



Research Report

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Libya: Avoiding State Failure

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Public euphoria over the demise of Colonel Qaddafi's regime conceals the fact that many significant challenges remain. Not only is the conflict far from over - loyalist forces have not fully surrendered and stubborn resistance continues along the axis of Bani Walid south to Niger - the hard work for NATO might be over, for Libya it has only just begun. The coming weeks and months are critical, and the balance between state failure and state consolidation sits on a knife's edge. In view of NATO's continuing involvement in Libya via *Operation Unified Protector*, it is urgent to consider the challenges at hand, the actions that might be taken, and the Alliance's possible roles. As an immediate neighbor (the distance between Italy and Libya is 575 km only), NATO has a vested interest in Libya not turning into a failed state, and as such into a potential safe haven for criminal and terrorist activity.

Challenges:

Security The Libyan security sector has imploded and exploded simultaneously. While many members of the Libyan armed forces (around 20,000 troops) have left their units, Libya remains awash with fighters and weapons. The rebel forces (about 17,000), made up mostly of volunteers, demonstrate severe deficiencies in training, equipment and leadership. Thus they cannot be considered the security instrument that Libya will need in this highly volatile period of transition, which is likely to include terrorist attacks or a possible insurgency from Qaddafi loyalists. Moreover, public insecurity is exacerbated by criminal gangs bolstered by recent releases of prisoners and the abundance of arms in civil society. The dismissal of loyalist troops without proper reintegration into society could further fuel this disorder. It is for these reasons that any post-conflict society has a 44%² chance of relapsing into conflict. Libya is no exception. The current calm reigning in Tripoli and other cities may prove misleading. After all, the Iraqi insurgency started several months after the invasion and reached its full potency only three years later. Statistically, Libya faces a high risk of protracted violence.

Political Stability Opposition to Qaddafi may have united a large proportion of the Libyans, but the real challenge is still ahead. Concerns over the National Transitional Council's (NTC) cohesion have persisted throughout the crisis, with friction lines apparent between defectors from the former regime (such as the NTC chairman Abdul Jalil, who used to be Qaddafi's justice minister), exiles (such as the

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² Paul Collier, ed., *Breaking the Conflict Trap: Civil War and Development Policy*, Washington, The World Bank, 2003, p.83.

head of the Supreme Security Committee Tarhouni, who lived in the United States) and Islamists (such as Abdelhakim Belhaj, the head of Tripoli's military council). The assassination of rebel commander (and ex-Qaddafiist) General Abdel Fatah Younis provided evidence of lethal infighting. Yet, in the absence of other opposition bodies, the NTC's cohesion remains crucial despite the fact that its legitimacy is weak. While the council has underscored its interim character (its members are barred from the presidency, assembly seats and ministerial posts after the elections), it is expected to lead the political dialogue that needs to take place in order to secure an orderly transition. All eyes are on the elections scheduled to take place within eight months, yet the political transition should not be hastened. Transitional democracies are statistically the most fragile, and reconciliation should come first. Hastened elections are not only unfeasible in a country without any experience in democratic procedures (such as the creation of parties and the conduct of electoral campaigns), they can also be dangerous because polarizing rhetoric may invite sectarian partisanship. Votes along regional, religious, ethnic or tribal lines, in a Western-style, winner-take-all democracy have a huge potential to provoke further friction, and ultimately provoke the losers of the political game to take up their weapons, again.

Economy Although Libya sits on vast amounts of crude oil (47 billion barrel proven reserves, which place it at rank 9 in the world), this resource has proved to be a curse and has a high chance of continuing to be one. Although theoretically Libya has one of the highest per capita incomes in Africa, very little of this wealth has ever trickled down to the common people. Unemployment rates reach 30% and one third of the population live below the poverty line. As in most states relying on a single commodity (90% of Libya's government revenue comes from oil), a phenomenon known as rentierism, the wealth resulting from oil exports was used for two purposes: to stabilize the regime, and to redistribute the income to the people by means of government jobs. 59% of Libya's labour force is employed by the state, a legacy that will be difficult to overcome. The problem with rentier statism is not so much the mono-focused economy as such, but rather the fact that it allows a regime to follow a rather unrestricted policy, as no real checks and balances exist. Conventional wisdom and statistics show that rentierism promotes authoritarianism rather than democracy, and increases the chances of coups d'état. Coupling this kind of distributive economy with a competitive political system will encourage candidates to invest in populist measures rather than in efficient investment projects, and political struggles are likely to focus on access to resources. This scramble for political and economic power will be further exacerbated by strong popular expectations of rapid change. Libya's oil might thus prove to be a stumbling block on the road to democracy.

State-building Thanks to its oil revenue, Libya never had to develop state institutions such as a complex taxation mechanism (only 3.4% of its GDP has come from tax revenue). This allowed both Colonel Qaddafi and his predecessor King Idris, whom Qaddafi ousted in a coup d'état, to systematically deconstruct the state as such, a concept they both distrusted. As a result, all aspects of government (except for security, foreign policy and oil) were theoretically managed directly by the people. This led to inefficiency, corruption, and difficulties in liberalizing the economy in the early 2000s. Weak state institutions, such as those in Libya, are a key element in the outbreak of conflict and in relapses into it. However, the establishment of reliable state institutions takes about 36 years³ – ten times longer than the average donor project lasts. Yet in order to overcome the immediate challenges coupled with the fragile conflict aftermath, Libya needs institutions that can address such mundane tasks as water management, policing and health sector supervision. None of these were fully functional before the conflict, and the responsible agencies have been severely damaged by months of fighting and disruptions in supplies.

³Average based on world states development in the 20th century. World Bank, *Conflict, Security, and Development, World Development Report 2011*, The World Bank: Washington D.C., 2011, p.11

What needs to be done:

Security Political and economic transition cannot take place without a functioning security apparatus, which needs to be established urgently. Currently, security is largely provided by vigilante groups and the police officers that have returned to work, but this is in no way sufficient. Law and order have to be reestablished, citizens have to be disarmed, and possible spoilers have to be restrained before they can undermine Libya's political and economic progress. Although the NTC has declared that Libya does not need an international peacekeeping force (which could range, depending on the circumstances, from 6,600 to 85,800 troops⁴) or even a United Nations Military Observer Mission (200 troops strong), there are serious doubts about its capacity to dominate such a challenging security environment, considering its unprofessional, untrained and poorly equipped personnel. A large proportion of its volunteers are likely to return to their civil jobs, while a small number might be integrated in a new security structure. The NTC's only option is to reintegrate large numbers of former Qaddafi troops and police personnel into a new security architecture (which would facilitate reconciliation). Yet the posting of an ex-Qaddafi military leader, Albarrani Shkal, in Misrata provoked substantial demonstrations and showed that reconciliation might not be as easy as some anticipate. Besides, even a combined force of the totality of former Qaddafi forces, insurgents and Qaddafi police (at the time of the rebellion about 45,000) would fall short of the numbers traditionally needed in a post-conflict situation, not considering the attrition rate. Furthermore, the new military and police establishment will need training. Libya will require a reform of its security sector, which is currently disjointed with unclear command and control structures, a coexistence of paramilitary forces, and no civilian oversight whatsoever. The judicial sector is virtually non-existent, with the private practice of law illegal under the previous regime and no independent judiciary.

The NTC has indicated interest in support in particular from Egypt and Tunisia, while offers exist from Jordan and Qatar. Either way, the training and reform of such forces will take months, if not years – time Libya possibly does not have.

Political Stability Libya's seemingly fractured society (Arab and Berber, East and West, pro- and anti-Qaddafi, Islamist and secular, 140 tribes) need only be a cause of concern if the post-conflict political system does not provide inclusion. After decades of disconnect between Libya's state and its society due to King Idris' and Qaddafi's weakening of statehood, Libya now needs to reconnect the two in order to foster political stability. The role of the tribes is a case in point, as it is frequently misunderstood. While Qaddafi's son Saif al-Islam predicted tribal conflict after his father's fall, the tribes have reacted to the conflict with the same heterogeneity that characterized them in the first place: some have supported the uprising in unison, and others (such as the Warfalla) have continued to disagree amongst themselves. Depending on the region, some count numerous sub-tribes, and inter-tribal marriage is frequent. Because most of Libya's society (78%) is now urbanized, tribal allegiance as such is not as deterministic as many judge. Rather, tribes remain an important channel of communication, and less an instrument of political guidance.

Another issue is the Islamist question. After King Idris' ouster in 1969, Islamic groups in general were considered potential hubs for resistance to the regime, as the King came from the Muslim Sanussi order. In Libya, opposition and Islamic rhetoric have thus been intertwined for many years. The reference to the Sharia in the transitional constitution, although common in most Muslim states, was seen by outsiders as a warning sign of an Islamic fundamentalist Libya. While the presence of such elements on the rebel side

⁴ This size is calculated based on the ratio of troops per 1,000 inhabitants. In a stable environment, 1 soldier per 1,000 might be sufficient, while in an instable one, 13 per 1,000 will be needed. These statistics are averages taken from successful peace-keeping and peace-enforcement operations. James Dobbins et al., *The Beginner's Guide to Nation-Building*, RAND Corporation, Santa Monica 2007, p.41

is undisputed, this danger can be considered mild because the large majority of Libyans, while pious, are not radical. Qaddafi's *divide et impera* policies, favouring the West over the East, and Arabs over Berbers, created friction along ethnic and regional lines that needs to be overturned, but not to the detriment of badly needed reconciliation.

Because democracy acted as a rallying cry during the uprisings, it is no surprise that the NTC has set an ambitious time table for elections, within the next eight months. However, due to the factors reviewed above, the political process needs to be inclusive at this stage. A potentially divisive electoral process would be inconsistent with this objective, as the case of Iraq has shown. Post-conflict Germany had first national elections only four years after the end of the conflict, with regional and local elections taking place as early one year after the capitulation. In this spirit, Libya should hold local and regional elections first, possibly a year or a year and a half from now, with national elections following within another year. Leading up to the first round of elections, local and regional council elections should be held and should involve representatives from all areas of civil society, including tribal leaders, religious representatives and delegates from minorities in order to create a sense of ownership. Only after a reasonable level of reconciliation and political maturity has been achieved should the national election process be envisaged. Moreover, a constitution should be drafted only after elections to ensure its legitimacy. Otherwise, not only would the logistical aspect of the elections be a challenge (40,000 registration and polling staff will be needed), but candidates might use rhetoric of revenge and sectarianism in order to appeal to voters.

What NATO can do:

Although NATO played a crucial role in the Libyan crisis, there is currently no appetite on the part of either the NTC or the Allies to establish a peacekeeping mission in country. While the Alliance is stretched in Afghanistan and undergoing a period of austerity, the NTC has made clear that it has no interest in hosting such a NATO mission. The Libyans want to assert ownership of the toppling of the Qaddafi regime and to restore credibility with their neighbors after having accepted help from NATO, an organization not particularly appreciated in the Arab world. This does not imply the end of the Alliance's engagement with Libya, but suggests a need for careful choices in the immediate future. Although the NTC initially rejected even a military observer force of 200 troops, current indications suggest that there is indeed interest in assistance from the UN, other international organizations, and regional states in rebuilding and reforming the security sector. Assuming a request by the NTC, three options stand out for the Alliance:

Continue Operation Unified Protector The North Atlantic Council mandate for NATO's operation for the protection of civilians in Libya ends on September 27. While some elements of the operation, such as air strikes, can be considered completed once the Qaddafi forces have been mostly defeated, others might prove useful beyond September. This is particularly the case for the maritime embargo. Considering that the security situation is still fragile in Libya, this embargo could be usefully continued beyond September 27 in order to prevent the re-arming of possible spoilers, and could be done in a less cost-intensive way than now. However, such an arms embargo will only be effective if enforced from both sea and land. A maritime embargo would cover only 1,770 km of coast line, while Libya has 4,348km of land borders, most of them uncontrolled desert spaces. While one can assume a shared concern over these from the Algerian side (sharing 982 km), the Tunisian side (459 km) and the Egyptian one (1,115 km), there are doubts about the capacity of Chad (1,055 km) and Niger (354 km) to ensure borders and prohibit the smuggling of weapons.

A regional agreement between Libya and its neighbors regarding border security would help its stabilization, but requires a political level of cooperation that seems currently difficult (particularly with Algeria). If achieved, NATO could enforce the maritime embargo. Because post-conflict stabilization requires a considerable span of time (the relapse rate decreases only after five years), such a mission must

be considered at least medium- to long-term, until Libya's security forces can themselves ensure border security and prevent weapons smuggling.

NATO Training Mission – Libya On the model of its training missions in Iraq and Afghanistan, NATO could offer a small-scale training mission to Libya's armed forces. Depending on its scope, the size of the host military, local security concerns, and budget, such a mission could require 200 trainers at the rough cost of \$32 million per year plus the cost of the personnel⁵. This could include niche expertise such as officer corps training and education, and the establishment of relevant institutions. In such a mission, the Alliance could cooperate with other regional partners, such as Egypt and Tunisia, which could take on other elements such as basic or specialist training. Rebuilding a military establishment usually takes decades and requires a long-term engagement. (The Alliance's mission in Iraq is now in its eighth year.) NATO should avoid attempting to reform Libya's security sector on the model of its own image, however. Taking into consideration the Libyan armed forces' place in society, their history and culture should inform any advice, because transplanting Western best practices into a different context would be doomed to fail. In any case, such a mission should be considered a long-term one, because the rebuilding of armed forces can take one to two decades (depending on existing experience, structure and training level).

Libya as a partner NATO could offer Libya membership in its Mediterranean Dialogue, a partnership that already exists with all other North African states. The Alliance's Mediterranean Dialogue would provide not only a forum for regular consultations, but would also contribute, on a small scale, to Libya's reintegration into the Maghreb. (Morocco, Algeria, Tunisia and Egypt are all members of the Mediterranean Dialogue.) This could close the North African gap and ultimately help inspire new life in the now largely defunct Union for the Arab Maghreb, and foster regional integration. The Maghreb shows one of the lowest integration levels in the world, in both political and economic terms (less than 2% of the North African states' trade is regional⁶). In the context of the Mediterranean Dialogue, Libya could continue to benefit from NATO's Training Cooperation Initiative even after the end of a possible training mission in Libya.

⁵ Florence Gaub, "Libya in Limbo: How to Fill the Security Vacuum", NATO Defense College Research Report, September 2011, p.7 <http://www.ndc.nato.int/download/downloads.php?icode=299>

⁶ Mohammed Hedi Bchir et al., The Cost of non-Maghreb: Achieving the Gains from Economic Integration, Economic Commission for Africa, Addis Ababa 2006, p.1 <http://www.uneca.org/atpc/Work%20in%20progress/44.pdf>