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Libya's Post-Qaddafi Transition

The Nation-Building Challenge

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In October of 2011, Libya's civil war came to an end. Dictator Colonel Muammar Qaddafi was captured and killed while trying to escape from his hideout in the Libyan town of Sirte, and a few days later, Libya's transitional government declared the country liberated. The NATO military operation that had helped topple Qaddafi, Operation Unified Protector, came to an end, and after eight months of war, Libyans were free from their dictator but faced the massive challenge of building a new country for themselves.

The Light-Footprint Strategy

The military intervention in Libya was unique in many respects, but the most important was the fact that international actors did not deploy postconflict peacekeeping forces. Instead, they adopted a much lighter postwar footprint than in the interventions in the Balkans, Iraq, and Afghanistan. This contrast was especially sharp for the United States, which had limited its military contributions during the NATO air campaign to providing those capabilities that the U.S. military "uniquely" possessed and that would enable other allies to take the lead. Since the conclusion of the war, the United States has maintained this low-profile approach. Another important difference with the 2003 Iraq War is the fact that in Libya, the United States sought to orchestrate an intervention with broad international—including, crucially, Arab—support.

The foreign powers that intervened in Libya had good reasons to limit their role during the conflict and afterward. Foremost among these after the war was the fact that the new Libyan authorities were deeply concerned about their own fragile legitimacy and therefore expressly requested minimal foreign involvement. Immediate postwar Libya, in contrast with Afghanistan, Iraq, other postwar situations in Africa, and even the Balkans, was also relatively wealthy on account of its energy resources and so less desperate for financial assistance from the international community. The immediate postwar situation was also much calmer than in many historical cases, so the deployment of peacekeeping forces seemed unnecessary, while the experience of Iraq suggested that foreign boots on the ground

Key Issues

- **A year after Qaddafi's death, the light-footprint approach adopted for Libya's postwar transition is facing its most serious test.**
- **The security situation requires immediate attention and could still worsen. Until the militias are brought under state control, progress on other fronts will be very difficult to achieve. In most cases, the appropriate approach is a combination of incentives and broad-based negotiation between Tripoli and militia leaders. Only in extreme cases should the use of force be considered.**
- **Libya and international actors deserve credit for the successful elections in July, but the political challenges remain significant. Libya still needs to write a constitution. In doing so, it must determine the degree to which power is centralized in Tripoli and how to ensure inclusive yet stable governing institutions.**
- **Despite its role in helping topple Qaddafi, NATO is absent from Libya today. A greater role for the alliance is worth exploring, for example training Libyan security officials and forces and providing technical assistance for security-sector reform.**
- **Libya needs to begin rethinking the management of its economy, and especially of its energy resources, in order to maximize the benefit to its citizens, reduce corruption, and enable private enterprise to flourish in other areas, such as tourism.**
- **The countries that helped Libya oust Qaddafi must commit to helping Libya through its transition, lest that transition run off the rails. An international *Friends of Libya* conference on assistance to Libya is warranted.**
- **Post-conflict transitions normally span years, and Libya's will be no different. Nevertheless, if current challenges are handled adroitly, Libya could still become a positive force for democratic stability in North Africa and a valuable partner against al-Qaeda.**

might erode the goodwill that had been won among the Libyan population by the military operation. An additional argument for the light footprint was that deploying a large number of foreign advisors might have overwhelmed the governmental capacities of the fragile new Libyan state.

This lighter-footprint approach has made Libya a test case for a new post-Iraq and Afghanistan model of nation-building. Not only has the overall international role remained relatively limited, but so has the role of the United States, which so often drove postwar operations in the past. This has necessitated a new division of labor on the ground, with a small United Nations mission spearheading the international efforts and the Libyans themselves in the lead overall. This arrangement made sense at the time it was devised, but now may require some adjustment as Libya struggles to gain control of its security situation, elaborate a constitution, build institutions, and grow its economy—tasks that are all pressing and on which progress has mostly been slow over the course of the last year.

Libya's Strengths and Weaknesses

By comparison with many other post-conflict situations, Libya has had a number of factors working in its favor. The victory of the rebel forces appeared total and had the support of the vast majority of the population. The regional geopolitical situation was relatively conducive to a stable transition, with peaceful revolutions in neighboring Tunisia and Egypt that created an environment supportive of Libya's own transition.

Libyans also did not fight against one another in a long or violent ethnic war; though regional, tribal, and other cleavages clearly existed, during the war, Libya's diverse groups fought together against Qaddafi rather than against each other as had groups, for example, in Iraq and Bosnia-Herzegovina. Libya's energy resources have provided a relatively high standard of living ($12,284 in 2010), and postwar Libya enjoyed the promise of a bright future and financial grounds for building a new state. Proximity to Europe offered the possibility of positive political and economic relations with the world's largest trading bloc.[1]

The damage from the war was also comparatively limited by historical standards. Libya's infrastructure was left mostly intact, in part due to the attention NATO military planners had taken to minimize damage to key infrastructure, such as oil production facilities. Electricity, food, water, and hospital services came back on line quickly in most areas, although increased food prices did make it more difficult for the poor.[2]

. . . one year after Qaddafi's death, the light-footprint approach to Libya's intervention and postwar transition is now facing its most serious test.

These positive factors and the relative calm of the postwar situation do not by any means justify excessive optimism about Libya's post-conflict chances. Post-conflict situations are historically very fragile and all too often return to war. A number of major challenges still loom.

Electoral Success . . . but Security Failures

The war was fought by a loose grouping of local militias rather than a unified single army, and postwar security remained in the hands of these local forces. Because the postwar provisional government lacked legitimacy, it was unable to take concrete action to rein in the power of the militias or to integrate them into a single national force under the control of the government in Tripoli. The government was recognized as the only authority in the country, but, as an umbrella organization that mostly hailed from eastern Libya, it lacked true national appeal. As the months progressed, it struggled to keep the country on track as it prepared for elections that would bring in a new, more legitimate national government, one that could execute with greater vigor the many tasks Libya needed to tackle.

The main bright spot of the last year was the successful elections of July 2012, which produced a relatively moderate parliament from which a more legitimate government might be formed. Elections, however, hardly guarantee peace, and some scholars have argued they can even increase the probability of a return to conflict.[3]

Meanwhile, efforts to bring the many militias that roamed the country under centralized control were halting. Old and new tensions were beginning to come to the fore and the security situation was deteriorating. The tragic attacks on the U.S. Consulate in Benghazi on September 11, 2012, which resulted in the death of U.S. Ambassador Chris Stevens, put a punctuation mark on a downtrend in security that had been underway for several weeks, if not months.

These attacks were a serious blow to the small amount of forward motion that had been achieved with the elections. They underscored the shaky security situation and the fact that the newly elected parliament, if more legitimate than the transitional government, was really no more sovereign than its predecessor. As of this writing, sovereignty belongs at least in part to the militias and other groups that still control the streets, coordinating loosely or not at all with authorities in Tripoli. The Libyan state still needs to establish a monopoly on the legitimate use of force within its own territory if it is to become truly sovereign.

The attacks have also complicated U.S. cooperation with Libya by engendering a disjointed set of demands for military reprisals on the one hand and reductions in staffing of the U.S. mission in Libya on the other. The reductions in embassy staffing were necessary but will further reduce the already limited engagement of international actors at a critical time in the new Libyan government's campaign to stabilize the country.

As a result, one year after Qaddafi's death, the light-footprint approach to intervention in Libya's postwar transition is now

facing its most serious test. While the approach made sense in the immediate aftermath of the war, as leaders look ahead, it will be important not to overlearn the lessons of Afghanistan and Iraq by under resourcing the international role. Libya should remain in charge of its own post-conflict path, but it needs the help of external actors if the transition is to succeed.

For their part, international partners need to make it clear to the Libyan government how they can help and what they can offer. They also need to explain to the Libyans why they believe helping Libya is in their national interest. Importantly, they cannot rely solely on the nascent and tumultuous Libyan government to tell them exactly what the country needs. The Libyan authorities simply cannot at this time have a complete understanding of all of the country's needs, and the government has not thus far shown the capacity to develop such an understanding in short order.

Security is the most immediate challenge today. Without it, progress in other areas will be stilted and likely fall apart. The revolt of the Libyan public against the militias in response to the September 11 attacks in Benghazi suggests that the vast majority of Libyan citizens still want stability and have no interest in a return to conflict. The Salafi (and possibly al-Qaeda linked) forces who appear to have been behind those attacks are a minority, estranged from the comparatively mainstream Muslim Brotherhood. Nevertheless, the attacks and ongoing violence since make it clear that Libya is not out of the woods yet. Even small numbers of moderately well-armed spoilers could push the country into a downward spiral of insecurity, recrimination, and violence.

Moving Ahead with Libya's Transition

If addressing security is paramount, it is not alone a sufficient condition for realizing the promise of the 2011 revolt. Libya also needs constructive support at both the technical and strategic levels in setting up political and administrative institutions and getting its economy on track. For their part, international actors must ensure that their efforts are coordinated and optimized as much as possible, especially given their limited footprint. They will need to strike a balance between smothering the nascent Libyan state with offers of assistance and standing back as the state struggles to overcome problems that they could help it resolve. Here we identify and explain the major challenges and policy options in four key areas—security, politics, economics, and international assistance. We do not propose to draft a blueprint for Libya's future, but rather set about bringing key issues into sharp focus and helping to set realistic expectations for both Libyans and international actors. A year after Qaddafi was killed, the long-term outlook for Libya is still positive, but the challenges ahead are real; they will require concerted effort by all parties if the natural ups and downs of the postconflict process are to be weathered and Libya is to emerge stable and prosperous. The stabilization process will take many years, but there is no reason that Libya should not become a stable and prosperous country, thereby reinforcing the positive political trends in neighboring Egypt and Tunisia, reducing the appeal of extremist elements, and expanding security and stability along the Mediterranean basin. If the United States and its allies can build on the success of the 2011 intervention by helping Libya down that path, they may also be helping to develop a valuable partner in the region and perhaps beyond it, and perhaps even a new, less costly, model for nation-building.

A burnt car in front of the U.S. consulate in Benghazi after an attack that killed four Americans, including Ambassador Chris Stevens, on September 11, 2012. Taken September 13, 2012. (AP Photo/Mohammad Hannon)

Meeting Libya's Security Challenges

On September 11, 2012, multiple armed groups attacked the U.S. consulate in the eastern Libyan city of Benghazi, killing the U.S. ambassador and three other U.S. government employees. Although the investigation into the attacks continues, it appears likely that operatives from Al-Qaeda in the Islamic Maghreb (AQIM) and other extremist groups were linked to the attacks. While Ansar Al-Sharia, the eastern-Libyan Salafi group whose members were witnessed on the scene is not an al-Qaeda affiliate, U.S. officials have reported intercepting telephone calls between members of Ansar Al-Sharia and AQIM in which the militia members bragged about the attacks.[4] This obviously does not mean that AQIM directed the Benghazi attacks, or was even aware they would take place, but it underscores the extremist nature of the threat in Libya, a threat long recognized as prevalent in Libya's eastern region of Cyrenaica, which was once a significant source of militants for insurgencies in Iraq.

The attacks in Benghazi drew immediate attention to the security challenges Libya faces. Although they came as a surprise to some observers, they were in fact the culmination of a deterioration of underlying security conditions that had been underway for months. Beginning in June of 2012, there had been several attacks on Libyan officials and government buildings in both Tripoli and Benghazi. The British ambassador had narrowly escaped death when a rocket launched at his vehicle in Benghazi went through one window and out the other. Meanwhile, Salafi

groups had begun destroying Sufi shrines unabated, in some cases aided by Libya's quasi-national security forces, despite the pleas of powerless government officials that they leave the shrines alone.[5]

On the most fundamental level, the current lack of security in Libya is the result of the Libyan state's lack of sovereignty over its own territory. The rebels never unified into a single army during the war, and when it ended, most militias occupied their own parcel of territory. Some were obviously more powerful than others, but none could stand definitively for the Libyan state and there were many disagreements between them, even as a tentative peace held. As a result, since then Libya's postwar authorities have lacked a monopoly on the legitimate use of force, a key dimension of state sovereignty as classically understood.

The new Libyan state also inherited dilapidated security institutions from Qaddafi, and these will need a thorough overhaul if they are ever to provide for Libya's security needs. Libya must therefore move forward on multiple fronts at once, continuing to pursue disarmament and demobilization of rebel militias while rebuilding the Libyan security sector from the bottom up. While Libyan concerns about sovereignty should be respected and there is a risk of overwhelming Libyan authorities with offers of assistance, external actors clearly have a role to play. This is especially true of those countries that participated in the military intervention that helped the Libyan rebels overthrow the regime in 2011.

The Fragmented Libyan Security Sector

The war against Qaddafi was waged by a multitude of individual militias that sprang up during the revolt rather than by a unified rebel army. Although these militias were united in their effort to topple the regime, after the war, many have thus far chosen to hold onto their weapons and pursue their own agendas. Those agendas vary from acting as a surrogate state or simply keeping the peace in the territory they occupy to attacking other militias and building links with criminal organizations.

In the absence of state territorial control, ethnic and tribal conflicts that had been suppressed by Qaddafi have flared up, for example over control of smuggling routes between Sebha and Tebu tribes in the South Eastern region of Kufra, which borders Chad, Sudan, and Egypt. Nearer to Tripoli, conflicts between the few towns that had supported Qaddafi and the new rebel authorities have also been brewing. One of those towns, Bani Walid, a holdout in Qaddafi's final days, ejected pro-revolutionary leaders in January of 2012, and as of mid-October is engaged in a violent confrontation with government forces. Meanwhile, Salafi groups, especially in eastern Libya (traditionally a source of radicalism) have been taking advantage of the lack of security to pursue their own agendas, for example, by destroying Sufi shrines. As of this writing, borders are porous with little to stop nefarious elements from entering or exiting the country beyond the natural barriers presented by Libya's Saharan terrain.[6]

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Efforts to consolidate military power under the transitional government have meanwhile faltered. At least three different security groupings have emerged. First is the Libyan National Army, composed largely of ex-regime soldiers who defected early on in the east and then went on to form the main—though by no means only—fighting force of the Libyan state. Second are the Libyan Shield Forces, which roughly resemble a national guard or auxiliary army force; they answer to their own commanders, however, and have an altogether separate chain of command from the National Army. Third, there is a Supreme Security Council, created by the National Transitional Council, which has brought various revolutionary groups and individuals together and begun working to train them for police functions, but at the same time refused requests by the Libyan authorities to disband. In September, forces of the Supreme Security Council stormed government offices in the Rixos hotel in Tripoli to protest the government's alleged failure to arm them sufficiently.

These groups have emerged as an ad hoc response to the need for some degree of coordination, but have done little to strengthen the power of the Libyan state. Moreover, the groups have often been at odds internally, and militia commanders in most cases have retained de facto control of their foot soldiers. Although these forces have been able to keep the peace in some situations, in mid-October 2012 power is diffuse, unreliable, and beyond the control of the state, even after the July elections when the reigns of power were handed over from the transitional government to a more legitimate parliament.

Risks and Opportunities After the Benghazi Attacks

The continued fragmentation of security in Libya presents a clear risk to the country's chances of successful transition. Libya's advantages notwithstanding, postconflict situations are fragile and peace can too often be ephemeral. Insecurity has a tendency to become self-perpetuating. The *sine qua non* of postconflict reconstruction is that without security, all other necessary nation-building and state-building tasks become nearly impossible. Security spirals downward as mutual suspicion intensifies, the security dilemma deepens, political reform and constitution-making become hopelessly entangled with military developments, and economic recovery slows (and eventually reverses) as capital flees the country. In Libya's case, the security of the energy infrastructure on which its favorable economic circumstances rely could be damaged, further undermining the prospects for economic prosperity in which Libya's stability must ultimately be grounded. To date, Libya has avoided these prob-

lems, but if the security situation were to continue to deteriorate, they may rear their ugly heads.

If the need for progress on the security front was dramatized by the Benghazi attacks, these same attacks also opened a small window of opportunity. The outpouring of sympathy for the attacked and the groundswell of outrage against the militias that followed indicate that a majority of Libyans want peace and in general want to see a successful transition. Citizen outrage may also have opened up opportunities for the Libyan government to take more concerted action to consolidate military forces under its command.

Unfortunately, in its first four months, the newly elected parliament was unable to come to consensus on a government to tackle these tasks. The difficulties Libya's parliament has faced in establishing a government, however, are themselves intertwined with the security problem, with anticipated new Defense and Interior Ministry appointments creating some of the biggest rifts.

A Libyan man participates in a protest against Ansar al-Shariah, a militia of Islamic extremists, and other Islamic militias in Benghazi, Libya, on September 21, 2012. Hundreds of protesters stormed the compound of one of Libya's strongest armed Islamic extremist groups, evicting militiamen and setting fire to their building as the attack that killed the U.S. ambassador and three other Americans sparked a public backlash against armed groups that run rampant in the country and defy the country's new, post-Muammar Qaddafi leadership. (AP Photo/ Mohammad Hannon)

The sine qua non *of postconflict reconstruction is that without security, all other necessary nation-building and state-building tasks become nearly impossible.*

The challenge is real, but if an effective approach is not identified soon, the risk will only grow.

Disarming Libya's Militias

In the first year after Qaddafi's death, the approach to the two key issues of militia disarmament and security-sector reform has lacked conceptualization and has proceeded largely in an ad-hoc manner. This is not for lack of recognition of the problem: In July 2012, the UN Special Representative of the Secretary General for Libya reported that addressing Libya's multiple pressing security challenges would require "a more systematic and comprehensive look at the overall national security and defense structure, beyond ad hoc or short-term initiatives."[7] Nor is there a lack of appreciation for the risks that Libya's fractured security sector poses to Libya's transition. Here again, the UN Special Representative and the Secretary General reported on the urgency of the problem to the UN Security Council on multiple occasions.[8]

Multiple militias currently operate across the country outside the reach of the government in Tripoli. In Benghazi, more-radical Islamist militias such as Ansar al-Sharia and Rafallah al-Shati have coexisted alongside the more mainstream February 17 Brigade, which has been more willing to cooperate with the government. There are also radical militias in the eastern town of Darnah, such as the Abu Salim Martyrs' Brigade, and while Zintan and Misrata militias are loosely allied with the government, they have refused to demobilize or integrate into the national army. In the Qaddafi stronghold of Bani Walid, a pro-Qaddafi brigade known as the Katibat al-Awfiya has been holding out against efforts to take control of that city, leading to a clash between forces aligned with Tripoli in mid-October. The Tebu and Zway tribes, meanwhile, also have their own militias. In Tripoli, there is some centralization of militias under the Tripoli brigades, but militias from some areas such as Souk al-Jouma nevertheless continue to maintain their independence and control their own neighborhoods.

Progress toward disarming and integrating these militias in the first year has been wanting. Efforts were the purview of a body known as the Warrior's Affairs Commission, the interior ministry, and the defense ministry, with the United Nations in a supporting role. However, these Libyan organizations lack the capacity and authority to be truly effective.

The Warrior's Affairs Commission has sought to register former combatants in order to help them find employment, but

it was quickly overwhelmed with applications from rebels, whose credence was sometimes difficult to verify. The interior ministry has had some success with financial incentives that helped bring militias under the authority of the Supreme Security Council, but these militias have not been disbanded and their allegiance to the interior ministry remains weak at best. When the National Transitional Council requested that the Supreme Security Council disband, the latter refused to do so; moreover, there are concerns that it is increasingly engaged in criminal activities. The defense ministry has had less success reintegrating units into the army, which, as a remnant of the Qaddafi era, is suspect in the eyes of many former rebels.[9] A more effective disarmament and reintegration program will require a new strategy entailing a more comprehensive approach on the part of the Libyan authorities, with greater support from international actors.

The process of militia disarmament is inherently political and calls for the broad participation of national and local political and military leaders, and even whole communities if it is to succeed. Past RAND work on disarmament and demobilization indicates the process of militia disarmament is only likely to succeed with a holistic approach that includes both adequate financial and social incentives and sufficient security assurances.[10] The use of force is only appropriate in the most extreme cases. The fact that Libya's militias have not experienced an excruciatingly violent civil war of the kind faced in other recent cases such as Sierra Leone should facilitate their reintegration into society, but some scholarship indicates that Libya's relatively high wealth and levels of education could make some rebels more difficult to reintegrate, if only because their expectations will be higher.[11]

To deal with militias effectively, it is crucial to differentiate between those that can be demobilized peacefully and those that cannot—and that therefore need to be addressed through other means. The vast majority of Libya's militias are likely concerned primarily with their security and economic futures and should be amenable to demobilization through a combination of financial rewards, promise of adequate social standing, and above all, assurances that laying down their arms will not jeopardize their safety or that of their community.

A Libyan militia man gives orders to his comrades at a random checkpoint in the Bir Doufan area, on the border between Misrata and Bani Walid, Libya, on July 14, 2012. (AP Photo/Manu Brabo)

Other militias may resist disarmament in hope the threat of force will influence local or national political developments in their favor. Although these groups are less likely to disarm in response to security assurances alone, they should still be susceptible to financial and other incentives, or promises of political power. Political bargains with such groups may be necessary in order to get them to lay down their arms and coopt them into a peaceful political process. Strategies such as establishing a civilian service corps, perhaps loosely based on an organization such as the U.S. Army Corps of Engineers, that can provide the former rebels who make up the militias with productive employment may be a helpful interim measure for both these types of militias.

The Benghazi attacks obviously point to a third type of armed militias: those that are strictly ideological and criminal in nature. These appear to be a very small percentage of the total, but in accordance with Libyan and international law, they need to be treated as criminal outlaws and dealt with accordingly. Only here is the proactive use of force necessary and likely to be effective to track them down and apprehend them. A clear distinction should be drawn between the forcible approach required to track down and apprehend members of these groups of spoilers and the approach to assimilating other militias, lest efforts to apprehend the criminals undermine efforts to increase the security of the more cooperative groups and convince them to lay down their arms.

There are numerous ways that international actors can support the design and implementation of these efforts; partner nations can

- help the Libyan government develop a coherent disarmament strategy
- provide intelligence on the militias to help understand their motives and dispositions, and thereby differentiate between them and tailor approaches accordingly
- ensure (and when necessary provide) the incentives needed for disarmament, including job-creation programs that offer not only financial rewards but also social status
- support the reform and reconstruction of the national security forces to increase the attractiveness of membership in the official military
- support national and local strategic communications programs to reassure rebels that have not disarmed that doing so will not jeopardize their welfare and that will build confidence and credibility in disarmament efforts
- provide technical expertise in weapons handling and disposal
- assist with local conflict mediation efforts.

While foreign military forces can and should support these activities with, for example, training, expertise, logistics, and mediation, they do not have a kinetic role except in the most

extreme cases. Even then, they should play an enabling role whenever possible. In most cases, the forcible disarmament of militias is liable to be a losing strategy if conducted by outside forces. Recent reports that the United States will train Libyan special forces are encouraging and would be a step in the right direction.[12] They are unlikely, however, to produce much fighting capacity in the near term, when it may increasingly be needed.

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The Purpose and Capabilities of Libyan Security Forces

Even as Libya moves to disarm and demobilize militias, it needs to begin to lay out and implement a clear approach to rebuilding the country's security institutions (including how international partners will support the effort), a task that will take many years to complete. The challenges here are also considerable.

As with disarmament, the Libyan government lacks the legitimacy, bandwidth, and know-how necessary for comprehensive security-sector reform. Qaddafi eviscerated and then neglected Libya's formal security institutions in favor of parastatal organizations, such as the Revolutionary Committees, that he himself controlled. As a result, the Libyan officer corps is bloated with generals and yet has little capacity for or experience with strategic planning, let alone strategic planning of the kind necessary to overhaul the security sector. While the last thing Libya needs is for external actors to dictate the terms, process, or outcome of security-sector reform, it is hard to see how Libya could succeed in reforming its security sector, even over several years, without significant amounts of external support and guidance.

Libya will need to agree on what the responsibilities and goals of its security forces are and which forces should play which roles. An assessment of Libya's security risks is thus needed. Are these internal or external in nature? If the Benghazi and other attacks suggest that threats are primarily internal, are they primarily the result of isolated tribal and ethnic disputes, do they stem from the threat of Qaddafi loyalists, or are they inspired by al-Qaeda? All three explanations are possible. Of them, the threat from Qaddafi's loyalists appears at this time to be the least significant, although even this remains a real problem, as the fighting over Bani Walid has made clear.

Only with some agreement on the nature of the threat can the Libyan authorities begin to consider the mix of capabilities the state will need, as well as the distribution of those capabilities between the Defense, Interior, and other ministries. Current efforts to train police under the Supreme Security Council may help address the gap in local police capacity, but the organization is suspect and lacks loyalty to authorities in Tripoli. Such efforts will moreover require concurrent efforts to help Libya establish a working legal system.

Libya will likely also need gendarmerie forces for more significant internal security challenges such as those posed by the conflict in Kufra. But if the Benghazi attacks are a harbinger of future threats, a gendarmerie may itself be insufficient, and heavier armed units with specialized training will be necessary. Establishing such forces, however, poses an inherent problem absent the correct training and sufficient civilian oversight.

If internal security is an obvious priority for Libya in the near term, Libya will nevertheless want to consider planning to develop some forces for external purposes. Luckily, Libya is not threatened by its neighbors and therefore does not require a significant force for territorial defense (beyond the obvious pressing need to secure its borders from transnational threats). It could, however, benefit from the development of niche capabilities that would allow it to participate in regional security training and other deployments. Such a capability would provide Libya with greater influence in regional political discussions, while also offering opportunities to gain experience and training and build closer relations with European and other Middle Eastern countries.

A Larger Role for NATO?

In this regard, the absence of NATO advisors from Libya immediately after the conflict may be unfortunate, especially given NATO's critical role in toppling the regime. NATO has had success in the past in establishing partner relationships with other countries in the region and in Eastern Europe. A deeper engagement with Libya (in the form of a training mission, for example) would provide Libya with expertise that it needs on multiple levels as it goes about reforming and rebuilding its security sector. It would also establish the partnership protocols and standard operating procedures for cooperation in a variety of global contexts, as well as in the unhappy event Libya's transition runs off the rails and begins to fail.

Given their current lack of control over their own territory, Libya and NATO could consider a closer relationship, one that might even imply the possibility of and an over-the-horizon security guarantee from NATO. This would avoid the proactive deployment of European or American forces on the ground and thus be more pleasing to both sides, but it would also help bolster the authority of the Libyan state in its efforts to obtain control of its own territory.

Unfortunately, there will be resistance both from within NATO and within the Libyan government to any such initiative. Such a guarantee would strengthen the sovereignty of the Libyan state, but may be perceived as impinging on that sovereignty. Nevertheless, NATO already has several partnerships in place with other regional states, and although these are not as ambitious as to imply over-the-horizon security guarantees, given the shared history with Libya, the option should be kept on the table.

Moving Ahead on Multiple Fronts

Concomitantly with the process of working out plans for Libya's security sector, external actors can also identify technical areas where work can begin prior to determining an overarching security sector concept and design. Such needs include logistics, communications, medical tools, and some forms of training. They also include the financial, human resource, and other administrative services necessary to administer a modern military. On account of Qaddafi's hollowing out of the military, these are almost entirely absent in Libya.

Without security, Libya's post-conflict transition will falter and eventually fail. Given its importance, the issue of security deserves sustained attention from international actors on the ground, and in regional and western capitals. Libya could become a valuable partner in the region, or it could become the problem child of North Africa. The many factors that play in favor of success on security do not obviate the need for a sustained effort to bring the militias under the control of the state and to build a rational security sector that will support Libya's future sovereignty and independence and thereby consolidate the gains made during the 2011 revolt. NATO, the United States, the European Union, the United Nations, the Persian Gulf States, and individual European countries all have a role to play.

Completing Libya's Political Transition

On July 7, 2012, Libya held historic elections that enabled the handover of power from transitional authorities to the Libyan General National Congress (GNC). Despite significant obstacles, Libya, acting with the support of the United Nations and other actors, held an election that was relatively well organized and judged free and fair. Turnout was over 60 percent, and the parliament that resulted was composed predominantly of moderates, with sound representation for the Muslim Brotherhood and other Islamist organizations.

Libyans went to the polls in numbers that exceeded turnout in Egypt and Tunisia and broke a run of Islamist victories in the region by electing a diverse array of parties and individual candidates. Now endowed with a body that has the popular legitimacy to oversee the next steps in the transition, Libya is much better placed politically than it was prior to the election.

Nevertheless, considerable political challenges remain. Forming a government has proven very difficult, more so after the Benghazi attacks. Meanwhile, several fundamental issues of centralization and political design still need to be worked out. On a deeper level, the ongoing impact of Qaddafi's decades-long rule, which hollowed out political institutions and enforced political apathy nationwide, remains to be addressed.

Building a Constitution

Now that Libyans have chosen representatives, the political process will shift to defining the responsibilities of the country's emerging institutions. July's elections were about selecting who Libyans want to lead them; the next phase of political development in Libya will be about parsing the authorities of those leaders and about developing the basic institutions of government. In other words, Libyans need to design their government even as it begins to govern.

The process of defining authorities will have to begin with the GNC itself, a body first conceived as a constituent assembly for selecting a committee that would draft Libya's new constitution. That responsibility, however, was stripped away by a last-minute decree from the National Transitional Council.

As it stands now, the GNC operates as a parliament-like body, with its head, Mohamed al-Magarief, serving as de facto head of state. The first effort of the body to appoint a cabinet failed. Future efforts may have more lasting effect. The two largest parties represented in the GNC, the moderate National Forces Alliance of Mahmoud Jibril and the Muslim Brotherhood's Justice and Construction Party, are moving toward the nomination of a unity government. If those two parties can reach a compromise, this would likely result in a more stable arrangement than the initial government proposed by the first-choice Prime Minister, Abu Shagur, who attempted to cobble together a cabinet that excluded the assembly's leading party.

Although government formation is the immediate hurdle, the larger task facing Libyans will be the drafting of a constitution that provides a framework for national politics. To accomplish this, Libyans will have to confront both procedural and substantive issues. Two of the more vexing procedural issues are (1) the question of who nominates the constitutional drafting committee and (2) whether the drafters will include members of the GNC itself. The advantage of the GNC handling the nomination is that it already commands popular legitimacy based on the July 7 vote, so allowing it to nominate the constitutional committee would avoid the need for another national election

A Libyan woman receives her ballot in a polling station on July 7, 2012, during the first democratic elections after 42 years of dictatorship. The strong voter turnout for the elections suggests that Libyans can overcome the legacy of a regime that consciously depoliticized society. (Copyright Marco Salustro/Corbis /APImages)

to choose that committee. As for GNC members serving on the constitution drafting committee, that approach would follow the precedent set by both Egypt and Tunisia. The downside, however, is that the GNC is comprised of politicians—not legal experts—so it does not necessarily have the necessary technical expertise. There is also the obvious potential conflict of interest in having the parliament decide on the balance of power among the legislative, executive, and judicial branches.

As for the substance of the constitution, the identity of the state and the role of shari'a law will be a major point of deliberation. President al-Magariaf's recent comments that the state would be secular in its orientation provoked such a firestorm that he later withdrew his remarks and apologized for a "slip of the tongue."[13] But while this issue will undoubtedly generate headlines, hand wringing, and the occasional drama, it is not the landmine that many fear. Libyans appear to agree that shari'a should be the source of their laws, but this is common even in Muslim countries where civil codes predominate. In practice, the strongest influence of shari'a is usually found in personal status laws (i.e., those regulating marriage, divorce, inheritance, etc.) with greater flexibility permitted in other areas. Absent a clerical body that vets the conformity of legislation with shari'a—and there are no indications Libyans are pushing for this—there is no reason to think that Libya is headed toward theocracy.

The bigger challenge for Libya's constitution drafters will thus be striking the appropriate balance between the authorities of the central government on the one hand, and regions and localities on the other. Unfortunately, Libya's history has made the question of federalism highly contentious. Federalism tends to be viewed as a binary choice between being a nation-state and a confederation of regions. The reality, however, is that most modern nation-states combine elements of federalism and centralization and there are many shades of grey in between.

The July 7 elections dealt a blow to the extreme federalist movement in Barqa (the Arabic name for the eastern region of Cyrenaica), but the larger issue of center-periphery relations is in no way settled. Libyans clearly do not want to divide their country into autonomous regions, but many do want to retain a measure of local control. These sensitivities are apparent in the composition of the constitution drafting committee itself, in which the transitional authorities opted for equal representation from each of Libya's three main regions—an approach that was also employed in the drafting of the 1951 constitution that many Libyans point to as a model for the current effort.

The task of defining the relative strength of the central government is particularly fraught because of its implications for two interrelated issues—the division of oil and gas revenues and, here again, the demobilization of the militias. A strong center would afford greater say to the central government in how it spends the revenue generated from Libya's energy sector. It would also imply a strict interpretation of the principle that the state alone has a monopoly on force. In this sense, constitution making may well prove to be the arena in which many of the security and economic challenges we identify elsewhere in this paper are negotiated.

The bigger challenge for Libya's constitution drafters will thus be striking the appropriate balance between the authorities of the central government on the one hand, and regions and localities on the other.

Integrating Islamists Into a Stable Polity

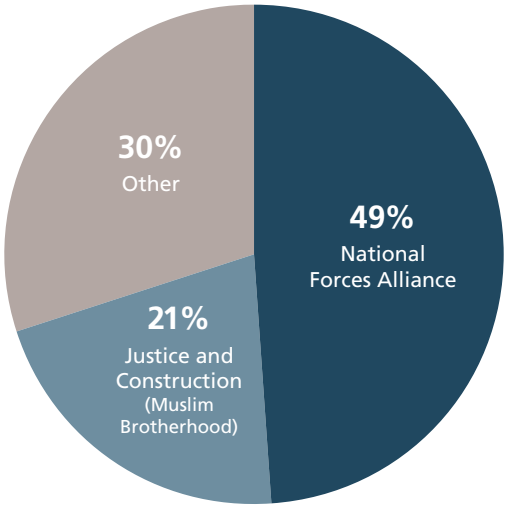
Among Arab states in political transition, Libya stands out for the modest electoral performance of its Islamist parties. For the portion of seats in the GNC decided by party lists, the Libyan Muslim Brotherhood received 21% of the seats while the more hardline Homeland party was shut out altogether (see Figure 1). This was a more modest showing than in Egypt and Tunisia, where Islamists won strong pluralities or a straight majority in the first elections after their revolutions (see Figure 2). But despite the relatively weak showing of the Libyan Muslim Brotherhood relative to its counterpart organizations in Egypt and Tunisia, there are reasons why the inclusion of Islamists may prove more difficult for Libya.

For example, among the Islamists entering the Libyan electoral arena are groups that—until very recently—used violence against the state. Organizations such as the Libyan Islamic Fighting Group (LIFG) disavowed violence as a tactic in the latter years of the Qaddafi era, but the depth of their commitment to liberal democracy remains an open question. After all, they were among those who fought most fiercely during the revolution, and they have retained well-armed militias since. Ansar al-Sharia's attack on the Benghazi consulate made all too clear that, even if many former fighters have reconciled themselves to the political process, others have not.

After under performing expectations in the July elections, it remains to be seen whether the Islamists' relatively weak electoral performance erodes their commitment to the political process. Should segments of groups such as the Libyan Islamic Fighting Group opt out of formal politics, they could pose a major challenge to the limited capability of Libya's security forces. As to the Muslim Brotherhood, early signs suggest that they are firmly committed to the procedural aspects of democracy (e.g., respecting the electoral process and its outcomes). However, continued vigilance will be needed with respect to the positions they adopt vis-à-vis the status and rights of women and minorities and to the agendas they might pursue if and when certain ministries—such as education, culture, and religion—come under their control.

As Libya's new authorities begin the process of constitution drafting they will need to define, among other things, the basic characteristics of the country's electoral system. The

Figure 1. Party List Election Results for the General National Congress



NOTE: This breakdown is only for 40% of the seats (80 in total that were elected via party lists).

SOURCE: Project on Middle East Democracy, "Libyan Election Party List Results: Seats Per Party by District," undated (as of October 22, 2012: http://pomed.org/wordpress/wp-content/uploads/2012/07/Libyan-Party-List-Results.pdf).

design of that system will have a direct bearing on whether groups—both Islamist and non-Islamist—are incentivized to participate in formal politics or seek to project influence through extra-legal means.

One major challenge is creating a system that is inclusive enough to manifest itself in a broadly representative parliament without creating such a fractured result as to engender paralysis. Electoral formulas such as the one used in the July election, which was based on a hybrid system of proportional representation and winner-take-all districts, are good at engineering representative outcomes, but they can also lead to the election of parliaments in which political impasse is the norm and even mundane legislative procedures become blocked. Moreover, as evidenced by the difficulties the General National Congress is having in their efforts to nominate a cabinet, they can complicate the very formation of a government.

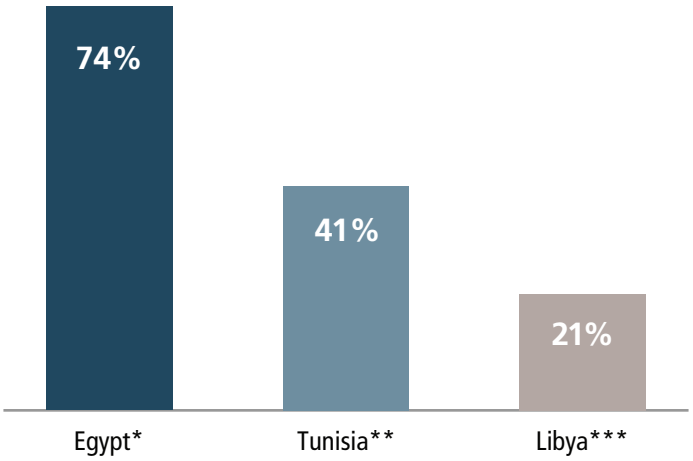
Libya's new authorities will also be pressed to create party registration requirements that are broad enough to coax would-be spoilers into the political system while creating clear redlines that protect the political system from being overrun by those with suspect commitment to the democratic process. Among potential sticking points are whether groups will need to lay down arms to be eligible to operate as political parties, whether they will have to pledge support for a definition of the polity that has a civil rather than religious basis, and whether they must open party membership to women and minority groups.

Contending with the Legacies of the Qaddafi Regime

The ouster of Muammar Qaddafi liberated Libya from four decades of authoritarian rule, but he left a legacy of weak institutional capacity—based on the personalistic nature of his regime—that will remain a problem for several years. Because promotion under the Qaddafi regime was based on allegiance to the "Brother Leader" himself and favored the loyal over the capable, Libya lacks a trained civil service to manage and administer governance. This shortfall in capacity has been further exacerbated by the outflow of Libyans who have left the country for better prospects abroad. While returning expatriates will bring considerable skill, they may be less well connected to the realities of today's Libya and less legitimate as leaders and administrators in the eyes of the broader public.

The public's lack of experience with democratic processes is another challenge. While Qaddafi claimed his regime was based on popular will, it systematically suppressed civil society and independent media, prohibited the establishment of political parties, and created a web of unelected bodies and informal power structures. The strong voter turnout for the July 2012 elections suggests that Libyans can overcome the legacy of a regime that consciously depoliticized society. That said, distrust in political

Figure 2. Share of Seats won by Islamist Parties in Egypt, Tunisia, and Libya



* Share of seats taken by the Freedom and Justice party (235), an-Nour (123), and al-Wasat (10) out of the total of 498 in the (now dissolved) lower house

** Share of seats taken by an-Nahda (89) out of the total of 217 in the Constituent Asembly

*** Share of seats taken by the Justice and Construction Party (17) out of the total of 80 seats elected according to party lists

SOURCES: Project on Middle East Democracy, "Libyan Election Party List Results: Seats Per Party by District," undated (as of October 22, 2012: http://pomed.org/wordpress/wp-content/uploads/2012/07/Libyan-Party-List-Results.pdf); "235 seats for the Freedom and Justice Party and its Allies, 123 for an-Nour, 38 for the Wafd, and 34 for the Bloc in the Parliament of the Revolution," *Al-Ahram* , January 22, 2012; "Final Tunisian election results announced," Al Jazeera English, November 14, 2011.

parties remains high, and Libyans lack many of the intermediary institutions (i.e., civil society) that channel demands, nor do they have a professional media to sustain an informed citizenry.

In addition to weak institutional capacity and a lack of experience with democratic processes, Libya is also saddled with the internal rivalries and distrust purposefully instigated by the Qaddafi regime as a means of maintaining control. In his effort to maintain control, Qaddafi pursued a "divide and rule" policy, pitting community against community, tribe against tribe, and region against region. As in other postconflict situations, even when these internal divisions were cultivated by rulers or external powers, they often cast a long shadow.

These differences can be mitigated by building institutions that promote national unity (e.g., a conscript army) or establishing a reconciliation process that addresses transitional justice issues while avoiding retribution. International actors should not, however, expect these ethnic and tribal groups and networks to disassemble at the first sign of modernization. It may be necessary—indeed helpful—to coopt and work with them in order to facilitate Libya's transition.

Energy and Libya's Economic Future

Libya's chances of a successful transition to stability and prosperity will be significantly enhanced if it creates a favorable environment for the private sector and expands its output of oil and natural gas. Here again, the challenges are considerable. Like its political system, Libya's economy suffers from the legacies of Qaddafi's rule. For Qaddafi, economic policy aimed at ensuring control over the population rather than economic development. Oil revenues were essential to his ability to use patronage as a source of political support. His regime used state-owned enterprises, restrictions on foreign trade and foreign investment, and subsidies for food, fuel, and other goods and services to cultivate loyalty and prevent the emergence of alternative power bases.[14]

Economic policy under Qaddafi, in other words, was aimed solely at keeping the regime in power. Recurrent efforts throughout Qaddafi's rule to improve economic performance through market reforms were shelved as soon as they ran counter to the regime's control over the country—as they nearly always did. As a result, Libya's nonenergy private sector remains underdeveloped, leaving both the government and the citizens reliant on income from hydrocarbons. In 2011, energy production accounted for 65 percent of GDP and 80 percent of government revenue. Though per capita income was fairly high at $14,100, an estimated one third of the Libyan population lived below the poverty line.[15]

So although the challenges facing Libya's economy are complex and broad, we focus here on a few key issues in the energy sector. The country's 47.1 billion barrels in proven reserves are the largest in Africa and among the top ten countries globally. Libya also has substantial natural gas reserves.[16] Hydrocarbons, especially oil, account for 95 percent of export earnings, 90 percent of government revenues, and 70 percent of gross domestic product.

Like its political system, Libya's economy suffers from the legacies of Qaddafi's rule. . . . Economic policy under Qaddafi . . . was aimed solely at keeping the regime in power.

Oil production almost stopped during the war, but it has since reached 1.6 million barrels a day (mbd) and should fully recover to preconflict levels of 1.8 mbd. Production of natural gas has resumed as well.[17]

Hydrocarbons can provide Libya with a valuable source of income. However, mismanagement of Libya's oil and natural gas could lead to greater corruption, prop up inefficient government subsidies, and subvert the development of the private sector, potentially derailing Libya's long-term political and economic development. To ensure the economic stability and prosperity of the post-Qaddafi state, Libya will need to use its energy resources wisely and make sound decisions about how to distribute the revenue generated by these resources.

Managing the Energy Sector Wisely

Like most developing countries, Libya has chosen to make oil reserves the property of the state. It has also chosen to manage these reserves and produce this oil through a state-owned company, Libya's National Oil Company (NOC). NOC in turn has devolved some of its operations to wholly owned subsidiaries; these include the Arabian Gulf Oil Company (AGOCO) and the Sirte Oil Company.

State-owned energy companies offer some advantages to developing nations. For example, it is easier to tax state-owned oil companies than private firms because the government has more information about production costs. It will also be easier to give Libyan citizens jobs in state-owned companies and thereby develop organic expertise in the oil industry.

However, state-owned companies have their drawbacks as well. Promotions and management decisions may be made for purely political reasons, making operations less efficient. Pressure from the government to create jobs may lead to overmanning, reducing efficiency and lowering profitability. The government may drain more revenues for itself than is warranted and healthy for the long-term development of the industry, leaving insufficient funds for the development of new fields and the operations of the company, reducing long-term revenues.

Libya will almost surely continue to control its oil output through NOC and possibly additional state-owned companies. However, the government of Libya could reduce some of the disadvantages of state-ownership by giving NOC, its associated companies, or its successor the independence to run its activities on a commercial basis. For example, in some other state-owned

companies, the chief executive officer reports to a board of directors that includes both government officials and highly regarded international businessmen or oil experts. If Libya were to adopt this model, key management positions could still be held by Libyans, but the company or companies would have the freedom to hire expatriate staff when necessary. Management would then be evaluated by comparing the company's performance against that of major international oil companies.

More independence for NOC would also require a smaller day-to-day role for the ministry in charge of energy. Libya may wish to follow the example of Qatar, where the ministry confines its activities to oversight and creating a national strategy for energy resource development; the state-owned company is responsible for running day-to-day affairs and has considerable independence.

In any event, the Libyan government should seek to ensure that NOC receives a price for the petroleum and natural gas it produces that fully covers exploration, development, and operating costs. State-owned oil companies such as NOC suffer when governments leave insufficient revenues for growing the company, depriving it of the resources needed to develop new fields. Currently, the Libyan government controls all oil revenues; it may be better served if it sets a price for the resources produced by NOC that fully covers the company's costs, including for exploration and development, so that the NOC has the financial wherewithal to invest in the development of new fields in addition to covering the costs of on-going operations.

To increase output, the government may also wish to open up more opportunities for collaboration with foreign oil companies. It has already signed exploration and production sharing agreements (EPSAs) with a large number of foreign oil companies.[18] These companies provide capital, technologies, and expertise that Libya has found difficult to provide itself, and by expanding the range of activities it outsources could engender more-rapid increases in output. If it does so, best practice calls for tenders with clear, economic criteria for determining the winners. Both winning and losing bids should also be made public so that Libya's citizens can review the decision. The Libyan government may even wish to televise opening and evaluating the bids, a process with which Iraq has had some success.

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Investing Libya's Energy Wealth

Throughout recent history, developing countries with large oil revenues have had a propensity for greater levels of corruption than those without, as government officials and others in power are tempted to siphon off revenues for themselves. Under the previous regime, Qaddafi had almost unlimited control of oil revenues. Government can help ensure revenues are properly accounted for (and thus reduce the chances of debilitating corruption) by (1) setting up a single account into which all revenues from oil and gas sales are collected and held and (2) making contracts and payments from purchasers of the oil (or natural gas) public, for example by printing them in the official register or newspapers or posting them on the Internet, so that payments can be compared to revenues flowing into the fund. Of even greater importance, the Libyan government needs to develop clear and transparent accounting procedures to control and monitor expenditures to ensure they are used for their designated purposes.

The Libyan government will have to make decisions about how to spend its revenue. Since the fall of Qaddafi, government operating expenditures have grown rapidly, to the point where Libya needs oil prices to remain above $100 a barrel for the budget to remain in balance.[19] In contrast, government investments have not recovered: Actual expenditures on government investment have fallen short of budgeted expenditures. Libya's government is spending more money on government salaries and subsidies than in the past, but is spending less on investment and is not saving sufficiently for future generations. The Libyan government needs to either scale back operating expenditures or increase revenues (or a combination of both) to regain fiscal balance.

Libya has a sovereign wealth fund, the Libyan Investment Authority. The government has been drawing on this fund to cover expenditures associated with the recovery and the current budget. As part of Libya's foreign and investment strategy, Qaddafi invested substantial sums in another fund, the Libyan Arab African Investment Company. These investments were made for foreign policy reasons and were highly unpopular with the Libyan public. As of this writing, these funds remain frozen so as to give the Libyan government time to firmly establish control over fund assets.

One way to control expenditures on government salaries and subsidies is to sequester revenues into separate accounts (1) for investment, (2) to save for future generations through the sovereign wealth fund, and (3) to save for the inevitable rainy day in a stabilization account. Stabilization accounts are set up to save revenues from sales of oil and natural gas when prices are high and can be drawn upon when prices fall below expected levels.

Foreign advisors have encouraged some oil producers to place more emphasis on collecting revenue from non-oil taxes

rather than relying solely on revenues from energy so as to broaden and diversify the tax base. There are major challenges, however, to rapidly introducing non-oil taxes in Libya. The experience of Bosnia and Kosovo shows that the rapid introduction of taxes after a period of conflict can have detrimental effects on economic growth by erecting impediments to private-sector firms. They also encourage corruption: Customs, sales, excise, VAT, property, and income taxes are generally difficult to collect and provide collectors with the power to demand bribes. In contrast, royalties from resource extraction have fewer distortionary effects on an economy.

Distributing Libya's Hydrocarbon Wealth

To use its energy revenues for the greatest good, the Libyan government will need to determine the best way of distributing the revenue from energy to its citizens. In 2012, Libya is projected to spend 19 percent of GDP on government salaries and an additional 16 percent on subsidies and transfers, some of the highest such levels in the world.[20] These expenditures are an inequitable and inefficient way of distributing Libya's hydrocarbon wealth to the Libyan people.

Citizens and government officials in many energy-rich countries often believe that energy wealth means that fuel should be cheap. Unfortunately, subsidizing gasoline and diesel encourages overconsumption and wastes resources that could be better used to fund expenditures on education, health care, and infrastructure development.

The key to effectively using Libya's energy resources is to price them as close to world market prices as possible. This will encourage Libyans to use their fuels wisely and will discourage smuggling. The risk of popular discontent from rising prices can be mitigated by informing the population of impending price increases ahead of time, as was done in Iraq, and providing financial compensation to households for the increased costs.

A Libyan oil worker walks in front of a refinery inside the Brega oil complex, in the east of Libya, on February 26, 2011. Production at Brega dropped by almost 90 percent during the war.
(AP Photo/Hussein Malla)

A better option for distributing petroleum wealth is to provide cash payments, creating an energy dividend for each citizen of Libya, and eliminating subsidies for fuel and food.

Similarly, pricing electricity and water below their full cost has imposed enormous burdens on the governments of energy-rich countries. Governments around the Arabian Gulf have invested extraordinary amounts of money in expensive electric power generation and water desalination plants to provide electricity and water. Precious oil is then used to generate electricity and water that is then consumed wantonly by consumers who do not appreciate its real value.

A better option for distributing petroleum wealth is to provide cash payments, creating an energy dividend for each citizen of Libya, and eliminating subsidies for fuel and food.[21] A base payment should be fixed so that no Libyan is destitute. Additional payments can be made based on available oil revenues. Cash payments would provide families with enough money to purchase adequate food and fuel at prevailing market prices without encouraging them to waste these commodities. A cash payment tied to oil revenues would also encourage Libyans to be concerned about the current and future health of their oil and gas industry, helping to ensure that these industries continue to receive sufficient investment.

As part of this process, government salaries should be reduced by at least the amount of the cash grant. This will ensure that the payments go primarily to Libyans without government jobs, who tend to be the less well off. Implementing the policy in this fashion will also help to reduce the gap between current government salaries and market wages, thereby opening up space for the emergence of the non-energy private sector that Libya needs.

Creating Opportunities for Economic Growth and Employment

Beyond energy, to improve the environment for private businesses, the government must address a wide variety of issues that go well beyond the scope of this paper. The environment for private enterprise under Qaddafi was poor. In fact, Qaddafi actively sought to prevent the emergence of a private sector because it might have threatened his grip on power. Lack of property rights, a poorly educated workforce, an opaque and inefficient bureaucracy, and corruption all made establishing a business in Libya prohibitively expensive, further impeding the emergence of a private sector. Qaddafi meanwhile created perverse incentives for workers by offering higher than market wages for government jobs, while impeding the development of the private sector.

Businesses were hampered by restrictions on imports, employment, and financial transactions, as well as difficulties obtaining licenses and other government permissions. The new government must eventually dismantle all these barriers to foster the emergence of the healthy and dynamic private sector that is needed to underpin a successful transition in the medium and long-term.

Assisting Libya

International assistance was central to the effort to overthrow Muammar Qaddafi and continues to play a key role in Libya's post-Qaddafi transition across all of the dimensions discussed above.

The NATO intervention in Libya came fresh on the heels of successful revolutions in neighboring Tunisia and Egypt; there seemed to be an air of inevitability about Qaddafi's ultimate fate. After having been caught somewhat flat-footed by the Arab Spring, the United States and its European allies were thus keen to show support for the new impulses of "people power" sweeping across the region. Global support for intervention in Libya was further bolstered by an unprecedented green light from the Arab League.

The international approach to Libya differed considerably from other recent interventions. Unlike Iraq and Afghanistan, which both ultimately involved heavy ground force deployments and a large international presence, the footprint in Libya has been much lighter. Even at the height of Operation Unified Protector in the summer of 2011, NATO military commitments were limited to airpower, with only a few countries sending in small numbers of special forces in a bilateral capacity. The United States limited its military contribution to those "unique capabilities" it alone possessed.

After the war, the political will for a more robust international presence was completely absent from key capitals. In the wake of the Iraq War and with Afghanistan's fate far from certain, the United States and key allies were unwilling to commit significant ground troops or other aid. Europe's ability to undertake a larger-scale commitment was limited by the economic crisis within the European Union and general lack of capacity. The fact that the Libyans are relatively wealthy also worked against arguments for foreign assistance.

The Libyan authorities meanwhile insisted that their transition be perceived as locally owned rather than choreographed by outsiders. Libyans appear grateful to the United States and its allies for their help in getting rid of Qaddafi, and they remain open to the idea of external support as they begin to build a new democracy. Nevertheless, they are concerned about sovereignty. These concerns are similar to those that surround Western assistance to neighboring countries such as Egypt. The idea of Libyan independence from the west was moreover fostered by Qaddafi for decades. Rumors the United States might take unilateral military action in response to the Benghazi attacks further heightened sensitivities.

. . . with its considerable revenue from energy resources, the country's main challenges are to be found not in a lack of funds, but in a deficit of governance capacity.

The problem, however, was that despite its concern with sovereignty, Libya lacked the capacity to manage its own postwar transition. There was a basic shortfall in Libya's ability to communicate with outsiders, as well as in its capacity to fully assess its needs and thereby generate the positions and underlying strategies on which Libyan requests for assistance would need to be predicated. Importantly, with its considerable revenue from energy resources, the country's main challenges are to be found not in a lack of funds, but in a deficit of governance capacity.

Even if the international presence has been light compared to that in Iraq and Afghanistan, international engagement in Libya has been consistent. The United Nations has been in the lead, with responsibility for coordinating individual international roles, elections support, security sector reform, and other areas under the auspices of the United Nations Support Mission in Libya (UNSMIL). Most of this work has involved small, targeted initiatives aimed at dealing with the most immediate needs rather than ambitious, large-scale undertakings. In many areas, such as the economy and social services, the international contribution has mainly come in the form of advisors providing technical support to Libyan counterparts as a new bureaucracy slowly begins to emerge.

Looking ahead, international assistance in Libya faces a number of interconnected challenges:

- maintaining a Libyan face for the transition even as reliance on Western technical assistance increases
- the complexities of coordinating the efforts of various international actors with an uncharacteristically small U.S. role
- promoting sustained international engagement while explaining to skeptical populations—in Libya as well as the United States and Europe—why these efforts are necessary.

We'll consider each of these challenges in turn and advance some ideas for how they might be addressed. Ultimately, the overarching goal of international assistance should be to identify the policy platforms and assistance tools that will best help to consolidate and anchor Libya's transition for the long term.

Supporting a Libyan-Led Transition

One feature common across all of the transitions currently under way in the Middle East and North Africa is a local desire to assert sovereignty and to emphasize the indigenous character of the transitions. In some cases, this has involved a clear break with histories of Western clientalism. Libya's new leaders are keen to

emphasize that Libya's future is in the hands of its people and not external powers.

Libya's international partners are well aware of these sensitivities and have thus far been careful to frame their engagement using aid and assistance buzzwords (such as "country ownership") and to emphasize that Libyans are in the lead when it comes to identifying priorities. But the new Libyan authorities, many of whom are neophytes when it comes to running a country, have shown that they are not always capable of identifying or agreeing on priorities (nor how they should be tackled), and hence are in need of considerable guidance and assistance.

With its energy wealth, Libya is not in need of loans or economic aid packages. But it is challenged with figuring out how to transform its considerable resources into sources of employment, livelihood, and social mobility. This will require technical support and international assistance focused on enhancing governance. International partners will continue to have a key role to play across all issues. The Benghazi attacks have focused both Libyan and international eyes on the centrality of the security sector and may even catalyze the kind of cooperation necessary to move ahead with disarmament and the consolidation of state power. Economic engagement, both by partner governments and private-sector investors, will serve as the handmaiden to Libyan prosperity. Technical assistance and policy advice associated with economic reforms are less politically sensitive in Libya than in a country such as Egypt (which tends to view such assistance as a Trojan horse for U.S. influence), so both will continue to be areas in which international efforts can make a major contribution.

It is natural that Libya's international partners have focused their efforts on the country's immediate needs in priority areas such as elections during this first year of the country's transition. Over time, however, it will be important for international assistance in Libya to evolve. Two scholars of comparative politics, Steven Levitsky and Lucan Way, have argued that international linkages—particularly to other democracies—play a crucial role in solidifying democratic transitions.[22] To Levitsky and Way, such linkages involve the development of routines of engagement and partnership across many sectors. These ties are most effective outside the framework of formal assistance mechanisms and the leverage and obligation that comes with them. This is an area in which both the United States and the European Union have considerable experience. It is worth a significant effort to ensure that Libyan civil society and businesses interact with foreign partners regularly and to mutual benefit.

Investments in developing Libya's human capital, especially in the public sector, will also be important. Programs designed to train civil servants and policymakers in areas such as public management, budgeting, and deliberative policymaking would be very beneficial. This could be done in ways that foster the creation of the kinds of international linkages described above—for example, through exchange programs and institutional collaborations in the higher education sector. The United States and Europe are natural partners for such initiatives, as are other countries that have recently experienced successful transitions to democracy. Libya's relatively wealthy and well-educated urban population should facilitate this process.

Despite mixed results from previous efforts to mount international planning conferences for Libya, the opportunity presented by the formation of a new government and the urgency around the security sector warrants a renewed effort to convene a Friends of Libya *summit that could reflect and operationalize the emerging division of labor.*

The Chimera of Perfect Coordination

Another key challenge is getting the many external actors—states, intergovernmental organizations, and NGOs alike—to coordinate their respective assistance efforts in ways that maximize coherence and impact. This problem is hardly confined to Libya; it is pervasive across most international aid and relief efforts, and especially problematic in postconflict situations. Libya experiences the problem in particular ways, however, given its capacity for engaging with international partners remains very weak.

Coordination efforts often begin with the aim of tying together the design and the delivery of assistance. In reality, perfect harmonization and synchronization of most assistance efforts are difficult to achieve given the diverse range of interests, agendas, and timelines involved. In Libya, coordination has been further complicated by the more-limited U.S. role, which left the coordination function to other actors that are either under resourced or unaccustomed to being in the driver's seat for post-conflict reconstruction and transition activities.

While the United Nations enjoys strong international legitimacy and avoids much of the political baggage associated with direct U.S. and European involvement in the region, UNSMIL has had some difficulty getting full traction on the ground. UNSMIL is a post-conflict political mission run out of the UN's Department of Political Affairs (DPA) rather than a peacekeeping operation run from the Department of Peacekeeping Operations (DPKO). This is appropriate since there are no peacekeepers at present, but it does mean the mission has had fewer capabilities than its predecessors, for example, the U.N. Mission in Kosovo (UNMIK) or the U.N. Mission in Afghanistan (UNAMA). The United Nations and other international actors describe difficulties associated with the failure of various authorities and ministries within Libya to communicate with each other, with external

actors sometimes serving—highly inefficiently—as conduits between Libyan domestic groups.

The more low-key U.S. approach in Libya has come with its own unique challenges. Washington's decision to take a back seat in Libya has certainly reduced the U.S. burden, at least in the short term, but has also given rise to new challenges. The United States had made it clear that it is committed to a strong role in Libya, pulling together some $140 million in stabilization funds for fiscal year 2011, but it still would prefer other actors to take the lead. In practice, this arrangement has posed the dual challenges that (1) the United States is not accustomed to being "coordinated" and (2) few other international actors are comfortable taking the lead.

Between the UN's struggle to get traction on the ground, Europe's efforts to identify a clear focus for its own work, and a reluctant United States unwilling to lead but unsure how to follow, international cooperation in Libya on the whole has been more of a "let a thousand flowers bloom" approach than a well-coordinated effort with a clear strategy and division of labor. Given the range of actors involved and the uncertainty that inevitably follows from sudden transitions from authoritarian rule, it is not surprising that international efforts in Libya have been characterized by high levels of improvisation and quick footwork to address a rapidly changing situation on the ground.

Nevertheless, with a new government in place and a renewed focus on the centrality of the security sector, there may now be an opportunity to bring greater coherence to international assistance efforts, even if only in the form of a rough and still emerging division of labor. The United States, for example, has unique strengths—and a direct interest—in terms of what it can do for Libya's security sector. While Libya's natural resources are sold on global markets, Europe is uniquely situated by dint of geography to spur economic diversification and the creation of new cross-Mediterranean business and civil society partnerships.

Despite mixed results from previous efforts to mount international planning conferences for Libya, the opportunity presented by the formation of a new government and the urgency around the security sector warrants a renewed effort to convene a *Friends of Libya* summit that could reflect and operationalize the emerging division of labor. Such an event would provide a platform for broadening the range of players involved in Libya's transition from those states and intergovernmental entities directly involved in supporting efforts to bring down Qaddafi to the wider range of commercial and societal partners that Libya will need to build a portfolio of normalized international linkages. Holding it in Tripoli would further reinforce international confidence in transition.

Although U.S. policy on Libya has recently become marred by partisanship in Washington holding up constructive efforts to support transition, the United States may still have at its disposal policy tools that will permit some increase in its own involvement in coordinated, multilateral efforts. While the officially requested level of U.S. bilateral assistance for Libya in FY 2013 is less than $1.5 million (exclusively for security-sector assistance), the Obama administration's proposed new $770 million Middle East & North Africa Incentive Fund would permit the United States to consider ambitious new initiatives to link Libya with her neighbors on both sides of the Mediterranean for reform-oriented activities backed by significant new money. It would be tragic if the Benghazi attacks that resulted in the death of U.S. diplomats also thwarted support for such initiatives in Congress.

Future Challenges to International Assistance

Despite the clamor for action in Syria and the many other pressing issues on the international security agenda, it will be important for international actors to maintain the momentum and political will for cooperation on Libya. Among possible emerging issues are

- **The danger of donor fatigue.** While Libyan authorities might today complain about the converse effect of "recipient fatigue" given the seemingly endless waves of needs assessments and donor missions, the situation can easily and quickly reverse itself if political will falters on the part of Libya's international partners. Abandoning international investments in Libya's transition before they come to fruition is a real danger and could lay the seeds for democratic backsliding or worse. International actors need to be clear in articulating their interests in successful transition and steadfast in their commitments. Postwar transitions simply do not occur overnight—sustained attention is a critical component of success.
- **Including new actors.** There is a bit of a "usual suspects" feel to much of the current discussion around international cooperation in Libya, particularly when the conversation is confined to traditional forms of assistance and development aid. But the policy discussion about international cooperation must evolve to appreciate the increased role of emerging actors in the region—such as Qatar and Turkey—as well as at the global level (e.g., China, India, and Brazil). Some of these players are already having an influence in Libya—and not always in ways that align with U.S. or European interests—while others will likely bring their own brand of international investment and cooperation to Libya in the future.

The recent unrest and violence in Benghazi served as a wake-up call to both Libyans and their international partners that there are still forces in Libyan society intent on derailing the country from its new democratic track. This call may help in the short term to refocus energy on remedying the country's security situation, the crucible from which the rest of the transition must flow. But over time, it will be very important for actors in the international community to explain—both to their own populations and to Libya's—why all have a direct and abiding interest in seeing Libya emerge from this transition as a stable, prosperous democracy.

Need for Sustained Engagement

The international community has a great deal of expertise that could be used to support Libya's new leadership during its political transition. But to be most helpful, external actors such as the United States, the European Union, and the United Nations will need to prepare for a sustained engagement of a decade or more. Libya's political challenges will not be overcome quickly. The country's capacity deficit is large enough that it will take many years to develop a cadre of professional, effective civil servants. Similarly, while the constitution-making process will establish the new political ground rules, a longer-term goal is to socialize those processes until they develop a level of natural acceptance in Libyan society that reduces the risk of reversal.

Holding the attention of the international community will be complicated by the fact that Libya is not pivotal to U.S. strategic interests—at least insofar as those interests have traditionally been defined. Libya does not, for example, have the geostrategic value of Egypt, which controls the air space and sea lanes by which U.S. forces flow from the Eastern Mediterranean to the Persian Gulf. Nor does it have the geostrategic value of the Gulf Cooperation Council countries that are front-line states in the effort to contain Iran. And while it is true that it is well endowed with the oil and gas of which the West is a major consumer, Libya already has strong incentives to bring those resources to market.

What is at stake in Libya goes beyond concerns about military access and energy flows. In a region where the West is short of goodwill, Libya is one of the few countries in the Middle East where the United States and its NATO allies enjoy popular support. The Libya exception is owed to the character of the intervention by which NATO supported a genuine popular revolution but refrained from the type of occupations that followed in Iraq and Afghanistan. To build on this goodwill, the West will need to remain a steady partner during Libya's transition. The emergence of a stable Libya governed by the rule of law would go a long way to demonstrating the credibility of Western commitments and stabilizing the region. Conversely, a Libya that slips into internal strife would have a chilling effect on the future of democratic reform in the region.

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