings for integrated programming follow up.
- 4 Following the departure of this assessment team on the 26<sup>th</sup> July the rebel commander Abdel Fatah Younis was killed under mysterious circumstances on the 28<sup>th</sup> of July. Even though he was the highest ranking defection from the Gaddafi army and made all the right moves, rumors that he was killed for his former affiliation are widespread.

### Size and Functions of the Public Service

There is a great deal of ambiguity about the composition of Libya's civil service.

Estimates of the percentage of total civil service that are civil servants range from 10% to 90% with more realistic numbers being on the high side.<sup>1</sup> Many public service functions have been contracted out and the government developed and owned many, if not most, private sector enterprises – in transportation and communication, agriculture, construction, financial services (five of Libya's six banks are government owned), manufacturing, mining, electricity, gas and water. Added to these estimates is the indeterminate percentage of the population that receives regular payments from the government. Public sector wages are very low but basic commodities are heavily subsidized.<sup>2</sup> Hence a very large portion of the labor force is, in one way or another, receiving public financial support.

- 1 The International Stabilization Response Team (ISRT) determined that the public sector accounted for 70% of the workforce. <http://www.dfid.gov.uk/Media-Room/Press-releases/2011/First-ever-international-Stabilisation-Response-Team-deployed-to-Libya/>
- 2 Otman, Waniss and Erling Karlberg. *The Libyan economy: economic diversification and international repositioning*. Berlin: Springer-Verlag. 2007.

The officers and staff in most newly established executive offices had no previous experience in the old regime. They are volunteers, many from academic institutions, who are eager to complete the transition and return to their former lives of teaching and research. It is an open question who has the experience to step into this void.

### Rampant Corruption

The one area upon which all consulted for the assessment agreed was that corruption was the main characterization of the public sector. As Dr. Mohamad Saad Ambarek, President of the Libyan International Medical University and Head of the Consultative Support Group (CSG),<sup>5</sup> said,

*“Fighting corruption and the legacy of the previous regime that encouraged such practices will be a big challenge. There is a belief that stealing from the public sector has been seen as nothing wrong in the past; this attitude needs to be changed. Systems have to be placed to discourage such practices. Capacity building and restructuring is needed. The right to say what’s right and wrong without the fear which brought about the revolution is a good start to fighting corruption.”*

Throughout the country concrete shells of uncompleted structures meant to be hospitals, housing complexes, and stadiums stand as monuments to a corrupt system unable to manage the completion of minor and major projects. A frequent reason a project was not completed was that the designated funds had been diverted to other projects on the whims of the Gaddafi family. This resulted in major cost overruns and time delays. At the same time all payments were centralized, necessitating sizable and time-consuming extractions of cash from those who processed payments. It is noteworthy that many interviewees at the community level stressed the need for institutional and technical capacity building of the public sector to make the system more accountable.

Most respondents perceived the private sector as “being able to do whatever they want” and found it hard to conceive of government or the public service as the developers and stewards of anything like a regulatory framework. Libya ranks extremely low on regional and international regulatory quality indices. **Compared with 210 countries, Libya is just ahead of Somalia in terms of regulatory quality.** Of course, this weakness provides an ideal medium for corruption.

### Over-Centralized Decision Making

Virtually all government services and enterprises controlled by government, including local government, were managed from Tripoli, with little regional or citizen input into policy or program development or implementation. Managers and leaders of virtually every level were hired based on their loyalty to the regime and placed in various regions or operated out of Tripoli. It was reported by several key informants, including historian and activist Mr. Mohammed Jaber, that changes in policy and procedures felt completely arbitrary, leading to a high degree of unpredictability and a lack of ability to implement policy. **The remoteness of policy development and decision making from those it directly affects may be a significant contributing factor to the attractiveness federalism now has to the vast majority of the people interviewed for the assessment.** The notion of participatory decision making is still foreign. The assessment team encountered a great appetite amongst youth and civil society to participate in decision making about the future of Libya, however there is practically no domestic experience in participatory decision in Libya. Similarly, there is very limited experience with or capacity to synthesize divergent views into coherent government policy or programs.

<sup>5</sup> The CSG is a group of 250 Libyan academics convened to support policy development and advise the NTC, further discussed in the Private Sector analysis below.

“The entire wheat market chain is sustained by government subsidization, which insulates market actors from risk, fluctuations in foreign markets, and ensures a constant supply of inexpensive bread to Libyan consumers. The Price Stability Fund (PSF) pays for the milling of about 30,000 MT of imported wheat each month. PSF’s presence in the market chain is primarily around the warehouses – verifying flour coming in from mills and flour going out to bakeries. Anecdotal, informal conversations in Benghazi suggest a significant amount of the monthly flour subsidy was compromised by corruption. The most skimming happens in the form of ‘ghost bakeries’, which are entities registered as bakeries that do not bake bread or, in many cases, even have a storefront. The ghost bakeries take receipt of their monthly allowance of flour, at a cost of around 2-3 LYD per 50 kg bag, and then sell the flour on the black market, where wholesalers and retailers (who will repackage the flour into smaller bags, often in 1 or 2.5 kg increments) sell the bags to private bakeries, sweet shops, supermarkets and consumers for around 10 LYD per 50kg bag. It is actually more profitable for bakeries to sell the flour than it is to make and sell bread.”

*Emergency Market and Mapping Analysis (EMMA) report for Wheat Flour and Tomato market Systems eastern Libya May/June 2011*

- International Rescue Committee

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## Strategic and Financial Planning and Budgeting

There is no shortage of technical ability among Libyans in the areas of accounting and auditing. Based on reports and evidence of past performance, however, there is a huge gap between establishing meaningful strategic and business plans, linking them to a budget process and then implementing and evaluating those plans. The assessment heard repeatedly that **public budgets were doled out and changed at whim and funds and payments were withheld with little if any explanation, creating an unpredictable environment in which effective management was all but impossible.** For example, the cause of unfinished projects and programs in Benghazi is popularly believed to be Gaddafi's dislike for the region, however interviewees suggest that the problem extends throughout the country.

More significant however, is the complete absence of an accountability and performance management framework that articulates what managers are responsible for, how their performance will be monitored and what corrective actions will be taken to improve performance. While the importance of good accounting and auditing is recognized, the connection to strategic and business planning and managing performance is not. Going forward, it is inevitable that revenue generation will be uneven across the country so the need for business and financial management processes is closely tied to stability and equity under a federal system.

## Policy Analysis, Development and Implementation – Whose voices will be heard?

In the same February 26<sup>th</sup> meeting at which the NTC was established, a group of 250 Libyan academics formed the Consultation and Support Group (CSG) to support policy development and advise the NTC. The group's influence is evidenced by the NTC's adoption of two important documents developed by the CSG, 'A Vision of a Democratic Libya' and the 'Proposed Road Map',<sup>6</sup> which plots the way forward immediately following the end of the conflict. The CSG is now looking intensively at methods to deal with the development of a constitution, the regularization of the opposition forces and the disposition of weapons, an early election, reconciliation, addressing crimes against humanity, and restarting the economy. As well, Professor Toboli, chief of the CSG's Social Committee,<sup>7</sup> told the assessment team about their process of studying reconciliation models from South Africa, Germany, and the failed Iraqi model, so that they can make informed recommendations to the transitional government.

Going from a system in which there was no consultative process for policy formulation and related implementation, to the academic-centric CSG approach, is significant. However, conversations with other key informants suggest that this approach will present many obstacles. The CSG's Road Map, for example, proposes going from a constitution developed by the CSG to a public plebiscite with little, if any, opportunity for direct citizen engagement. The assessment heard from civil society, youth and community members that this is of particular concern with regards to assuring women's roles in policy decision making, and involving other historically marginalized groups.

## The Education System – Emblematic of the institutional reform challenges

Lack of infrastructure and corruption were the mainstays of the old system. There was constant interference from the regime. Selection processes for students were rife with corruption as children of connected people got preference in admission to courses. Over the years there has been an increase in the numbers of students attending school but the infrastructure has remained the same and the overall quality of education diminished.

"There has been and is very little representation of women in Libyan society, then and now."

*Dr. Hana Galal, Libyan Human Rights Activist*

"...women have not made many inroads into what is still essentially a male-dominated society, and they continue to suffer gender-based discrimination...Social attitudes continue to be resistant to the idea of women participating in politics. In a survey carried out among Libyan students, only 38% of men were in favor of women playing a political role, but 72% of women were in support."

*Freedom House Special Report on Women's Rights in Libya (2010)*

6 <http://www.dfid.gov.uk/Media-Room/Press-releases/2011/First-ever-international-Stabilisation-Response-Team-deployed-to-Libya/>

7 Other CSG committees include: Political, Economic, Environment, Strategy, Transition and Security.

In disciplines at all levels, curriculum has been infused with Gaddafi's "Green Book propaganda".<sup>8</sup> The regime's policy towards education was to marginalize teachers so that their influence would be minimized. According to the NTC Education Council there was no proper training curriculum for teachers and the teachers' training institutes were entrenched in an outdated education system. Teaching style was authoritarian, didactic and characterized by one-way communication.

Teachers were made party to a systematic dishonoring process whereby persons of no academic qualifications and skills were given promotions and position within the education sector as a result of their loyalty to the regime. One interviewee cited an example of a receptionist who was declared an X-ray technician and later was appointed Director of the University, all without completing high school. She suggested that if there had been a standard, merit/performance based, transparent review process these kinds of appointments would never happen.

Discouraging anyone from challenging these practices, internal security was ever present at educational institutions. Anyone trying to change the way things were done was severely discouraged, transferred, fired or jailed.

Dr. Mohammed Sa'ad Director of the Libyan International Medical University, the only private technical university in Libya told the assessment about dealing with the Central Committee which eventually allowed him to open the first private medical university. It was a constant challenge, as everything was very centralized and the secret police were always watching him and his colleagues closely. However, the private university, a reaction to the belief that the standards of technical education in Libya had plummeted, especially in the last decade, finally opened its doors in 2007. Gaddafi's regime hired experts from Stanford University to do an evaluation of Libya's technical universities. The report was harsh, finding that the education system was entirely theoretical rather than based on learning to solve problems. The private medical university was the only institution deemed by the Stanford experts to be up to international standards.

### The Police – From protecting the regime to protecting citizens

Like the internal security agencies, the role of the police under Gaddafi was to protect the regime rather than the people. The assessment also heard widespread public views of police corruption and abuse of power in recruitment. Hence, it was not surprising that at the start of the revolution the police were the target of citizens' rage for the first two weeks. Many officers fled and many others gave up their uniforms to join the revolution. In addition, numerous police stations and their vehicles were vandalized and burned. Interviewees strongly felt that **if there is to be a genuinely democratic Libya in the future, security, in whatever form it takes, will need to protect citizens and the nation rather than an elite few.** Mr. Mohammad Jaber, a prominent Libyan historian, stated "this mental shift and structural transition to protecting citizens will be monumental, requiring perhaps a complete staffing change or, at best, a partial change with the establishment of new leadership, standards and practices and extensive retraining and reprogramming."

In order to fill the security vacuum that followed the February uprising civil society organizations (CSOs) and civilians took responsibility for law and order. Once Benghazi was liberated, the NTC approached Dr. Ashur Showayel, the head of the Benghazi police, to reorganize the force. He developed a security plan involving volunteers and set out to get existing police personnel back to work. About 20% of the previous force returned to serve under the NTC, however the assessment was not able to examine how Showayel selected those personnel or whether measures have been put in place to curb corruption. As of July 24<sup>th</sup>, 80% of the streets in Benghazi were reported to be policed. Dr. Showayel says that it is much safer than it used to be prior to the revolution and attributes this in

8 <http://countrystudies.us/libya/80.htm>

*Ms. Wafa Bughaighis, from the Education Council of the NTC, reported that "the education sector in the old regime was controlled not in terms of what was taught but how it was taught - it was a systematic process of breaking down the medium so that the contents didn't matter". Likewise, Dr. Emam characterized the former national education system as "having been systematically made redundant by Gaddafi's regime whose only interest was in churning out voiceless followers of the Green Book." These concerns speak to needed improvements across the education sector and to the type of psychological conditioning Gaddafi inflicted across Libya.*

part to the cooperation of people and their value of community. Further, he has clear ideas about professionalizing and modernizing the police force, emphasizing that systems need to be put in place within the new constitution to ensure that the police are impartial and approachable for the common citizen.

## Civil Society

### An Explosion of New Organizations

The Gaddafi regime made it difficult for any form of independent civil society to exist. Even though there were some 22 registered civil society organizations before February this year it was impossible for them to function independently. CSOs were closely watched and had to fastidiously follow the prescribed requirements of the regime or risk their registration being cancelled. The Libyan Chapter of the Red Crescent was one of the very few organizations that carried out humanitarian work prior to the revolution.

Following the start of Libya's revolution, newfound civil society space and a need to respond to humanitarian needs prompted a sudden increase in the number of CSOs. Ms. Majda Mahfoud, an official in the new Ministry of Social Affairs, reported that **as of 24 July, the total number of CSOs had risen from 22 nation-wide to 250 in Benghazi alone.** In the early days of the revolt, registration simply entailed submitting contact information to the Ministry of Social Affairs. With the surge in the CSO numbers the NTC recently established the Executive Office<sup>9</sup> of Culture and Civil Society (EOCCS). The Office has taken over responsibility for registration from the Ministry of Social Affairs and plans to put efforts into building the capacity of civil society, raising cultural awareness, and promoting democracy through civic education. Mr. Aitia Lagwal, the EOCCS Executive Officer, well understands the important role that CSOs will play in the future of Libya. Because it was a populist revolution, he explained, **engaged and responsible CSOs will be an important element in the establishment of credibility for the new government.**

For CSOs, the lack of collaboration skills is reported as their biggest problem. **As divergent views are articulated, newly established groups are rapidly splintering rather than accommodating differing views.** There has been a concerted effort by some Libyans and international NGOs to organize a sustainable CSO Coalition to address this splintering. Approximately 90 CSOs are associated with the Coalition and many of the people in key leadership positions have spent significant time abroad, some as activists. They are practiced at honing civil society messages and communicating with the international community, which quickly assisted the Coalition in becoming the most visible player. However, another umbrella group has recently formed called the Union. While less skilled at advertising or messaging, the Union already has 104 local CSOs registered as members. The Union and the Coalition are currently involved in a low intensity power struggle for broad recognition and legitimacy.

### Mixed Reaction to New Civil Society

A broad range of interviews led the assessment team to conclude that there is a mixed reaction to this groundswell of CSOs, as well as preconceived notions about CSOs and their role. Many of the public and NTC representatives that we interviewed thought CSOs were elitist and led by or consisted of people who were part of the previous regime, or those who had benefitted from it. It was believed by some that people were using CSOs as platforms for future political careers. **Mr. Sa'ad al-Ferjani, the acting Mayor of Benghazi, said that the majority of CSOs were part of a fad that would fade out with time.** However, people in general appreciate the role that CSOs have played in providing immediate humanitarian support following the revolution. A few regional CSOs, such as the Free Libya Organization of Tobruq,

<sup>9</sup> The NTC, keeping its "temporary status" mandate, has refused to use the term "Ministry" (which according to them signifies permanency). Instead they refer to these branches of government as Executive Offices and to their heads as Executive Officers, rather than Ministers.

#### Youth Group for the Protection of the 17th February Revolution: an example of youth as emerging civil society players

In addition to youth involvement in many newly formed CSOs, there are numerous unregistered youth groups, like the Tobruq-based Youth Group for the Protection of the 17th February Revolution, which have been mobilizing people for protest as part of the revolution, cleaning the streets and conducting neighborhood watches to maintain security. With some 2,000 members as of July, the Youth Group for the Protection of the 17th February Revolution is in the process of forming a network in all the freed areas. They are also thinking regionally, networking beyond Libya, and providing support to peers involved in protests in Yemen. Ahmed Mustafa, a member and student of Constitutional Law, feels the group has a bigger role to play in educating people about democracy and political change. Even though he sees their need post-revolution, unlike other CSOs, his groups will have to disband (as per their memorandum of association, which was drawn up based on the temporary/transitional principle of the NTC), which he feels will leave a big gap in the task of educating Libyans.

“Non-mosque-based CSOs are an outcrop of popular Western culture which will corrupt our traditional way of life.”

*Mr. Faraj, Derna Branch of the Libyan Red Crescent.*

with headquarters in Cairo, are providing emergency shelters for internally displaced persons (IDPs) and ambulance services for people who are affected by the conflict. Their Head of Office, Mr. Shtwan Fathi Frago, suggested that their role will change as Libya is liberated. “We see our organization being more involved in Libya’s reconstruction effort”. The mosque-based social networks,<sup>10</sup> which have always provided support to community members, are also now becoming more open and are organizing themselves better. As they become more proactive they will play a big role in the future of Libya’s civil society as well as politically.

### Relationship Between CSOs and the State

Libyans are also still developing opinions about civil society’s role related to government and the shaping of Libya’s future direction. CSOs currently lack effective means for communicating with the government, as well as coherent messaging from the government. Similarly, the new Office of Culture and Civil Society, while willing and energetic, lacks the expertise to provide comprehensive support to emerging CSOs, especially in helping them create governance frameworks and mechanisms for engagement with government structures. This has resulted in many in civil society feeling left out of the recent decision-making process related to the future of the country. A common sentiment in the assessment from CSOs was that the NTC and people around it are closed-minded and do not accept the concept of a free civil society. Many see the propagation of the “ethics” of the old regime, as Dr. Hana Galal, from the Libyan Center for Development and Human Rights Organization, phrased it.

### Revolutionary Credentials Required

At this stage, the role played by CSOs in the revolution is a major means for them to claim legitimacy in the eyes of communities. The assessment found this dynamic also influencing how CSOs relate to each other, akin to the dynamics of party affiliation and loyalty. This mindset currently overshadows the CSOs’ actual work and their capacity, threatening to consume considerable energy at the expense of intended civil society objectives. Some CSOs are, however, conscious that the situation is a manifestation of the old regime that will weaken them individually, as well as make it difficult to collectively fulfill their role as a partner to the government in ensuring accountability.

## Private Sector

Though the private sector was not a focus of the assessment, the public and private sectors in Libya are closely linked and the findings below are important to Libya’s governance context.

### The Formal Private Sector is Almost Completely intertwined with the State

Most of what is traditionally carried out by the private sector is entrenched within Libya’s public sector. Indeed, the development of a private sector was actively discouraged, including the outlawing of small private businesses at one point during the Gaddafi regime. The state owned most commercial enterprises and businesses were monopolized by loyal friends and family members. Five out of six banks are still owned by the state. This ownership pattern is repeated in all sectors of the economy, including agriculture and manufacturing. As one key informant put it, **“overall the economy is artificial. Family members and friends ran the enterprises like monopolies.”** Outside of perhaps the oil industry, the formal private sector was all but eliminated by Gaddafi.

### Libyan Unemployment and Lack of Private Sector Collaboration

The private sector faces two distinct challenges: overreliance on foreign workers due to lack of Libyans with practicable skills and limited coordination due to lack of

<sup>10</sup> Read Mosques based Social Network: <http://deafwalls.wordpress.com/2011/03/07/the-libyan-state-and-the-opposition/>



business associations. The current education system does not prepare a work force ready to carry out most available jobs. There is little practical skills training or vocational education available. Libya currently has a 20% unemployment rate according to government census figures, though **no independent unemployment figures are available for Libya after 2004, when it stood at 30%.**<sup>11</sup> Juxtaposed with the very high number of foreign workers, many of whom earn more than employed Libyans, an examination of refitting the domestic workforce appears to be an effort worth pursuing. In addition, businesses are unable to coordinate or form a united front to address these and other issues. As Ms. Lisa Anderson, President of the American University of Cairo explained, the capricious cruelty of Gaddafi's regime produced widespread suspicion, reducing trust in one another to the point where there "...are no networks of economic associations or national organizations of any kind."<sup>12</sup>

### Recognizing the Informal Sector and Free Market System

Another problem is a large, unexamined informal sector that accounts for an estimated 30% of business in Libya. This indicates that there are entrepreneurial skills to build upon. The assessment heard from business people that a simple and timely method to register business would be a first step and a significant benefit. It now takes 100 days to register and the process is highly complicated.



Cassandra Nelson/Mercy Corps 2011

Finance Deputy Mr. Mahmud Baddi shared that Libya has started a free market system. In the three years prior to the revolution many government owned corporations were sold, however, no standards were put in place, no accountability structures, and no government frameworks. Baddi expressed suspicion about this initiative and believes that Gaddafi used it with the intention of demonstrating that the market system did not work. Other officials reported that the privatization initiative was limited by the fact that the government only "rented" rather than sold these commercial operations. The goal of these rentals was to increase productivity. The assessment concluded that, once again, the off-loading of government owned enterprises started with a good administrative and technically sound idea but withered during implementation. **Appropriate guidelines, governance structures, accountability frameworks, goals and objectives, performance targets, monitoring and evaluation and other management tools were employed ineffectively, if at all.**

### A Subsidized Nation

One of the big long term challenges facing the new leadership is the transition into a subsidy free Libyan society. Under Gaddafi's regime almost all essential commodities came under government subsidies: free housing to newly married couples; gas costing less than 14 cents a liter; and education and healthcare, though below standard, were free. This compensated well for the low salaries paid to the citizens. In addition, the Price Stability Fund (PSF) heavily subsidized food items like bread, tomatoes, potatoes and poultry. But post revolution, as market forces come to play in the Libyan economy, the state salaries, the PSF, and subsidized agriculture and livestock industries will need to be carefully monitored, with great care taken if making changes in order not to risk massive political instability and/or food insecurity. As Mr. Hussein Boud, a translator in Benghazi, pointed out "it was ironic because we know how Gaddafi used subsidies to rule us for over 40 years by creating dependency, but as we have seen, the NTC lowered the prices of fuel in the freed areas to gain popular support." This sums up the challenge of dealing with the subsidy hangover in the future.

11 <https://www.cia.gov/library/publications/the-world-factbook/geos/ly.html>

12 Foreign Affairs, May/June 2011.

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## Key Themes

Six key themes emerge from the sectoral analysis above. The themes raise issues and broader considerations about the transition for Libyan actors in the public, private and civil society sectors and the international community.

### 1. Where will leadership come from?

While Libya has an ample supply of well-qualified technical experts, almost everyone except the most senior officials interviewed reported that there is a critical gap in leadership experience and managerial expertise. For 42 years, public and private sector management jobs were doled out to Gaddafi family members and family faithful. It was reported by other key officials, such as the Minister for Youth, Fatih Turbel, that “the Internal Security establishment was large and effective. Its main responsibility was to identify potential stars and then to stop them. Leadership in any sector: business, community, sports, arts, was systematically stamped out.” Like the public and private sectors, after four decades of oppression, civil society had spawned few if any leaders. **“Leadership,” stated one focus group member “was simply not allowed!”**

It is not possible to fully assess the question of whether there was a functioning system prior to the conflict and whether there are groups of knowledgeable people who can help revive the old ministries and other agencies. Many interviewees posited there may have been a semblance of or profession of orderly administration, but the reality was that people operated ministries and offices for their own interests and made decisions independent of the interests of citizens.

The lack of leadership ability is most profound in the public sector. The selection and training of the police is symptomatic of the entire public service. No evidence could be found that appointments to government jobs followed any processes or procedures. According to interviewees, loyalty to the regime was the sole requirement. The skill development activities of public service leaders and managers were infrequent and many interviewees suggested that when there were training events they were poorly attended and pedagogically weak. Official documentation of the Gaddafi regime mentioned a National Institute of Public Administration, yet the assessment was not able to find any further information. However, **the emphasis on the concept of administration, in contrast with service, management or leadership, is instructive.** As noted in other parts of this assessment, administrative acumen is equated, by many, with technical qualifications which are seen as all that is necessary for management and leadership.

Interviews and focus group discussions revealed great enthusiasm towards moving from a reference based society (where family connection, proximity to the regime and money matter) to a meritocratic society. Interviewees talked of standardizing the selection criteria in schools and universities. The younger generation is particularly vocal about everyone getting a fair chance at such opportunities. But the move to a meritocratic society will not be easy; institutional capacity must be created, starting with the education sector, laying a foundation for a change in mindset/reference based culture, leading to a smoother transition.

With respect to political leadership, it is important to emphasize that the NTC’s Vision and Road Map make it clear that members of the CSG will not seek election and that they and the NTC’s volunteer ministers are, by individual agreement, dedicated to the transition only. **This discussion begs the question of just who the candidates for the planned elections might be;** a question for which people who participated in this assessment had no answer.

“The biggest gap in Libya is not *know-how*. It is application of *know-how*.”

*Key Informant*

Gaddafi’s policy of “statelessness—in which people govern themselves without apparatuses of the modern state” has left the country without institutions.

*Dirk Vandewalle,  
A History of Modern Libya. Cambridge  
University Press, 2006.*

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## 2. The Generational Divide

Youth have played a prominent role in the current revolution and are increasingly vocal about the future of their country, often differing with views of NTC leadership. The assessment heard loud and clear that **the younger generation of Libyans believe that “now is the time” to stop enhancing the roles of individuals who have committed crimes against the citizenry**, time to remove, rather than ensconce, people perceived to have benefited from the old regime at the expense of their fellow citizens. They are deeply incensed by their elder’s chorus of “now *is not* the time” believing that part, if not most, of the old regime is replacing itself. One cited example is the NTC’s implicit view that the vast resources now at their disposal will allow them to keep citizens content. Youth argue this notion is similar to tactics used by Gaddafi<sup>13</sup> and fails to understand their underlying interests. These contrary views demonstrate that **there is not as unified a Libyan view about how to proceed as many profess**. Further, on the one hand young people believe that it was their revolution and that the old system is ignoring them while crawling up on their backs to regain power and control. On the other hand, the older generation believes that without their support the revolution would have never succeeded and without their steady guiding hand it would have been doomed for failure. Both perspectives have merit. The assessment team was not able to meet with the armed forces of the NTC and these young men will have their own views. Given the sacrifices they have made, it would not be surprising if many will be more in favor of radical change rather than supportive of the status quo.

“The biggest problem in Libya is the lack of trust in each other and in government. There is so much corruption by so many people. This is what will pull us back.”

*Youth Leader*

**What is clear is that Libya faces a major opportunity to engage and constructively harness the energy of the 65% of Libyans who are under 30.**

On the other hand, patience is called for by civil society and international agencies (governmental and non-governmental) who want to see a smooth transition.

## 3. Gaddafi’s influence is Deeply Embedded in the Libyan Psyche

One of the widely recognized major challenges is the pervasive ideology and conditioning of the Gaddafi regime. As one interviewee framed it, **“It is easy to get rid of a Gaddafi in the bunker in Tripoli but it will take quite an effort to get him out of the heads of Libyans”**. The profound deepness of the psychodynamic influence Gaddafi’s regime had on Libya’s citizens cannot be overstated and will take significant work to fully understand. Examples of behavior manifesting the mindset that were specifically mentioned to the assessment team include: divide and conquer amongst the various sections of Libyan society, corruption, invasive intelligence, brutalization of those in disagreement, disrespect, loyalty over competence, irrationality, authoritarianism, buying allegiance and contrition.

Some members of the civil society community stated that this conditioning is visible in the NTC leadership’s non-communicativeness, mirroring practices of Gaddafi’s regime. **“When Gaddafi disappears so will our problems”** was indeed a common, enthusiastic refrain among NTC leaders during the assessment, indicating a belief that the profound change needed in Libya would be relatively simple to achieve.

This may result in an unrealistic charge to fix everything at once, potentially creating more confusion than progress and in turn risking widespread disillusionment or insecurity. **Managing the psychological legacy of Gaddafi and public expectations about the pace of possible change is going to be a key leadership challenge for the NTC.** Learning new modes of conceptualization of government and its operations will be another central challenge cutting across all efforts of new leadership to transform the state.

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<sup>13</sup> On 02/26/2011 USAfrica Online reported that as unrests began to rise on February 25<sup>th</sup>, Gaddafi offered US\$400 to each Libyan family and raised the public sector wages by 150% if they ceased their demonstrations. Youth in particular roil at this idea.

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#### 4. Transparency and Vision for Transition Planning

The assessment was fortunate to have good access to NTC leaders and interim ministers and heard three recurring answers to inquiries about transition planning. The first was a focus on the short-term goal of ousting Gaddafi from power. For example, in a July 18<sup>th</sup> meeting with Mustafa Abdul Jalil, the head of Libya's NTC, it was clear that his attention is centered on timeframes prior to conflict resolution. He was quick to draw contrast with Egypt's context, saying that unlike the frustrations Egyptians have with government progress post-Mubarak, Libya has sufficient money to ensure that Libyans do not become impatient with the pace of change. The second recurring response about the post-Gaddafi capacity to govern was summed up by Dr. Atia Lagwal, Executive Officer of the newly formed Office of Culture and Civil Society, who simply declined the topic by saying that it was "too political" to talk about right now. Finally, the assessment heard repeatedly from leaders that "we will figure it out and once Gaddafi is gone there will be no problems."

Among a large sampling of interim leaders, there was also a consensus about how many of the most significant ills of the past dictatorship would be addressed. For example, bar none, corruption was seen as a universal problem with the old regime. Virtually all of the interim leaders believed that the solution to this problem was easy and had the same response: "We will hire honest people". **Though an initial draft constitution charter for the transition stage has been released since the assessment, civil society remains concerned about the limited engagement and process of sharing information, worried by the limited extent of planning or that planning is taking place without their perspectives.** The assessment team believes that those interviewed are aware of the challenges that will be faced during the post-conflict transition period, and are not as naïve as some of their comments might suggest, but rather either had clear instructions to not share such thinking with external actors or chose not to voice complete opinions at this stage due to the extreme sensitivity of the subject matter and the legacy of openly discussing such matters with those not known to one.



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#### 5. Citizens Longing for Greater Participation in Planning Libya's Future

Focus group discussions with youth and civil society brought a perceived disconnect between decision makers and citizens into sharp focus. There is a fear amongst these groups that NTC leaders have closed themselves in a bubble and are showing signs of old regime behavior. They cite the drafting of the transitional constitution as an example whereby the leadership formed a committee of academics to do the work without realizing the need or at least making the effort to include a wider population in the process. During an open forum meeting held to discuss the constitution, participants were not allowed to voice their opinion if they disagreed or even to seek clarification. NTC supporters called those who wanted to voice opinions or ask questions "stooges of the former Gaddafi Revolutionary Committee," thus discouraging any engagement except support.

The NTC's Vision and Roadmap are very clear about the way forward: "A draft constitution will be presented to the Libyan citizens for referendum..." with apparently little provision for inclusion, discussion or debate. This deeply concerns active civil society groups who have high expectations for reform and having things done differently in Libya going forward. They are at risk of becoming alienated if this approach is not altered. Though the NTC has been clear about making changes, there is great suspicion on the part of many youth and civil society leaders that the elites of Libyan society will remain the same.

Even while the revolution continues, there is an innate fear among the people consulted for this assessment that those close to the Gaddafi regime are making their way into the NTC and using their connections and resources to work their way up in

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the new order. The challenge to differentiate people who were a part of the regime and ran its machinery from those that were not is going to be a major hurdle for Libya. There is a general consensus that after 42 years it will be difficult to categorize people into those for and against Gaddafi. However, almost all people interviewed feel that people “with blood on their hands” will not and cannot be let off. There is great optimism among the NTC leadership that they will be able to resolve this issue once the revolution is over. This has frustrated some, as they see that the more time these suspected people are afforded; the more difficult it will be to get them out of the system. Further, it appears evident to many that there are some very prominent members of newly formed CSOs that had close ties with the ousted regime. A number of people the assessment talked with expressed real concern about the NTC refusing to entertain criticism or discuss such sensitive issues openly.

To curb some of the concerns, the NTC has initiated outreach programs including its own newspaper, social media and a public engagement unit with the primary role to act as an intermediary between the NTC and the general public for smooth two-way communication. This is an important acknowledgement of the importance of these channels of communication, however to date, these efforts to inform and engage the public are not seen to be sufficient and are having limited positive results. **There is a need to demonstrate an even stronger commitment to broad participation and representation of society.**

## 6. Mixed Opinions on the Need for International Assistance

When the NTC’s Abdul Jalil was asked to comment on the leadership and management of public services and the suggestion that perhaps some managerial capacity needed to be built, he was quick to respond that Libya had all the expertise it needed. Like other key informants, he pointed out that there were a large number of highly trained Libyan doctors, engineers and academics, both in Libya and abroad, who would be able to fill important positions. The only problem was that this high level expertise had been prevented from being put to use under the Gaddafi regime. This, he emphasized, was what the revolution was all about.

This position is held by many of the new leaders within the NTC and they are sensitive about the idea of receiving assistance, particularly public sector capacity support, from the outside world. By contrast, the younger generation thirsts for knowledge about what is going on elsewhere and are inquisitive about what is working and why in alternative governance systems. In particular, the assessment heard interest among youth to learn how other countries successfully moved from dictatorships to democracy.

At the same time, negative experience with past external experts and institutions are still fresh in the minds of many Libyans. The country’s experience with the London School of Economics, in which Director Sir Howard Davies resigned after revelations that the school had been involved in a £2.2m deal to train future leaders, is perhaps the seminal example of where the standard model of international support failed in Libya, and could fail again.<sup>14</sup> There is currently a royal commission examining 19 major ethical issues relating to the contract, Howard’s personal role as economic advisor to Libya and the Saif Gaddafi Foundation’s gift to the school.<sup>15</sup> Another widely publicized example was Michael Porter and the Monitor Group’s 2006 proclamation that Libya is a democracy, an assessment that former Harvard University Dean Harry R. Lewis criticized, citing “Porter’s financial ties to Gaddafi colored his analysis of the Libyan regime.” The Monitor Group subsequently retracted these spurious conclusions.<sup>16</sup> The impact of these experiences underscore the importance of Libyan-led diagnosis, design, and change implementation in fully transparent and accountable ways. The role

<sup>14</sup> UK Guardian, March 3, 2011.

<sup>15</sup> BBC News, March 4, 2011.

<sup>16</sup> Harvard Crimson April 12, 2011.

of international assistance needs to be in support of Libyan leadership, not driving it.

After these troublesome experiences, it is little wonder that a new regime may be wary of the influence of external support. Further, given **Libya's massive resources and the likelihood that it will be paying for the majority of any external assistance it deems necessary**, the new government is likely to be far more discerning than if this were a donor-dependent context. For development and capacity interventions to work, they will need to be co-designed with Libyans. From conception to completion of any intervention, a learning-centric approach with a focus on co-diagnosis and co-design will be central to success.

## Conclusion

Libya's oppressive history and complex governance context presents a number of transitional challenges to the current leadership of the country, as well as opportunities for future leadership, its citizens and the international community. The Gaddafi governance and cultural model is entrenched within the population, and while Libyans are currently voicing their very clear discontent with the status quo, it remains to be seen whether the NTC or future leadership of the country will truly be able to create a new model of governance in a way that is deemed acceptable to the citizenry. The saying, "better in theory than in practice" could be true here, as many Libyans will forego some comforts of the Gaddafi model for something new. Though the NTC appears currently focused on holding the opposition actors together and guiding the nation towards a transition, there is also a need for integrated efforts by public sector actors, civil society and the private sector to forge a future governance vision for Libya. Further, citizens of Libya are now veterans of a revolution that overthrew a dictator, and these revolutionary tendencies could re-emerge if the civilian population does not feel ownership of Libya's new model of governance. The July 2011 assessment conducted by Mercy Corps and The Governance Network found a number of critical factors for such a governance vision to address, including: building trust in government; curbing corruption and preventing a backslide toward other Gaddafi regime patterns; addressing generational and other divides; de-linking the public and private sector; and creating meaningful international engagement that benefits Libyans. Assessment findings were indicative only and much more in depth assessment and analysis is required by Libyans themselves, with external support as needed and requested.

Based on input from assessment participants themselves, immediate priorities to these ends must focus on actions that foster transparency and accountability in public decision making.

- **Facilitating meaningful dialogue between citizens and government about the future of the Libyan state.** Assessment participants felt central elements of this dialogue need to be: negotiating afresh the relationships and associated laws and policies between the new government, nascent but growing civil society and the private sector that has been so intertwined with the state; addressing the generational divide in opinions about how Libya's transition should be managed; and managing expectations of key constituents, particularly youth and historically marginalized groups that played a significant role in the revolution. Additionally, the success of the NTC transition and future leadership will depend on including informal governance structures in different regions of the country, build a broad consensus for the future vision.<sup>17</sup>



Sanjay Gurung/Mercy Corps 2011

<sup>17</sup> <http://www.crisisgroup.org/en/publication-type/media-releases/2011/libya-ensuring-a-smooth-and-peaceful-transition-into-the-post-qaddafi-era.aspx>



Cassandra Nelson/Mercy Corps 2011

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- **Determining how to reform ministries and reintegrate old regime technocrats.** The expressed view that all will be well once Gaddafi is overthrown does not capture the extreme complexity of transforming Libya's public sector and the hurdles to its early success presented by existing corruption and the power struggles already occurring, to say nothing of the fact that 42 years of oppression leaves a psychological toll that will require significant work to overcome. There is significant technical expertise in the country that can be built on, yet also severe shortages in strategic and business planning and a complete absence of an accountability and performance management framework. It is inevitable that future revenue generation will be uneven across the country and sound financial management processes will be critical for stability and equity under a federal system. Coordinated efforts on a national and local level will be essential.
- **The new government will need to demonstrate to citizens that effective institutions are in place.** This is critical to sustain citizens' goodwill and engagement in the building of a new Libya. This will require restructuring old systems and creating new ones within institutions so that the trust of citizens in government is created and security, justice and productivity are promoted. Attention to early wins, through visible changes that reflect the systemic concerns of citizens, such as a televised bid opening for a public tender, will be important, as will a comprehensive action plan to take forward the process of systemizing these institutions. Further, the transitional government will need to show results, gains in service delivery, jobs, affordable food and housing, and post-conflict recovery, relatively quickly, in order to build their credibility in the eyes of the citizenry.
- **Capitalize on new-found national identity to further develop an emerging sense of citizens' responsibility.** The assessment team observed, based on consultations with all actors – civil society, public sector and private sector – that changes will need to occur on both institutional and personal levels in order to achieve the societal-level changes sought in the revolution. Often, in the process of rapidly establishing citizens' rights in a new governance context, the role of personal responsibility is under-emphasized. Libya's transitional leadership has the opportunity to engage citizens on both levels as part of the process of solidifying the gains of the transition thus far.

To assume that Libya will now shift to a more democratic model, re-build its crippled institutions and life will resume as normal for the population as a whole disregards history and could be irresponsible for the welfare of the people. Serious work will need to be done on the part of the NTC, the international community, and Libyans themselves. Libya's paradigm is shifting substantially; we first saw this in the adoption of the revolutionary fervor that swept the country. This will continue as the new governance model is set up and citizens resume a life that will be quite different from the one they lived eight months ago.

The priorities listed in this document represent serious issues that Libya must address in the immediate term and as the transition to Libya's next government progresses. As the situation in Libya evolves, more thorough assessments will need to be conducted in close partnership with Libyan groups, there is a particular need for further research around the relationship between the public and private sectors and on the topic of mechanisms for civic engagement. However, as this revolution has been Libyan owned and led, Libya's future sits in the hands of the Libyans themselves. The role that international actors play in addressing the priorities outlined here or elsewhere and by others is for Libyans to determine.