

International Stabilisation Response Team (ISRT)

Libya

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	Page No
Acronyms	3
International Stabilisation Response Team (ISRT), Libya	4
Policy Overview	6
ISRT Approach	12
Sector Detail	
Sector 1 Political Settlement	14
Sector 2 Security and Justice	22
Sector 3 Basic and Social Services	31
Sector 4 Economy	40
Sector 5 Infrastructure	48
Sector 6 Communications and Engagement	55

Acronyms

ACTED	Agency for Technical Cooperation and Development
AGOCO	Arabian Gulf Oil Company
CESVI	Cooperazione e Sviluppo (Cooperation and Development)
CSO	Civil Society Organisation
ERW	Explosive Remnants of War
FAO	Food and Agriculture Organisation
GECOL	General Electricity Company of Libya
GMMRA	Great Man-Made River Authority
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
IRC	International Rescue Committee
ISPS	International Shipping and Port-Facility Security
ISRT	International Stabilisation Response Team
ISTAR	Intelligence, Surveillance, Target Acquisition and Reconnaissance
LNG	Liquefied Natural Gas
NATO	North Atlantic Treaty Organisation
NGO	Non-Governmental Organisation
NOC	National Oil Company
NTC	National Transitional Council
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
PFM	Public Finance Management
SSR	Security Sector Reform
TFM	Temporary Financing Mechanism
UN	United Nations
UNICEF	United Nations Children's Fund
UXO	Unexploded Ordnance
WFP	World Food Programme

International Stabilisation Response Team (ISRT), Libya

The International Stabilisation Response Team (ISRT), Libya was established following a side meeting of the second Contact Group on Libya held in Rome on 5 May 2011. The Contact Group recognised that it is for the people of Libya to determine their own solution to the current crisis and to articulate their own vision of a peaceful future Libya. They also reiterated the role of the UN in leading the international effort to plan for early recovery and peacebuilding. In support of this, the ISRT aimed to build a shared international understanding of Libya's interim stabilisation needs.

The purpose of this report is to capture the ISRT's fact-finding and analysis for rapid use by Libyan leaders and organisations and the international community. It complements, but does not seek to replace, the ongoing United Nations (UN) assessment on future Libyan needs and ongoing processes of the NTC in paving the way for inclusive post-conflict political dialogue. The report reflects the views only of the experts involved in the ISRT, not their countries of origin. While it draws on a range of interviews with Libyan and international actors in Libya, the analysis within does not represent the position of the NTC, the UN or any other actors.

International experts were contributed by Australia, Denmark, Italy, Turkey, the United Kingdom (UK) and the United States (US). The team conducted their assessment in Benghazi and surrounding areas from 20 May – 8 June 2011. Follow up analysis and reporting was undertaken in London from 13 – 24 June 2011 with additional experts, including from Canada.

The focus of the ISRT was on fact-finding in NTC-controlled areas of Libya, in order to identify the immediate challenges to stabilisation in those locations. The ISRT also assessed the political, economic and security challenges that are likely to be faced across the country over the short to medium term during the transition to a peaceful future Libya. The ISRT employed a combination of desk-based analysis, in-country interviews, discussions and observation. Security conditions prevented travel by the ISRT further west than Misrata.

In this report, stabilisation is defined as the process of establishing an environment in which there is sufficient space and security for political dialogue to take place following a conflict. It includes supporting conditions in which people and key institutions are protected, the rule of law can be re-established and basic and social services are provided.

Given this focus, the ISRT has not prepared a comprehensive needs assessment for all assistance requirements in Libya, nor addressed humanitarian or longer-term reconstruction issues – other than as they impact on stabilisation. This report is not a list of all tasks to be undertaken or a comprehensive transition plan. Instead, it suggests priority areas for Libyan action and contains recommendations for how the international community might support those efforts.

The ISRT focused on five thematic areas: political settlement, security and justice, basic and social services, economy and infrastructure. The sixth thematic area, communication and engagement, has been identified as a critical enabler across each of the other five areas.

The ISRT analysed the implications for each of the five thematic areas across three phases in the transition from the current situation to a peaceful future Libya. The ISRT's three phases are:

- **Immediate Phase** - actions in NTC-controlled areas from now until the establishment of an agreed ceasefire;
- **Early Phase** - actions across Libya in the first 30 days after the establishment of an agreed ceasefire; and
- **Interim Phase** - actions between 30 days and six months to bridge the gap to longer term recovery.

These phases broadly map to the “Conflict” and “Stabilisation” phases of the transition, identified by the NTC in their report, *Urgent Destabilising Factors*, which was presented to the third Contact Group meeting on 9 June 2011.

Introduction

Achieving a peaceful future Libya requires a sustained unity of effort in NTC-controlled areas in the Immediate Phase. In addition to successful uprisings, critical to this will be:

- sustained, legitimate caretaker leadership from the NTC;
- increased dialogue and preparation amongst civil society; and
- provision of basic and social services to the people – prioritising food, fuel, medicines and protection.

Critical actions taken now can help maximise the likelihood of a smooth transition following an agreed ceasefire. These include:

- support to security forces (formal and militia, with emphasis on their unification under civilian authority);
- inclusive dialogue to prepare the post-transition political space; and
- planning for the provision of basic and social services.

Once a ceasefire is agreed, the first 30 days (Early Phase) will be critical to establishing the political, economic and security conditions for a smooth transition – yet is the period of greatest potential destabilisation. Priority actions to avert such destabilisation include:

- dialogue between the people and emerging leaders;
- ensuring the continuous provision of basic and social services;
- delivering basic security and the rule of law; and
- re-starting the economy.

The period of transition will last longer than 30 days. This report does not deal comprehensively with later actions that the new authority (“Interim Authority”) will wish to prioritise or with support that the international community can provide, however some key considerations are referenced in the Interim Phase sections of this report.

Ensuring Unity of Effort

The NTC is widely accepted by the people in liberated areas as the legitimate caretaker authority. Sustaining this will be critically dependent on achieving continued progress of the uprisings, extensive dialogue with the population in NTC-controlled areas and increasing the NTC's reach across Libya. The emergence of an independent media is a key aspect of political discourse since the uprisings began. The NTC has begun to engage with this and consequently, communications are improving. The NTC has also become more inclusive. Continuing to develop communications and ensuring transparent decision-making can help contribute to maintaining and deepening understanding and acceptance of the NTC.

We welcome the fact that the NTC has continued to present themselves as a caretaker authority, promoting dialogue for future political settlement rather than prescribing the solution, which contributes to their acceptance by the Libyan people. The NTC's legitimacy comes from the standing of certain members and from their collective commitment not to seek power in a unified Libya, even whilst some individuals may have political aspirations. This posture needs to be sustained and steps to formalise the NTC political structures (for example, through elections) are not considered necessary at this time.

Managing Public Expectations

Strong communications are critical to maintaining popular support for the NTC and to explain what is already being done. Delivering concrete action, and being seen to do so, is also important in meeting already high expectations of the Libyan people and in sustaining their support. For example, limited access to specialised foodstuffs undermines support, particularly if these expectations are not clearly managed.

The provision of food, water and fuel for power stations is heavily dependent on imports and requires immediate access to foreign exchange to continue – whether this be through the Temporary Financing Mechanism (TFM) or another means. We estimate this requirement at \$350 million per month (\$250 million for fuel; \$100 million for food and medicines), which will increase if the Immediate Phase continues and as more areas come under NTC-control.

There are various efforts ongoing to meet this financing requirement through oil exports, pre-financing of future oil delivery, or borrowing against frozen assets. If these routes are seen to exceed NTC authority or to “mortgage Libya's future” they can undermine the NTC. We recommend any international assistance focus on use of direct foreign exchange transfer.

The best solution for provision of food and domestic fuel is through purchase rather than direct distribution. This requires commercial access to supplies and adequate cash for consumers to purchase goods. Access to cash will partly be addressed if the foreign exchange requirements above are met.

Reported local crime has decreased (in part due to the spirit of social cohesion created by the uprisings). At the same time, while Qadhafi forces have been pushed further from Benghazi and surrounding areas, there are still concerns about actions by Qadhafi sympathisers or rogue elements. As a result, lack of security is still a major concern for many and one reason why parents are not sending their children to school and people are buying guns. We support NTC efforts to coordinate and integrate militia organisations under civilian control and consider measures to register guns.

The Executive Offices of the NTC and the municipalities have an important role in the delivery of basic and social services. Critical gaps were identified in management capacity and planning. Short and temporary arrangements to fill these gaps could help increase this capacity without further institutionalising the NTC.

Burgeoning civil society organisations (CSOs) and non-governmental organisations (NGOs) across all sectors creates and reinforces the social cohesion that underpins the uprisings in Libya. CSOs and NGOs are playing an important role in service provision such as food distribution. The vast majority of CSOs and NGOs are self-financing and dependent on volunteers. Strong family ties and volunteers have so far helped the vulnerable to cope and also contributed to a broader sense of community. If families', CSOs' and NGOs' resources are exhausted and can no longer provide support, the larger effort would quickly be undermined. We recommend support for the work these groups are doing without seeking to overformalise them.

Planning and Preparation

The NTC has clearly stated that their role extends only until an agreed ceasefire has been established. However, all Libyans will best be served by a well-managed transition to a new, inclusive political settlement and a smooth transfer from the NTC as caretaker to the new Interim Authority. We welcome the fact that the NTC and relevant partners are already planning now to maximise the chances of a smooth transition and prevent further violence. The greater the level of advance preparation, the more likely a chaotic transition with a power vacuum and breakdown in security and services will be avoided.

In particular, we welcome the fact that:

- the NTC is continuing to develop their framework for post-transition political settlement as presented to the Contact Group;
- the NTC is planning to increase their dialogue with the Libyan people, to prepare civil society to support and participate in a political process. We believe that this can make a critical contribution to maximising popular support for, and understanding of, the Interim Authority; and
- the NTC is continuing their proposal to consolidate militia involved in the uprisings into a national guard and national security force.

In support of these efforts, the international community should consider:

- continuing and extending mentoring of formal and informal Libyan security actors to include preparation for the forces' role in transition. Support to this sector may also include providing the core of an international monitoring capability;
- supporting emergency communications, coordination and stockpiling preparation for the immediate provision of food, fuel and medicine to all parts of Libya after an agreed ceasefire is established; and
- continuing transition planning aligned with Libyan processes, understanding many uncertainties remain.

Supporting Political Settlement

Following an agreed ceasefire, the period in the following 30 days will be essential in building a political settlement. There is likely to be uncertainty as the NTC and actors in Tripoli and other newly liberated areas determine the makeup of the new interim authorities. This determination process must be Libyan, without international interference.

Reaching initial settlement is critical, but negotiation and communication of the settlement may take some time. In particular, the engagement of the people of Tripoli and other areas currently still under Qadhafi regime control, will be particularly important and may differ significantly from the process underway in Benghazi. As new arrangements are made, steps to ensure the continued delivery of basic and social services and a viable level of security and civil order will be critical. Any breakdown in service delivery could significantly destabilise political progress.

The international role during this Early Phase will be important but limited. An early decision and communication by Libyan leadership and international partners on how international support is to be structured would help ensure that international assistance is appropriate and effective. All international assistance must be structured with coordination, ideally by the UN, to reduce the burden on interim authorities and prevent duplication. Regional actors will have a particular role in supporting the territorial integrity of Libya and protecting common borders.

It is important that the international community be seen to support Libyan solutions for a Libyan future. Partners should assist rapidly in getting the economy restarted by releasing frozen assets and supporting early identification of new legitimate authorities in Libya. International acceptance of these authorities will be critical to unlocking the economy, but must be done in support of a fully inclusive political settlement between the new authority and the Libyan people. The Contact Group can now work with the international community and with a wide selection of Libyans to determine the principles that will drive recognition to expedite action in the Early Phase. The recommendations that follow depend on rapid identification of a legitimate interim authority.

Ensuring Food, Fuel and Medicines

The early priority following the establishment of an agreed ceasefire must be on meeting needs for food, fuel and medicine, and on managing public expectations, not on building systems. International humanitarian agencies will have an important role in supporting existing Libyan systems. Avoiding disruption of existing basic and social services and restoring those that have been shut off will increase confidence in the competence of the Interim Authority. Additional provision must be made for returning displaced persons.

At the time of ceasefire, if the basic infrastructure in Tripoli and key areas is relatively intact then traders should be able to operate and increase supplies of available food, and authorities should be able to import sufficient petroleum for the main utility companies, security forces, freight haulers and farmers. However, in areas of severe insecurity, destruction or breakdown of supply systems, international humanitarian agencies will have an immediate role in ensuring that food, medicines and water are available. Building assistance on existing structures and phasing out relief aid as soon as possible will be key in supporting Libya's early recovery. Local CSOs, NGOs and municipalities will play an important role.

Delivering Security and Rule of Law

An agreed ceasefire will bring a formal end to conflict in Libya, however the ceasefire is unlikely to lead to an immediate end to violence, and indeed some violence may increase. Ceasefire implementation will require monitoring by both the Interim Authority and the international community. It will be important to establish quickly civil order in Tripoli and newly liberated areas, with particular attention to protection. Rapid clarification of accepted security leadership will be vital to direct: i) managed disarmament of relevant elements of Qadhafi forces; ii) prevention of proliferation of weapons and armed groups; and iii) efforts to safeguard lives and property.

We welcome the ongoing efforts by the NTC and others to plan for the protection of key infrastructure and records. Backing from the new Interim Authority for a trusted, rapidly deployed and accountable security force with effective strategic communications within newly liberated areas, could play a key role in dissuading extra-judicial and sexual violence and the emergence of vigilante groups. Early communication of key messages through trusted sources (e.g. mosques and revolutionary youth groups) will be vital.

Early action to arrest the proliferation of militias and weapons is essential with targeted disarmament and demobilisation of Qadhafi forces and other armed groups; large groups of mercenaries are likely to be a specific threat. We welcome the NTC's proposal for consolidating militia involved in the uprisings (both security and policing) into a National Guard and national security force, and recommend broad support for these efforts.

Prevention of summary justice and the promotion of reconciliation is also an immediate priority. After a ceasefire has been agreed, Libyans will want to determine rapidly a Libyan-crafted justice and reconciliation process to help in this.

Restarting the Economy

It will be critical to get foreign exchange into the economy as quickly as possible for the import of commodities and the payment of the public sector salaries. Once the legitimate Interim Authority is identified, this can be done by immediately lifting bilateral and multilateral sanctions against Libya – in particular, unfreezing its assets – and pre-financing future oil exports. The releasing of frozen bank notes in the UK would also allow the payment of public institutions' salaries, with the intention of kick starting the return of LYD bank notes into the banking system. Given that the Libyan economy will continue to be highly dependent on oil, early decisions about institutional responsibility for the oil sector are required, including clarification of the status of existing oil contracts. There is a high risk of legal challenges, but if these can be resolved and technical challenges overcome, then an early resumption of oil production may be possible.

If foreign exchange is available, it would be possible to auction it to importers and bankers, thereby ensuring sufficient Libyan currency to provide a safety net for the population through salaries and subsidies of food, medicine and fuel. Immediate action to get basic telecommunications and media infrastructure in place and to begin employment generation, in particular for former militia members, will make an important contribution to supporting stability.

ISRT Approach

Sectors and Phases

The following analysis considers five thematic areas in detail: political settlement, security and justice, basic and social services, economy, and infrastructure. The sixth thematic area identified in the interim findings, communication and engagement, is a critical enabler to the other five. These areas support NTC priorities and are closely related to the areas being considered by the UN as they look at potential future needs.

These areas were analysed across three phases in the transition from the current situation to the vision of a peaceful future Libya. The three phases are:

- Immediate Phase - actions in NTC-controlled areas from now until the establishment of an agreed ceasefire;
- Early Phase - actions across Libya in the first 30 days after the establishment of an agreed ceasefire; and
- Interim Phase - actions between 30 days and six months to bridge the gap to longer term recovery.

At the third Contact Group meeting, held in Abu Dhabi on 9 June 2011, NTC Executive Committee Chairman, Mahmood Jibreel, presented a report, *Urgent Destabilising Factors*, which outlined five phases for forward planning. The ISRT's phases relate to the five NTC phases as follows:

- The Immediate Phase maps directly to the NTC's "Conflict Phase", being the current period leading up to the "end game". According to the NTC, during this phase the country will suffer short-term security, economic and humanitarian problems that could create long-term problems that will hinder future reconciliation and reconstruction efforts.
- The Early Phase (0-30 days) maps to the beginning of the NTC's "Stabilisation Phase", being the period that follows the exit of Qadhafi, with the main objective of providing basic and social services and maintaining and ensuring local administration. As defined by the NTC, "stabilisation" would include infrastructure assessment, refugee repatriation, commencement of transitional justice and disarmament and demobilisation.

- The Interim Phase (post 30 days and up to 6 months) has potential overlaps between NTC's "Stabilisation" and "Political Institution-Building" phases, which are based on conditions rather than time. "Political Institution-Building" is the phase following immediate stabilisation of the country focused on developing political institutions; solidifying political settlements; reforming the security and justice sectors; launching a constitutional process; strengthening core governance of public institutions; and delivery of basic social services.

The NTC also considers two later phases in their report: *Power Transfer* to a freely elected government and further institutionalisation of governance and *Development Planning and Management*, which considers Libya's longer term recovery and development. The ISRT report does not cover these later phases.

Political Settlement

Priority recommendations for the international community:

In the IMMEDIATE Phase:

- Support NTC in consultation with stakeholders to outline and communicate political vision and framework for future processes
- Support inclusive mechanism (i.e. national dialogue) for development of political roadmap, facilitating participation of all sectors of Libyan society
- Assist NTC communications capacity to manage expectations and coordinate communications
- Develop mechanisms for interaction and communication between NTC and municipal councils

In the EARLY Phase:

- Encourage and support the quick and visible stand up of a new Interim Authority in Tripoli
- Support and reinforce immediate and unified communications to maintain civil and public order and protect against violence, encourage inclusive participation in political processes and manage expectations

Current Situation

The situation in Libya is unique. Whilst lessons can be learned from other conflicts, applying identikit solutions are ill-suited to the local political dynamic, which comprises popular support in liberated areas and a common resolve to remove the Qadhafi regime.

The NTC's primary aim is to build and maintain legitimacy in the eyes of the Libyan people, in order to: ensure cohesiveness among political actors involved in coordinating the military and political removal of Qadhafi; fulfill, as a temporary caretaker, the necessary functions of a government in the liberated areas; and indicate the commitment of the Libyan people to democratic governance after the Qadhafi regime falls.

The NTC is the product of political dialogue brokered between various political groups and individuals supporting the uprisings in Libya. Its legitimacy comes from this broad representation and, critically, from the commitment of the NTC not to seek political power once a peaceful future Libya is achieved. Whilst some current members of the NTC may have political aspirations, this is not how the NTC collectively presents itself or is perceived. The NTC faces a dilemma: it needs to project future plans for political processes in order to gain international recognition, yet Libyan support for NTC is conditional upon its temporary caretaker status. This latter posture needs to be understood and sustained.

Regarding the NTC as a “government in waiting” or “opposition” is not helpful or correct. The NTC should be supported as caretakers so that settlements can take place. Steps to formalise the NTC political structures are therefore not recommended.

The NTC is currently widely accepted by the people in the NTC-controlled areas as the legitimate caretaker authority. There are signs, however, that tensions are emerging as thoughts turn to the post-Qadhafi era and peoples’ expectations of the NTC increase. Sustaining NTC domestic support whilst the uprising continues requires improved communication between the NTC and the Libyan population. The NTC risks losing popular support if it is perceived to be distant or unrepresentative, or if it fails to pay for or provide basic and social services. These tensions will increase the longer the conflict continues.

Efforts by the NTC to articulate their thinking on political processes through the roadmap and other documents presented to the Contact Group have been helpful, but the roadmap has not yet been articulated to the Libyan people.

1. POLITICAL SETTLEMENT

There are indications that communications are improving. The NTC is making efforts to improve transparency in decision making processes and inclusivity in membership. This needs to be continued and deepened. The increasing recognition of the NTC by the international community is helpful, but not decisive in this effort.

The huge popular support for the uprisings from a cross section of society - as witnessed by the willingness of the Libyan people to support their local communities through voluntary groups providing food and care, or filling the gap in provision of public amenities such as by cleaning up rubbish or painting kerbsides – provides an opportunity to build on this capacity to develop an inclusive society where everyone feels they have a voice.

Immediate Phase

Recommended Priorities

Communicate political vision. The NTC needs to take steps now to outline and communicate to Libyans a vision for initial steps, political processes, and transitional political structures in a peaceful future Libya, as well as the transitional security structures and role (if any) of the international community. This will provide further evidence of the capability of the NTC and will help to shape the actions required in the Early Phase.

Legitimacy. Legitimacy for the NTC may be sustained and strengthened by:

- managing expectations – a clear articulation of NTC’s transition journey will help manage the disjuncture between public expectations of governance and service delivery, and the constraints of the NTC’s caretaker role;
- increasing international support for the legitimacy of NTC as administrative caretaker in preparation for a future Libyan Interim Authority;
- increasing NTC consultations with local groups, including coordinating with municipal councils, to determine popular needs and demands; and
- improve efficiency and transparency of NTC financial and budgetary capability.

Dialogue. To prepare the post-transition political space, inclusive dialogue may be increased by:

- opening channels of communication - so all stakeholders feel they have a voice in shaping Libya’s future – with a focus of engagement between the NTC and political actors in Qadhafi-controlled areas on interim arrangements;

- building linkages with dissident groups in Qadhafi-controlled areas in Libya to support future national political processes and governance;
- supporting an inclusive mechanism (e.g. national dialogue) to develop a political roadmap, facilitating participation of all sectors of Libyan society including women and youth; and
- supporting improved dialogue between NTC in Benghazi and actors in Tripoli prior to the Early Phase.

Civil society. Dialogue and preparation amongst civil society may be increased by:

- strengthening the capacity of civil society groups, including youth and women, to organise, prepare for and take full part in future political processes, helping to foster a transition to democracy;
- building the capacity of the media sector to provide more accurate, balanced information about political and governance issues; and
- supporting the development of independent media, with special attention to e-media development, to provide the political space for Libyan people to participate in national dialogue and help shape Libya's future.

Early Phase

Considerations

In the Early Phase, the NTC currently envisages that rapid steps will be taken, or will have already been taken, to organise an “Interim Authority”, which potentially brings together elements of the NTC and appropriate representatives from Tripoli. While this initial organisation can not be fully pre-planned, it must respond to evolving opportunities for dialogue and engage the full spectrum of political society. Any negotiations should be supported and provided with factual information.

It is also essential that, as security allows, the Interim Authority establishes itself quickly and visibly in Tripoli to avoid a political vacuum. A clear balance of membership in the Interim Authority of trusted representatives from across all of Libya would assuage fears of people in the west being governed by the east. The way the Interim Authority is formed will profoundly affect public confidence and order. A strong commitment to broad representation and inclusivity will be critical to ensure the Interim Authority truly reflects all of Libya.

It is likely that it will take some time to establish a nationally representative Interim Authority. During this period the key governance gap will be in Tripoli. Some time could be bought by assisting the Tripoli Municipal Council to administer the delivery of basic and social services, while the political process takes its course at the national level.

1. POLITICAL SETTLEMENT

Building legitimacy will also depend on how effectively this new group communicates their intentions, persuades the population that processes will be inclusive (geographically, between power groups and including youth and women) and definitively identifies who may not participate and should be held accountable for past crimes. The latter is essential to maintain the confidence of key groups who drove the uprisings. Lessons from other transitions suggest that early period communication should also manage expectations, explain what is needed to put the transition in place and ask for cooperation of the population.

The international community should support Libyan political processes through the transition. We should also encourage early visible and effective security to ensure people are confident in participating in political activities, able to take part in dialogue and express dissent. The international community should be prepared to provide international monitoring of the ceasefire if required. However, the international community cannot be engaged in directly telling the people of Libya what to do and how. Changes must be led by Libyan leadership or civil society with clear supporting role of external partners.

Several key steps in the Early Phase are contingent on international acceptance of the legitimate Interim Authority. This will allow for the immediate lifting of bilateral and multilateral sanctions against Libya, including the unfreezing of assets to enable ready access to cash reserves and financial viability, and raise the confidence of Libyan and foreign companies to restart oil and gas production in Libya. This should also allow international partners to increase direct security assistance as required, and enable the UN to support Libya's transition.

Risks

There are key risks that could undermine the above priority actions and several other areas of effort in the Early Phase. First, there is potential for disunity in the early days of the new Libya. If negotiations cannot determine a core governing group or key players are not included, significant delays may lead to a political vacuum and potential security breakdown. As such, the steps identified below would be delayed and create risk of failure.

If there is a delay in formation of the Interim Authority or the emerging leadership does not have the confidence of the international community, international re-engagement could be similarly delayed. Any such delay will have a spiral effect on financial viability, popular confidence and the ability of the international community to support security efforts. International wariness of the new entity could also undermine efforts to develop UN Security Council support.

Recommended Priorities

For the Interim Authority:

Political formation. Quickly and visibly stand up the Interim Authority in Tripoli. In order to increase confidence in transition and begin to establish legitimacy, the second immediate effort should be the identification of a timeline for early political processes and key structures.

Strategic communications. Rapidly unify messaging and communicate to the population in Tripoli and other newly liberated areas on:

- maintaining civil order and protecting against violence. In order to prevent further violence, the first immediate effort should include rapid communication to the population across Libya on the need to maintain civil order and to join together and protect against attacks and arbitrary justice; and
- inclusivity of future political processes, including who will be held to account, and managing expectations.

Inclusion and participation. Demonstrate a strong commitment to broad participation and representation in early political processes (e.g. geographic, youth, women, power groups) and support the development of free media, including e-media, to enable disparate voices to be heard.

Service oversight. Put arrangements in place that ensure access to basic needs (food, water, medicines and fuel) and support early release of salaries. These arrangements should include working with existing utilities, food and fuel distribution systems and municipal councils, in coordination with the international community and key importers. Particularly in Tripoli, shortages may have caused extensive resentment and frustration related to distribution and costs; easing these burdens will be an essential first move to build confidence in the transition. The Interim Authority must also quickly communicate how and when provision of salaries will resume, even if rationing of salaries continues. Quick dispersal of such funds could be an important step towards reducing panic and raising confidence.

For the international community:

Early international acceptance of an Interim Authority will provide the necessary basis for subsequent national and international initiatives. International partners should consult with Libyan leaders on detailed criteria for identification and acceptance of such an authority to include, for example, a realistic roadmap for political processes (constitutional process, interim public administration, etc.) and clarification of the structures of government; their commitment to fulfil international responsibilities; and ability of the authority to deliver broad representation, basic law and order, financial viability and territorial

1. POLITICAL SETTLEMENT

control. As soon as a legitimate Interim Authority is accepted, immediately lift bilateral and multilateral sanctions against Libya. Preparations for the lifting of sanctions should be made by the European Union (EU), UN and the US during the Immediate Phase.

For the Libyan community:

Dialogue and engagement. Maximise opportunities for political and other dialogues in Libyan society and support the clear definition and communication of steps for consultations/participatory processes. To support a robust initial political process, it is essential that dialogue be enabled at several levels. Dialogue should engage trusted community leaders and representatives (for example, but not limited to, religious, tribe, business, youth and women) and foster their involvement in the political process and any future national consultations or dialogue on governance, reconciliation, and constitutional reform. It is essential that these representatives be involved as quickly as possible and that the political leadership clearly communicates what national consultation processes will be undertaken, and how. Such dialogues are likely to play a critical role in building local confidence in state-building, promoting problem-solving for local security and services provision and raising awareness of transitional justice mechanisms. The different levels of dialogue and preparation that NTC-controlled areas and Qadhafi-controlled areas have been subject to in the Immediate Phase must be considered.

Interim Phase

Considerations

Further progress towards political settlement will happen in the Interim Phase, when the Libyan people will lay the foundations for the development of political processes and institution building over the longer term. During the Interim Phase, particular attention needs to be given to: the role of the UN; reconciliation/national unity transition; economic recovery; and capability and institution building, e.g. police, security and military structures.

This period will be fragile and contested and political dialogue between the various elements will need to be established to ensure that the transition to democracy remains peaceful and on track. International support may be useful in securing and facilitating space for this dialogue.

Assuming that the transition occurs with a certain degree of order, the following key activities will need to be undertaken during the Interim Phase:

- complete the process of identifying and establishing a legitimate, national, Interim Authority;
- support a national conference and dialogue process to agree on arrangements to draw up a new constitution (this could include the formation of a Constitutional Assembly);

- facilitate the creation of political parties;
- encourage agreement on constitutional arrangements (e.g. separation of powers, etc);
- prepare for local (and potentially national) elections;
- manage expectations through communications, dialogue and coordination with CSOs and NGOs;
- continue relevant subsidies and salary payments to enable the establishment of the Interim Authority before major institutional reform is undertaken;
- increase oversight of donor coordination;
- ensure Interim Authority oversight of effective basic service delivery and coverage; and
- restart international obligations and official presence.

2. Security and Justice

Priority recommendations for the international community:

In the IMMEDIATE Phase:

- Provide operational advice to opposition forces (army and militias) through mentoring and liaison in order to maintain military momentum
- Enhance capacity of opposition forces to protect critical infrastructure

In the EARLY Phase:

- Prevent the emergence of competing armed militias by supporting NTC initiatives to provide security and helping promote security sector consolidation
- Assist the NTC and emerging leadership in the development of an appropriate transitional justice mechanism
- Mitigate against incitement of violent retribution toward individuals or groups

Current Situation

Security. In response to a series of failed coups d'état, Qadhafi hollowed out the armed forces and created parallel personal security structures backed by the widespread use of mercenaries. Cronyism, lack of equipment and inadequate recruitment and training undermined capability; pay was low and absenteeism high. Since the revolution began, many soldiers, security and police officers have kept a low profile; some individuals are fighting at the front with the militias, while others are contributing to civil society organisations. A number¹ of uniformed police have returned to duty, but most remain absent.

The streets of Benghazi and other towns are controlled by citizen's militia and vigilantes. Of the plethora of groups, a minority may have criminal intent, but most are legitimate organisations involved in the uprisings. While the uprisings are in progress, these groups can continue to derive legitimacy from a requirement to protect their communities. The majority are well motivated and responsible (if untrained), although there have been anecdotal reports of isolated incidents of extrajudicial killing and seizure of assets. In response to the large number of firearms in the hands of militias in Benghazi, the Benghazi police are considering a firearms registration scheme which appears to have support among the more credible militia.

¹ It is assessed that up to 20% of the police in NTC-controlled areas have returned to work.

Anti-Qadhafi militia are also providing much of the fighting forces on the frontlines, starting to protect oil infrastructure, inserting trained individuals into Qadhafi-controlled areas of Libya and managing the supply of weapons to these areas. While they lack military skills, discipline and a coherent strategy, they have demonstrated energy, commitment, ingenuity and a can-do attitude that is lacking in the established military. Thus the revolt against Qadhafi is best understood as a series of uprisings rather than a coordinated military campaign.

A consolidation of militias is underway as a result of negotiations with the NTC. Within the policing sector this may lead to a new “National Protection Agency”². Similar discussions within the military sector may create a “National Guard” from those militias fighting the Qadhafi regime.³ Existing militia members would be free to join either of these institutions, or return to civilian life. The NTC has proposed that recruitment and vetting of personnel for these new organisations be undertaken by a new committee of public figures, which would include representatives of the judiciary and former prisoners of conscience. NTC also proposes to create a complaints body, headed by a judge and comprising of public prosecutors and police officers known for their integrity

Early Phase security provision in Tripoli. The NTC and anti-Qadhafi militia groups recognise the risk of a security vacuum developing in Tripoli immediately after an agreed ceasefire is established. They are keen to learn from events in Benghazi and ensure that a trusted force, recruited in the main from those in Tripoli, is able to deploy rapidly onto the streets of the capital to provide a security presence and address any immediate humanitarian needs. Discussions on this “Tripoli Guard Force” are being conducted under the auspices of the NTC Chairman. The international community may be invited to assist through the provision of niche skills or capabilities such as dealing with unexploded ordnance, the control of weapon stockpiles or the disarming of large numbers of mercenaries.

Justice. Human rights violations and dispossession have characterised the Qadhafi regime and have escalated in Qadhafi-controlled areas during the uprisings. In order to protect his authority, Qadhafi largely circumvented constitutional law, both civil and criminal, by arbitrary application of justice through decree and special courts: in effect creating a permanent state of emergency under which normal ‘rule of law’ was suspended. For example, law number four allowed the arbitrary sequestration of land and property. Parts of the formal legal system were also characterised by high levels of corruption.

² This would sit alongside the police and be responsible for the protection of local dignitaries, delegations, diplomatic missions and key infrastructure as well as providing a counter-terrorism / counter-“5th Column” capability.

³ This would focus on the fighting militia elements rather than those involved in policing. It would provide a locally based military reserve capability.

2. SECURITY AND JUSTICE

During the Qadhafi regime, tribal or “family” law (a fusion of customary and Islamic law) grew in stature and respected tribal elders were often preferred over the formal system for dispute resolution. Tribal law varies geographically based on family traditions. Nevertheless, there is an enduring respect for constitutional law and a desire by both tribal elders and the legal fraternity for a rebalance in favour of the formal system.

Risks

The most pressing requirement is the end to all attacks and abuses of civilians through the defeat of Qadhafi forces. Any loss of momentum in achieving this aim may damage the potential for further uprisings and provide an excuse for political factionalisation in NTC-controlled areas.

Access to small arms and heavy weapons is unregulated throughout NTC-controlled areas of Libya. While the majority of armed individuals and militias are currently law abiding, this may change if they feel their interests are not being met. The lessons of other conflicts suggest that in the absence of arms control, a revolt against tyranny can quickly descend into an armed competition for political and economic hegemony. The presence of large numbers of mercenaries, many of whom have been associated in the minds of anti-Qadhafi forces with cases of sexual violence and torture, is likely to exacerbate this tension.

The uprisings began as a spontaneous outburst of frustration against the Qadhafi regime. Although young people led the uprisings, Libyans of all ages and classes emphasise the broad base of popular support for them: “we are all young people now.” Those people who demonstrated on the streets and are fighting at the frontline are seen as the guardians of the uprisings, and their continued support is critical to sustaining the legitimacy of the NTC. They must be consulted during decision making on the future shape and structure of Libya, including its security architecture. Failure to do so by forcing an externally-mediated or top-down solution will alienate those who feel they own the uprising and potentially lead them back onto the streets.

Most legacy security institutions have played negligible parts in the uprising⁴ (although many individual soldiers have been prominent); they nevertheless see themselves as the true security professionals. Among the military and police hierarchy, there are already signs of resentment over the role of the new breed of revolutionary yet “amateur” security providers. There is potential for a clash between these old and new providers as security sector transformation plans mature.

There is a significant risk that support for the revolution and any future political settlement will be damaged if public utilities are significantly degraded by attacks on key infrastructure nodes. Attacks on the power stations in Misrata and Sarir demonstrate how vulnerable these facilities can be. Lack of spare parts or maintenance is also potentially damaging. Fuel supplies must be secured and critical power, water, oil and gas infrastructure protected from further damage.

⁴ Air Force and Special Forces units in Benghazi and the General Police are notable exceptions.

Immediate Phase

Recommended Priorities

Defence sector. Understanding that the revolt against Qadhafi is a spontaneous citizens' uprising rather than a formal military campaign, immediate support should focus on protecting further uprisings, especially in Tripoli, rather than the creation of formal military capacity. Critically, support to the defence and security sector in NTC-controlled areas of Libya should not be allowed to destabilise the uprising by diverting attention and capacity from the core task of liberating Tripoli. Such immediate support should assist in maintaining military momentum. Options for protecting further uprisings could include:

- restructuring military mentoring to reflect the decentralised and diffuse structure of the uprising and command and control structures – including the delivery of operational advice to citizens' Brigades; and
- supporting anti-Qadhafi forces' information operations to deliver their message more effectively, especially in Qadhafi-controlled areas of Libya.

Police sector. We support the NTC's current initiative for consolidating the diffuse array of opposition security/policing elements into an incipient national security force. Such support will address the proliferation of arms and ensure that both militia and security professionals are engaged in the development of new security structures. Optimal international support would include military and police mentors (transitional advisors and experts) who could work not only with leadership but also within militias and security organisations to assist their integration. Key areas where support is required and would be welcomed are:

- reorienting policing culture – ensuring accountability to people and protecting human rights;
- advising on the reconciliation, vetting and reintegration of former members of Qadhafi regime security services into new security structures;
- supporting arms control – in particular the collection and protection of heavy weapons, the registration of small arms and light weapons and supporting the negotiation of targeted disarmament and demobilisation initiatives with security (police) militia and vigilante groups (where these groups are not incorporated into new security organisations);
- establishing targeted reintegration packages for demobilised security (police) militia;
- providing tactical training and equipment (vehicles and communications in particular); and
- assisting the NTC to build legitimacy for new structures through engagement with people on security sector consolidation in NTC-controlled areas, backed by effective strategic communications.

Securing critical infrastructure. Ensure that anti-Qadhafi forces can effectively protect critical infrastructure – water supply, power generation and distribution, oil and gas supply and distribution. Particular attention should be paid to protecting harbours and oil terminals given the repercussions of damage to maritime safety, the marine environment and related economic activities. Protecting these key assets will reduce the likelihood of a major drop in living standards due to the loss of critical utilities and thus prevent the fracturing of the uprisings. Key areas where immediate assistance should be provided include:

- ensuring NATO Intelligence, Surveillance, Target Acquisition, and Reconnaissance (ISTAR) capability is utilised to monitor and provide early warning of attacks on key infrastructure. Improved liaison with NATO is essential to ensure this information is acted upon;
- providing equipment to enable an effective and rapid response to threats and incidents as they arise; and
- mentoring to improve operational command and control within infrastructure protection forces.

Justice sector. While international assistance for transitional justice will be essential once an agreed ceasefire has been established, a full-blown justice sector modernisation initiative is premature. Immediate priorities are:

- repairing prisons and court buildings to ensure functioning; and
- supporting the maintenance and reconstitution of records destroyed in the fighting.

Early Phase

Considerations

Planning for security in the first 30 days after ceasefire is constrained by unpredictability. Support will need to be shaped by the relative resilience of the Qadhafi regime, the potential for competing factions to continue to destabilise Libya in the aftermath, the response of the large numbers of mercenaries and the demands for revenge and restitution that will inevitably emerge. Assumptions that currently underpin planning for the security sector will need to be reviewed once former Qadhafi-controlled areas of Libya are fully engaged in transitional arrangements.

Evidence from Benghazi, Misrata and other cities in NTC-controlled areas of Libya, as well as information received from Tripoli, suggests that security threats likely to emerge in the Early Phase include:

- continued resistance by Qadhafi regime supporters, including well trained and equipped private brigades, mercenaries and less well trained militias;
- extra-judicial arrest and killing of suspected Qadhafi regime supporters, officials and non-Libyan soldiers;
- looting and seizure of property and assets;
- sabotage of key infrastructure (by either side);
- release of weapons stockpiles, including chemical weapons and man portable air defence systems;
- uncontrolled release of prisoners; and
- destruction of criminal records and evidence, and other key documentation such as bank records.

The Interim Authority's critical security challenge in the Early Phase will be ensuring anti-Qadhafi militia do not evolve into armed wings of political factions, but are either merged into new, democratically accountable national security organisations or disarmed and demobilised. Citizen's militias and youth groups involved in the uprisings are already closely linked to political platforms, reflecting divisions within the NTC itself. For example, the 17th February Brigade in Benghazi has close ties to the Coalition of the 17th February, an emerging political grouping established by lawyers who supported militant youth during the early days of the uprisings. Key members of the judiciary and police are also members of the Coalition. The improving collaboration between the police, judiciary and 17th Brigade around the formation of a National Protection Agency in NTC-controlled areas of Libya could be viewed through this lens. While Coalition leaders express a desire only to "protect the revolution" and defer factional politics until after a democratic dispensation is agreed, and militia commanders profess a wish to be part of the emerging state security apparatus under democratic control, many – especially those with political ambitions but less credibility from their roles in the uprisings – view the Coalition with increasing concern.

The Coalition has been targeted by the Muslim Brotherhood, which has formed the "United Libyan Revolutionaries" and "Youth Congregation" to counter the Coalition's claim of revolutionary credibility. Militia groups in most other cities are also wary of the Benghazi-based Coalition, but have ties to the leaderships of ad hoc municipal councils – in Al Bayda and Misrata for example - and also want a stake in the post-revolutionary political settlement. New militia groups will emerge from Jebel Nefusa and Tripoli after an agreed ceasefire has been established, and the proposed Tripoli Guard Force could also be co-opted to support a specific faction if not properly accountable to the Interim Authority.

Formal and informal judicial systems will be urgently required to manage the inevitable demand for justice, restitution and reconciliation in the immediate aftermath of the ceasefire. Both human rights and property issues will be prominent, indeed there is evidence that both sets of issues are currently being addressed informally in some locations through forced recovery of property and extra-judicial arrest and imprisonment of supporters of the Qadhafi regime. Those indicted by the International Criminal Court must be held to account. Nevertheless, many revolutionary and NTC leaders have professed a desire to reconcile quickly those who supported the Qadhafi regime but are not implicated in major crimes.

International support can help shape the emerging security and justice environment to support a smooth transition to democracy, but can also undermine it. In particular, immediate international stabilisation measures should not attempt to revive Qadhafi's discredited security architecture where Libyans wish to fashion new security organisations more suited to a democratic political settlement.

Recommended Priorities

Security in Tripoli and other liberated areas. Priorities during this phase include:

- managing the process of demilitarising Qadhafi forces;
- preventing the proliferation of weapons and armed groups; and
- establishing rule of law and safeguarding lives and property.

Potential actions include:

- agreement between the Interim Authority and other relevant Councils on the coordination of security and the protection of key infrastructure and records;
- messaging to the whole Libyan population stating security red-lines and highlighting their implications for the provision of security and rapid re-establishment of normality;
- international support for the development of a Tripoli Guard Force should be predicated upon a risk assessment of its utility and political impact;
- assistance to the NTC (and the Interim Authority when it is formed) in preparing plans for sustaining border controls, guard forces at weapons stockpiles (in particular, chemical weapons), disarmament of mercenaries and other pro-Qadhafi elements, making safe unexploded ordnance at key sites and intelligence relations with regional governments on the movement of suspected trouble makers, armaments and proscribed goods;
- effective strategic communications within newly liberated areas to counter sexual violence, extra-judicial killings, torture and the emergence of vigilante groups; and
- access to communications equipment, vehicles, protective equipment, identification cards and uniforms: potentially from the international community via embedded international advisers.

Preventing the emergence of competing armed factions. Ensure that armed groups are decoupled from emerging political parties through: i) incorporation into national defence and security sector organisations; and ii) targeted disarmament and demobilisation.

Countering summary retribution and promoting reconciliation. Initiate a national process for transitional justice and reconciliation and take immediate action to prevent vigilantism. Urgent actions include:

- provision of immediate support for effective strategic communications through trusted sources (mosques, youth groups, Tripoli Council, NTC members and Tripoli representatives) to counter the formation of vigilante groups and counter extra judicial killings;
- assist in the development, communication and, if requested, monitoring of a simple yet widely applicable transitional justice process to address demands for justice and promote reconciliation.⁵ The model should mirror Libyan understandings of justice and reconciliation rather than attempt to transplant systems from other locations; and
- support existing legal structures to manage any immediate cases (looting, etc.) in the initial 30 days.

Interim Phase

Considerations

Improved security. This period may be politically fragile and include elections or other potentially contested processes. Sustaining and deepening security provision cannot await the completion of a Security Sector Reform (SSR) programme and existing arrangements must be supported. In particular:

- building trust between the new security services and the population;
- protecting key borders, people (including political actors), infrastructure and resources; and
- understanding and acting upon threats to stability through intelligence and regional and international cooperation, perhaps through security and justice modernisation and incentive programs such as “a partnership for peace” for the Mediterranean.

⁵ This will probably fuse formal and customary process and be focused on both criminal and property issues.

Demilitarisation. Former Qadhafi regime forces, militia not authorised for inclusion in new security structures and the general public will require disarmament and demobilising during this period. Processes initiated during the immediate and early stages need to be scaled up, deepened and completed during the Interim Phase. In particular:

- collection and control of heavy weapons – protection and/or destruction of stockpiles;
- the registration of small arms and light weapons;
- cantonment, disarmament and demobilisation of former Qadhafi forces and unauthorised militias; and
- weapons amnesty and compensation scheme for civilians.

Reconstitution of the formal legal sector. Much of the judiciary has been discredited and many unjust laws have been passed by the Qadhafi regime. A process will need to be put in place rapidly to review and cancel many of the legal appendages of the Qadhafi regime – both laws and special courts – and to help rebuild the judiciary and incorporate oversight and checks (such as an effective appeal process) to prevent the re-emergence of corruption. Interim capacity may be required, and certainly a quick impact training programme to develop the core of the new judiciary. Technical assistance may also be required to help unpick the legal framework and purge it of unconstitutional measures. Work to develop a new constitution should also be taken into account during this process.

Security sector modernisation. The antidote to factionalisation is convergence of former-state defence and security forces and revolutionary militia within new nationally accountable security organisations, under the recognised Interim Authority and, eventually, representative government. Linked to this process is the systematic disarmament and demobilisation of those fighters that will not be incorporated into new structures. It is clear that the militia and defence force units which have fought during the uprisings will have high status with the population in the aftermath and may play a powerful role in forging post-ceasefire security structures. Views on the structure of new national security instruments are already being expressed by the NTC and the leaders of military and militia groups authorised by the NTC. During the Interim Phase, these new structures will need to be validated by the Interim Authority and modernisation programmes initiated to ensure:

- democratic accountability;
- administrative capacity within ministries of interior and defence;
- more effective national police and defence forces; and
- evolution of new reserve structures from militia involved in the uprisings (National Guard, National Protection Force).

3. Basic and Social Services

Priority recommendations for the international community:

In the IMMEDIATE Phase:

- Strengthen management and administrative capacity of NTC Executive Offices, municipal authorities and NGOs/CSOs to improve service delivery effectiveness
- Provide funds, capacity building and coordination assistance to support and strengthen existing service delivery systems and structures
- Support community-led delivery of basic and social services to strengthen unity and community participation in NTC-controlled areas
- Improve coordination between international actors, local municipalities and NGOs/CSOs and use humanitarian assistance to fill gaps, not replace existing systems

In the EARLY Phase:

- Provide funding, capacity building and coordination assistance to Interim Authority Executive Offices, municipalities and local NGOs/CSOs for delivery of services
- Continue to support community-led delivery of basic and social services to strengthen unity and community participation, minimise social tensions and occupy un/under-employed youth

Current Situation

Basic and social services include food, education, water, hygiene and sanitation, solid waste management, health and protection. Rather than analysing these items individually, the ISRT considers the provision of basic and social services as a key stabilisation issue due to the scale of impact upon the Libyan population should these services collectively fail; the close association between the provision of services and the legitimacy of the NTC as a caretaker entity able to protect and provide for its population; and the tangible demonstration of unity, equity and parity of access across Libya that the provision of services can be.

3. BASIC AND SOCIAL SERVICES

A distinction needs to be made in the Libyan context between minimum standards to meet basic human needs and the minimum standards of services usually expected by the Libyan population. This section of the report deals with the former. The latter is dealt with in the economy and infrastructure sections in relation to the restoration of commercial food, fuel and medical supplies and the recommencement of regional and international trade. One of the primary tasks for the NTC in the Immediate Phase and for the Interim Authority in the Early Phase will be to manage public expectations as to the feasibility and realistic timeframe required to restore stalled or broken commercial distribution and supply mechanisms to pre-conflict levels. This is a key message that needs to be articulated domestically and internationally throughout all three phases identified in this report, to decouple the political legitimacy of the Interim Authority with the inevitable drop in living standards (however temporary) that is likely to follow the ceasefire until commercial trade and supply systems are fully restored.

In relation to the minimum standards of basic and social services required by the Libyan population, these are being largely met by an informal network of newly-established CSOs, NGOs and pre-existing public service structures such as municipal authorities. Issue-based groups have emerged, taking responsibility for service delivery to people on an “as-needed” basis. Many of these groups are being strongly supported by the Libyan diaspora. These cover: food distribution; support for internally displaced people; protection of women, children, disabled and elderly people; traffic control; solid waste collection; community policing and recreational activities for children.

Gaps in the provision of basic and social services by Libyan organisations are being filled by international humanitarian organisations, including international non-governmental organisations (INGOs), UN agencies and donors. Access to some parts of the population is still hindered by the conflict, however, and knowledge of the exact needs of the population in the west of Libya is particularly limited. Libyan civil society organisations have also noted some difficulties interacting with international humanitarian agencies due to language restrictions and problems accessing or being heard by the international system.

Education services are not being delivered in NTC-controlled areas of Libya at this time, however this reflects a policy decision not to provide the service rather than a lack of ability to do so. Education is considered a politically contentious issue, both in relation to the status of the national curriculum and perceptions of a lack of solidarity between populations in the NTC-controlled and Qadhafi-controlled areas of Libya if inconsistent approaches are taken to the reopening of schools.

Access to other basic and social services is increasingly becoming an issue, however, due to: diminishing cash reserves and limited access to credit; some food shortages; a lack of security and the perception of a lack of security; lack of infrastructure maintenance for water, sanitation and hygiene and electricity; departure of foreign workers, including medical staff; a lack of fuel and medical supplies; and gaps in the management and administrative capacity of existing service delivery organisations. Protection of the population from further violence, including sexual and gender-based violence, is also weakening as normal social safety nets are overburdened as the conflict continues.

Community participation in the delivery of basic and social services is a key stabilising factor in NTC-controlled areas that should be encouraged and supported. As a tangible demonstration of the social cohesion and political unity of the population, CSOs, NGOs and the municipal authorities should be supported to continue delivering services through to the interim period when a more formal administrative entity is established. While the current combination of local, regional and international mechanisms to provide basic and social services are functioning reasonably well, they are not sustainable in the longer term and need support to continue.

Most Libyan CSOs and NGOs are self-funded, relying on volunteers and private donations to function. Few volunteers have been properly trained or equipped, however, and even fewer have the means to continue volunteering without training or capacity development programmes and sustainable financial resources. A coalition of NGOs has emerged in NTC-controlled areas of Libya to improve networking and reach to all levels of society, with 45 NGOs registered with the NTC Executive Committee's Ministry of Culture and Community Affairs so far. Financial support is needed to sustain the coalition in its coordination capacity to ensure that the full population of NTC-controlled areas is reached. If civil society does not have adequate support, they will be unable to continue service delivery. A breakdown in service delivery can have serious consequences for the legitimacy of and confidence in the NTC as the caretaker authority.

Food. Food needs in Libya are currently being met by a combination of formal and informal commercial mechanisms, supplemented by the provision of humanitarian assistance to vulnerable populations. Food supplies are generally able to be restocked on a weekly basis and additional food has been pre-positioned by humanitarian agencies in case of increased emergency requirements. The heavy reliance on imported food has left Libya's food security vulnerable, however, with sanctions, the lack of foreign exchange and the breakdown of normal trade having a negative impact. Food stocks are diminishing and the capacity of host families and organisations to meet new needs has been reduced. Where local agriculture was initially able to supplement the food supply, the lack of fuel, agricultural inputs, manpower and equipment spare parts is reducing this option.

Supplementation of the food supply is therefore needed as the Immediate Phase continues; however it is recommended that this focus on ensuring adequate stocks in the shops and cash or vouchers in the hands of customers, rather than the establishment of a large-scale food aid distribution system.

Several INGOs are currently planning technical support on food security issues as well as strengthening the public distribution system. In coordination with NTC, FAO, WFP together with ACTED, CESVI, Save the Children, IRC and Mercy Corps are finalizing an emergency food security assessment for NTC-controlled areas of Libya.

3. BASIC AND SOCIAL SERVICES

Education. Schools and universities in NTC-controlled areas of Libya are currently officially closed. However, a few schools supported by local education authorities, NGOs/INGOs and local communities, are open in the morning for recreational activities and socializing activities. Given the sensitivity of the issue, the NTC has yet to decide on resuming formal education but are examining an action plan drafted by the Education Authority in Benghazi in coordination with the other NTC-controlled areas of Libya which includes a “Back to School Programme” and medium-to longer term needs plan. However, pupil safety remains a concern for some parents.

Water, sanitation and solid waste management. The centrally-managed water supply system requires maintenance. Water treatment units and pumping systems have reduced water supply with resulting cuts in the cities, compounded by shortage of basic hygiene materials. Displaced groups in these areas have created extra demands for water and sanitation. The Great Man Made River Authority (GMMRA) has produced a Crisis Plan for Water Monitoring. In addition, local communities are working with local NGOs and volunteers to dispose household waste at selected sites, which from time to time are burnt. In Benghazi, the municipality has recently signed a contract with a local private company for the management of solid waste for the following three months.

Health. Current health capacity is sufficient in most areas to meet immediate trauma and emergency medical needs, although this capacity has been stretched in areas that have seen the largest amount of fighting. International medical organisations have played a critical role in supporting existing Libyan clinics and hospitals, including providing staff to fill gaps left by the large number of foreign medical staff previously engaged in the Libyan health system.

As fighting has decreased in other areas, clinics and hospitals have been able to focus again on chronic cases, however an increasing lack of drugs, weaknesses in the management and administrative capacity of Libya’s health system and the heavy pre-conflict reliance on foreign medical staff is impeding Libya’s ability to meet chronic needs and specialist care. Accountability, interoperability, communication with the population and professional training are far below international standards, creating a lack of trust in the health system. The population does not trust the quality of care provided by local medical staff and there are no emergency health management plans in place.

Protection. Physical protection and psychosocial support for victims of violence is a key priority to support stability throughout Libya. The presence of mines and UXOs risks causing further harm to the civilian population as people return to their homes in newly-liberated area and is impeding access to basic and social services.

Immediate Phase

Recommended Priorities

Coordination and funding. The overarching recommendation is to improve coordination of delivery of services in NTC-controlled areas between local, municipal, national, regional and international providers to improve efficiency and coverage. Funds should be channelled through the NTC to those who are currently providing services (namely municipalities and local CSOs and NGOs) to sustain their current efforts. Local planning, management and ownership are essential for the sustainability of such systems.

NGOs and CSOs. Support in the form of funding and capacity building should be provided to NGOs and newly-emerged CSOs to improve the effectiveness of their service delivery. Community-led delivery of basic and social services should be strongly encouraged to increase unity in the population, but without over formalising these structures.

Food. It is recommended that cash or vouchers be provided to purchase food and support current food distribution, management and coordination systems (imports, etc.). Attention should be paid to technical support to national food supply systems (preparedness and resupply). It is also important to maintain the resources for local groups to support vulnerable persons with emergency foodstuffs, supplemented by international humanitarian assistance where required.

Education. Beside the importance of maintaining education levels, resumption of school is a sign of progress and normalisation. Thus, schools should resume operations as soon as possible, pending decision by the NTC. The education sector can function at the municipality level (95% of schools in Benghazi are ready to open). For the Immediate Phase, some schools require refurbishment and the initial provision of child friendly spaces, education materials and training of educators in participatory methodology and psychological support for children dealing with the affects of the conflict.

Water, sanitation and solid waste management. Access to spare parts, chemicals and small scale repairs is needed to sustain water production and distribution. Additional funding and planning to improve the sewerage pumping and solid waste management systems is encouraged until a more permanent system is established. There is a need for assessment of areas outside Benghazi in order to determine the extent of the problem.

Health. The international community should support emergency health and medical needs identified by the NTC Ministry of Health and humanitarian agencies should continue to be supported as the conflict continues. Particular gaps include medical supplies, equipment and nursing staff. It is also important to create local emergency plans and to establish emergency coordination mechanisms to improve the effectiveness of triage and referral capability across the emergency health sector in NTC-controlled areas of Libya.⁶ Support for the management and administration capacity of the health sector will be essential in any transition. Where possible, health committees and councils should support re-establishing normal access to and quality of community health facilities and encourage the return of nursing staff.

Protection. Support local and international efforts to protect vulnerable groups, including those with special needs, displaced people and returnees. Support psychosocial assistance for victims of violence, including gender and sexual-based violence, to assist in individual and community rehabilitation. Special attention must be paid to removing UXOs to reduce further harm, and from areas where they are restricting access to basic and social services.

Early Phase

Considerations

The focus in the Early Phase should be on continuing and restoring services, rather than repairing systems. With changes in access, there will be an opportunity and responsibility to expand the reach of basic service delivery. Communication systems will be crucial for the restoration and expansion of basic and social services, particularly for public education and messaging such as energy saving and public safety. It will also be crucial to appropriately manage the expectations of the population in the post-ceasefire period if living standards drop (however temporarily) between the end of the conflict and the full restoration of services.

Delivery of all basic and social services depends on basic infrastructure, economy and security being restored and in place. The length of the conflict and extent of damage to infrastructure, supply lines and local service delivery capability will determine the relative proportion of basic and social services being delivered by local actors versus international humanitarian agencies. The longer the conflict continues and the greater the damage to existing infrastructure, the more support will be required from international humanitarian agencies. On the other hand, we should recognise that the capability of NGOs is also likely to improve with time, due to networking and learning from each other.

⁶ Specific activities include phone systems for triage, a blood donation system and consideration of centralised warehousing, blood bank systems and the coordination of medical evacuations for wounded patients, as well as managing a system to fill human resource gaps and prioritise highly-specialised overseas treatments.

Risks

Underfunding of humanitarian assistance risks gaps in coverage, particularly of the most vulnerable that may lack access to formal or informal local services. There is also a risk that the international humanitarian system could replace or crowd out local structures and capacities. Humanitarian assistance needs to be provided as a social safety net to fill gaps, not a substitute for the entire delivery of basic and social services given existing Libyan capacity. There are also risks for expectation management regarding the speed and improvement of basic service delivery restoration in the Early Phase, particularly if infrastructure has been significantly damaged. This could undermine the political legitimacy of the Interim Authority and increase social tensions.

Recommended Priorities

International coordination. The international community should support a rapid, preferably UN-led Post Conflict Needs Assessment to inform and align early recovery and transition assistance in support of local priorities and needs, ensure coordination of international assistance and avoid duplication. At the same time, communication between international and local actors must be increased to ensure local capacities are supported and strengthened, not duplicated or replaced.

Continuity of services. It is important to continue to support and maintain the existing systems being provided by municipalities, CSOs, NGOs and INGOs – through funding, capacity building and provision of supplies to meet shortfalls. Funding for international humanitarian actors currently filling gaps in existing services should be maintained in the Early Phase to continue this social safety net and enable local and international actors to focus on security and political settlement issues.

NGOs / CSOs. Continue to support community-led delivery of basic and social services to strengthen unity and community participation, reintegrate returnees, minimise social tensions and occupy un/under-employed youth.

Food. If cash supply is not immediately available in the Early Phase, we recommend support to voucher systems for commercial purchases of basic goods rather than establishing separate aid distribution systems.

Education. Reopening of schools for formal education, as well as continued social and psychosocial support is a highly stabilising action but will depend on the time of year (schools are out during summer and Ramadan). Given the current politicisation of the national curriculum, the nature of Libya's political settlement will significantly determine actions taken in the Early Phase in the education sector. NTC education authorities have drafted an interim curriculum that could be taught during the Early Phase, but this requires broader political endorsement. A parallel / alternative curriculum may be required in the west of Libya. Subjects such as history and politics are contentious and may not be taught until a new national curriculum has been developed. Libyans should commence preliminary discussions on the development of a new national curriculum in preparation for education system reform in the Interim Phase.

3. BASIC AND SOCIAL SERVICES

Water, sanitation and solid waste management. Continue restoring services rather than undertaking major system repairs at this stage. Availability of water will depend on basic infrastructure, economy and security being sufficiently restored or supplemented by emergency systems.

Health. There are several actions which should be planned ahead and implemented in the Early Phase to reduce casualties. These include the creation of a Tripoli emergency plan and awareness campaign, to inform the Tripoli population on what do to in case of emergency. It is also important to start a blood donation campaign in NTC-controlled areas of Libya and stockpile emergency drugs and other materials to treat the wounded. It is recommended that an evacuation plan be prepared for wounded people and humanitarian aid be ready to rapidly deploy to cities in the west.

Protection. Protection of civilians will be equally important in the Early Phase including from human rights violations, UXOs/ERW and discrimination or violence against vulnerable groups. We recommend special attention be given to providing psychosocial support for victims of violence, including gender and sexual-based violence, to assist individual and community rehabilitation and to begin rebuilding social cohesion and trust. Support to mine action, UXOs and weapons removal is important to prevent further harm and ensure that critical services can continue in key-areas, habitable and arable land is cleared and access to services and employment is restored. Protection and support will also be required for returnees, managing accommodation gaps, and facilitating community dialogue regarding returnee reintegration and assistance

Interim Phase

Considerations

International assistance needs to support Libyan priorities and be aligned with Post-Conflict Needs Assessment findings. All principles of donor coordination, harmonisation and complementary effort will be vital to ensure the Interim Authority is not overwhelmed during the Interim Phase, particularly whilst political legitimacy is still being defined, designed and built.

It is recommended that the international community continue to build on existing systems and mechanisms, including municipality capacity and local CSO / NGO service provision, by providing technical, operational and financial assistance. Avoiding substituting for or replacing local capacity is of utmost importance. Support should be provided to Libyan-led provision of basic and social services in order to rebuild a sense of community and trust and lay the foundations for community reconciliation and healing. Provision of basic service safety nets by international humanitarian agencies should transition quickly to Libyan-led delivery mechanisms. It is not envisaged that significant aid or long-term development will be required in Libya.

The international community should also support the Interim Authority to manage the delivery of basic and social services, including reintegration and capacity building of existing civil servants. Special consideration should be given to the manner in which Libyan expatriates are integrated into local structures so as not to introduce a new divide or source of tension within the Libyan population.

Consultation, negotiation and planning should commence for reform of basic and social services (where required). As suggested below, implementation of major institutional reform should be undertaken by the elected authority (after the Interim Phase).

Food. Continue to support the re-establishment of existing food supply and distribution mechanisms, and local, regional market access via re-establishment of the cash economy.

Education. Commence broad community consultation process regarding national curriculum development and reform of the education system. Support development of a temporary curriculum to enable the continuation of formal education whilst larger reform is undertaken. Provide for national recognition of educational qualifications if differing curricula have emerged across Libya in previous phases.

Water, sanitation and solid waste management. Facilitate security and restoration of water supply pipeline and focus on re-establishing maintenance and spare parts procurement systems. Start the design of a waste water management system and a solid waste management system.

Health. The health system has great potential and all the interventions have a high effectiveness/cost ratio. It is recommended that the international community support Libyan health authorities to review, support and strengthen local medical expertise, education and public health management, governance and planning capacity. Coherence between medical education systems and the public health system needs to be strengthened, as well as between public and private health providers. Care is also needed to support the rehabilitation of newly disabled patients.

Protection. Continue to protect vulnerable groups, including those with special needs and support psychosocial assistance for victims of violence, including gender and sexual-based violence, to assist in both individual and community rehabilitation and restoration of social cohesion. Continue to protect and support the safe return of displaced persons, managing accommodation gaps and facilitating community dialogue regarding returnee reintegration and assistance of both Libyans and third country nationals. Continue to support the mapping and clearance of mines, UXOs and ERW and mine risk education to prevent further harm, clear habitable and arable land and support the restoration of livelihoods.

4. Economy

Priority recommendations for the international community:

In the IMMEDIATE Phase:

- Facilitate and manage foreign exchange inflows to fund fuel and food imports, and salary payments by NTC

In the EARLY Phase:

- Ensure safety of property, including production means, economic actors' inventories, banks and Central Bank assets (cash in the vaults)

Current Situation

Libya is an oil dependent economy which relies on foreign currency payment for the import of 100% of its medicine, 70% of its food, 80% of its fuel (for transport, electricity generation and fresh water production), for the salaries of 400,000 foreign workers and for the import of most other equipment, raw materials and inputs. In present circumstances with no oil production and export, the basic needs of the people depend on the ability of the NTC to obtain/borrow foreign exchange or barter to import basic necessities and sustain utilities. These issues apply to NTC-controlled areas of Libya. They will be aggravated as and when other parts of Libya are liberated while the country's assets remain frozen and oil export stranded. Similar and even worse issues are likely to affect the Qadhafi-controlled areas of Libya.

However, the Libyan economy has many strong points which should mean that re-booting the economy once the current crisis is passed will be relatively straight forward. In particular, Libya has a young and dynamic population and a dynamic and well organised business community. There are also extremely liquid private banks (although they lack experience in effective cash flow based business support). Furthermore, the revolution has highlighted the important social bonds and solidarity in the population and has triggered the return of a large number of capable diaspora Libyans who are supporting the administration. Taking this together with the potential to realise the large international assets and crude oil exports when the situation settles, future prospects can be seen with reasonable optimism.

There has been no oil production since 4 April 2011 and no substitution funding has come through either the Temporary Financing Mechanism (TFM) or elsewhere. Most recently, two shipments of fuel were unloaded in Benghazi on 5 June 2011, valued at about US\$90 million. This quantity is estimated to be enough for only ten days of electricity and water production for NTC-controlled areas of Libya. Going forward, the costs of meeting the fuel needs for liberated areas are estimated by the NTC at about US\$250 million per month.

On the food front, the NTC has reported that stocks of wheat were sufficient for 40 days consumption; rice for 5 months; and semolina and macaroni for 1 week.⁷ Inflation, mostly supply driven (outside the subsidised main commodities), is estimated to have been between 15 and 100% over the last three months, aggravating the lower standard of living for the population. The costs of meeting minimum food and medicine imports are estimated by the NTC at about US\$100 million per month.

The shortage of formal imports of both fuel and food is currently partly mitigated by imports through an informal market with Egypt (estimated to represent about 1/3 of usual imports for the region). However, even this informal trade is suppressed by the absence of local currency in the hands of consumers to purchase goods once they have been imported and by traders waiting for cheaper foreign currency to become available.

Seventy percent⁸ of employment is provided by the public sector and, in effect, the NTC has made local currency available to these people by paying the March and April salaries – despite the majority not doing the work that they are being paid for.⁹ Since the access of the NTC to foreign or local resources has literally ceased, it paid salaries through increasing the liquidity in the market without backing - using available bank notes in the Central Bank of Benghazi - with no immediate observed effects on inflation.¹⁰

⁷ A further 4,000 containers previously stalled in Malta have started to be unloaded in Benghazi - the content of these containers is not known. As a matter of comparison, 48,000 containers were unloaded in 2010 in Benghazi, about 6,000 of them concerning food supplies.

⁸ Present unemployment is estimated at about 20% of the workforce (workforce numbers from 2009), according to government census figures.

⁹ Many are supporting, on a volunteer basis, the uprisings – either through engagement in social NGOs or more directly in the fighting.

¹⁰ The fact that bank notes are being hoarded and do not circulate probably explains this limited demand-driven inflation impact. Also the bank notes paid out amounted to about LYD700 million to be compared to about LYD40 billion of narrow money for the whole of Libya, i.e. LYD12 billion for NTC-controlled areas of Libya part (30%).

4. ECONOMY

However, bank notes are now being hoarded¹¹ by the population, and there are not enough bank notes available to pay the May salaries.¹² Solidarity among the population and important government subsidies (of up to 80% for the main staple food and petroleum products, as well as uncollected electricity, water and telecom bills for the last three months) have meant that this non-payment is accepted for now. However this cannot be sustained. Lack of invoicing by the main utility providers results in accumulating debt to the NTC and dependence of the population on free services.

The situation is worse for the 30% of the population previously employed by the private sector, 80% of which are now unemployed and not receiving any wages. There is little new employment in the manufacturing and agricultural sectors, which are at a stand still. There are ongoing concerns about the risk of looting of equipment, the inactivity of so many young men, and the loss of the summer maize crop due to lack of water and fertilizers.

The new budget for the next six months (July to December) is being prepared based on 30% of the 2010 budget for the whole of Libya.¹³ Public Financial Management (PFM) appears currently under control at the NTC level (Treasury and Budget). However, in view of the need for transparency and accountability and the complex nature of: i) salary payments for all government and public entities for the whole of NTC-controlled areas of Libya; ii) payments of fuel and food subsidies through the Arabian Gulf Oil Company (AGOCO) and the “Food Stabilisation Board”; iii) payments of the NTC and main utilities general expenses; and iv) the limited information we could gather on the PFM mechanism, further detailed assessment is required.

Banks are presently acting as a cash box, manually clearing cheques and channelling bank notes from the Central Bank¹⁴ to the public within the maximum withdrawal limit of LYD750 for each monthly salary paid (LYD1,000 per month reported in Qadhafi-controlled areas of Libya). Only two private banks in NTC-controlled areas of Libya would be able to conduct international trade finance (branches from Tripoli-headquartered banks do not have the know-how or foreign correspondent relationships, while Benghazi-headquartered public banks have their assets frozen). These two banks should be able to service the initial import needs when forex is again made available.

¹¹ It is understood that the NTC is considering lifting the present LYD750 monthly limit for bank clients who deposit funds back into their account.

¹² Bank notes left with the Central Bank of Benghazi would only reach LYD100 million according to the Deputy Governor of the Central Bank of Benghazi.

¹³ The NTC forecast budget is proportionate to the percentage of the Libyan population in NTC-controlled areas.

¹⁴ The Central Bank of Benghazi was formed through a NTC decree transferring its location from Tripoli to Benghazi and nominating a new board.

The Central Bank is unable to collect statistics and information on the banks' activities in NTC-controlled areas of Libya due to the failure of Tripoli-based banking software reporting systems. This impacts on the ability of the Central bank to monitor the money supply and supervise bank activities.

Municipalities in NTC-controlled areas of Libya, including the municipality of Benghazi are functioning mostly on donations. They are not structured to levy local taxes to cover the cost of services to the population. The principles for the future role of the municipalities, their representativeness and financial sustainability needs to be addressed.

Our initial analysis suggests the need for increased administrative capacity and expertise in the NTC and in the public sector in NTC-controlled areas of Libya. This will have to be addressed sooner rather than later, particularly if the NTC becomes a significant receiver of money. The lack of proper structures – understandable given NTC's preference not to appear as a de facto government – could become a destabiliser if this is seen to lead to mismanagement and possible fund misallocation.

Immediate Phase

Recommended Priorities

Foreign exchange. The main recommendation for action on the economy is to obtain foreign resources (forex) in-flows. The ISRT estimates immediate stabilisation requirements of US\$350 million per month (US\$250 million for fuel and US\$100 million for food and medicine).

The above immediate and crucial concerns are the direct result of the country's lack of foreign income due to non production and export of crude oil, frozen assets and delays of TFM payments. However, all short and longer term solutions to raise foreign currency for the NTC in the present circumstances depend on the capacity and perceived legality for the NTC to sell, pledge or commit for the future, any Libyan assets. Legal assistance in this regard should be pursued in conjunction with the international community.

Whilst the availability of foreign exchange remains limited, it is recommended that forex should be auctioned for specific imports rather than distributed at official rates. If it is distributed directly, there is a risk that traders will wait for government supplied forex at the attractive official exchange rate instead of ensuring steady urgent supplies in the short term through the black market. There is also a risk of undue profiteering of traders who have bought LYD at black market rates buying government forex at the official rate. Forex should be auctioned to the main traders and the banks against LYD bank notes to be used by the NTC to pay government salaries through the banks. The forex should be used by the main traders to import necessary supplies, and by the two banks able to operate internationally to supply the needs of smaller importers and the general public.

4. ECONOMY

The TFM, as currently set up, will be able to meet some of the funding gap as well as NTC expenses and procurement. It is not clear, however, whether it will be possible for TFM forex to be exchanged for LYD bank notes by the NTC, so this may not succeed in fulfilling the LYD requirement for meeting salaries. It is therefore recommended that the TFM mechanism allow for the sale of forex against LYD to be used to pay public sector salaries. It is not recommended that public sector salaries be paid directly in US\$, to avoid partial dollarisation of the economy and uncontrolled use of US\$ (outside import flows).

We recommend that other solutions to short term forex should be considered, subject to: i) the legality and ownership of assets sold; and ii) further study by NTC experts, possibly funded by the international community.

The NTC (with appropriate support as requested from the International community) should also consider how to:

- Prepare to cover the urgent needs of the population in the forthcoming liberated areas through the provision of sufficient LYD bank notes to cover government salaries and the purchase of necessary food, medicine, and fuel/petroleum products.
- Prepare the resumption of oil exports income by identifying and clarifying the status of existing oil production contracts, to ensure the various actors' oil ownership and responsibilities vis-à-vis the production and export of the crude oil and the remittance of foreign funds to the authorities.
- Ensure proper Public Financial Management systems, audit and reporting mechanisms at the NTC level and at the municipality level – ideally with full transparency built in from the outset. This is strongly recommended.
- Prepare for the speedy request for unfreezing Libyan assets as soon as the situation clarifies by despatching a small NTC mission to identify the main frozen assets and document the unfreezing process, possibly being funded by international support.

In support of these priorities – and the overall economic situation - the NTC may wish to consider setting up a coordination group in Libya, chaired by the NTC and including the main bilateral and multilateral agencies, to plan for the continuous assessment of the macro economic situation, the needs of the economic actors and other matters of common interest.

Early Phase

Considerations

Economic issues in future liberated areas are likely to be similar to those currently faced in NTC-controlled areas of Libya, however on a worse scale (consider the higher black market rate for LYD in the West). We expect a certain lack of food, fuel to run the electricity, water and transport and cash in the banks as people hoard money. There is likely to be a lack of foreign currencies available to the importers

and private business will still be at a standstill, particularly with the loss of foreign workers. Salaries of government employees will be in arrears. There is also the possibility of destruction and looting of economic assets, machines and equipment.

As fast as possible in the Early Phase, steps should be taken to identify the legitimate Interim Authority and unfreeze Libyan assets. Should the inflow of forex be delayed, the Interim Authority would not be able to buy the LYD bank notes from the importers against foreign currency, pay public sector salaries or enable importers to supply the usual necessary imports (70 to 85% of goods are imported).

If the recommendations on foreign exchange have not been achieved, food and fuel supplies would mainly be available only through humanitarian support, stifling the resumption of private business activities and increasing the dependence of the country on outside support. Humanitarian support should only be directed to heavily damaged areas and be provided carefully so as not to stifle the private sector or introduce unfair competition with the importers and traders who form the largest part of the economy. UN and international efforts must be careful not to overburden a new and fragile administration.

Initial actions should as much as possible rely on resuming the money flows through the private sector, without imposing an outside bureaucracy on this middle income country. The World Bank, the IMF and the international community should assist the authorities as soon as possible in the next phase, however, to prepare for a future economic order based on private initiative and energy.

The following recommendations have to be prepared during the Immediate Phase and require the existence of an accepted, legitimate Interim Authority.

Recommended Priorities

Resumption of oil exports. Resolve legal status of oil assets - noting the likelihood of legal challenges – and secure international technical assistance for resumption of oil flows.

Food and fuel delivery. The following actions will have to be undertaken as soon as possible:

- supply bakeries with wheat flour and other staple food (rice, semolina, pasta) through the usual channels (local associations) or from prepared stocks (in co-ordination with the international organisations);
- ensure the import and supply of petroleum products to the main utility companies to ensure electricity and water flows, as well as to the main users (army, transport, farming, businesses);
- supply traders with urgent non staple food on commercial terms from stocks prepared for this eventuality, with the support of the international community; and

4. ECONOMY

- in areas affected by severe insecurity or heavy destruction, ensure humanitarian relief is organised in co-ordination with UN agencies.

Foreign exchange flows. The following actions will have to be undertaken as soon as possible following the establishment of an agreed ceasefire:

- request urgent unfreezing of Libya's assets (public entities and banks), including the available new LYD bank notes with Delarue, to rapidly restore normal economic channels;
- decide which institution is responsible for oil production, oil export and the sale of future oil delivery. Ensure that they are accepted internationally; and
- pending resumption of oil production and export, organise the pre-finance of future oil sales to ensure rapid access to forex income.

Liquidity in the economy. The following actions will have to be undertaken as soon as possible following the establishment of an agreed ceasefire:

- ensure that foreign exchange is made available (auctioned¹⁵) to importers and bankers against LYD bank notes as soon as possible, either from the sale of non-frozen assets, the sale of oil shipments/future oil shipments or through the TFM, to ensure that the Interim Authority has sufficient LYD bank notes to pay salaries;
- ensure that the Libyan Central bank is accepted internationally, organised and able to supply the banking system with enough liquidity and bank notes to service the needs of the population; and
- ensure the payment of public entities' salaries and continue the subsidy of food, medicine and fuel to provide a safety net for the general population.

Protection of economic assets. In areas with heavy loss of basic infrastructure, ensure safety of property, including production means, economic actors' inventories, banks and Central Bank assets (cash in the vaults) as well as bank records.

Interim Phase

Considerations

In the first six months after an agreed ceasefire has been established, priority should be given to:

- ensuring that the actions identified in the Early Phase have been completed;
- restarting the 'old style' economy by approving an auxiliary budget, encouraging business and return to work and preparing an economic strategy for the future;

¹⁵ If forex availability is still limited.

- supporting the reorganisation of civil society, including business associations, and encouraging them to join the recently formed Union of Chambers of Commerce; and
- lower barriers to entry into business as a way to facilitate the reintegration of young people into the business community.

5. Infrastructure

Priority recommendations for the international community:

In the IMMEDIATE Phase:

- Ensure that the import of essential petroleum products continues into NTC-controlled areas

In the EARLY Phase:

- Develop a mechanism to facilitate unbroken import of fuel until domestic supplies of petroleum products resume
- Restore oil flow and refining capacity in order to ensure domestic supply of fuel to power water system
- (Following an early damage assessment) Repair conflict-related damage to water system, replenish reservoirs, and replenish fuel stocks to ensure continuous supply.

Current Situation

Oil and gas. The production and export of crude oil is essential to the future of Libya. However, it is unlikely to flow in any major quantity before the establishment of an agreed ceasefire due to sanctions (in Qadhafi-controlled areas of Libya) and the risk of sabotage (in NTC-controlled areas of Libya). This means that Libya is currently detached from its primary source of foreign currency and that NTC-controlled areas have no access to domestically produced petroleum products for fuel.

As noted in the Economy section, fuel imports to NTC-controlled areas are sporadic at the moment leaving the electricity and water sectors in a critical condition. If imports cease then this threatens serious consequences for the population.

Oil infrastructure at Misleh field was subject to a carefully planned attack by Qadhafi forces on 4 April 2011. Critical components were targeted that halted production in NTC-controlled areas of Libya. Since then a bypass has been improvised but crude oil will not flow due to the perceived threat of a more serious repeat attacks. Qadhafi forces remain at large around Misleh and attacked the fields again on the weekend of 11-12 June 2011.

Electricity. According to industry sources, only a few days' fuel reserve remained in stock at the start of June 2011. If this is correct, then low fuel reserves and the absence of a predictable replenishment system would mean that the provision of electric power to NTC-controlled areas is currently critical. The arrival of a delivery of 29,000m³ on 5 June 2011 was timely and estimated to be sufficient until around the end of that month.

Since the early days of the uprisings, load shedding has been practiced during daylight hours in Benghazi but public information campaigns to reduce consumption have had minimal effect. The population has high expectations for the availability of electric power and has little prior experience of power cuts. In Misrata, two power stations have been disabled since February by Qadhafi regime forces. The city currently has no power apart from small private generators.

Water. The vast majority of drinking water throughout Libya is supplied through three means. The Great Manmade River (GMMR) is the world's largest irrigation project and one of the largest systems of underground pipelines and aqueducts. It provides 70% of Libya's urban population with drinking water along the coast from Benghazi to Tripoli. In remote areas without access to the GMMR, water is provided by either desalination plants or boreholes. All three production systems are ultimately fuelled by petroleum products therefore, while import of these products remains unpredictable and none are being refined in NTC-controlled areas, the provision of safe drinking water remains tenuous.

Telephone / internet. All telephone system management was centralised and the mobile phone network in NTC-controlled areas of Libya was cut-off after the uprisings began in February 2011. Subsequently, the NTC has managed to re-establish internal mobile connections although the quality of service is low and fees are not collected. There are a limited number of international connections, however the entire system remains problematic as the few international accounts were given to important government officers, diplomatic missions etc. Internet connection is possible only through private satellite dishes.

The NTC is working to improve the system (mobile network and international connection via optical fibre to Egypt), using Libyan human resources and some support from abroad. NTC has requested immediate financial support for this work of US\$10-20 million.

Misrata will require interventions to re-establish telephone and internet connections; currently people are reliant on satellite phones and (in certain parts of the city) landlines.

Transportation. The Libyan road system was in a relatively good condition and several additional investments were either planned or under execution before the uprisings began. The fighting did not cause major damage in NTC controlled areas of Libya, however defensive trenches still exist in Misrata to protect it from future Qadhafi regime attacks.

5. INFRASTRUCTURE

Benghazi, Tobruk and Al Abrag airports have not been damaged. Misrata has suffered significant damage to the terminal buildings and vehicles, however all runways are in good condition. The cost of intervention is estimated by the NTC at approximately US\$10 million.

No major damage has been observed to the ports in NTC-controlled areas of Libya. The ports of Benghazi, Derna, Tobruk and Misrata are now operating under the NTC-mandated Ports and Maritime Authority, which reports to the NTC Ministry of Transport. There is international concern surrounding the operations and security of these ports, however, manifest in higher insurance premiums and Libya's listing on the war risks register. Trade has also been dramatically reduced, for the most part due to these concerns.

Risks

Should the import of petroleum products stop in NTC-controlled areas, electricity and water supply risk coming to a halt. Consequences for the population will be severe. The lack of safe drinking water could rapidly lead to a humanitarian emergency among a population used to a plentiful supply. Other secondary effects, including the failure to pump sewage away from populated areas, lack of fuel for transport and lack of fuel for backup generation at hospitals and other facilities, could destabilise NTC-controlled areas of Libya.

A prolonged situation where international calls and internet connections are possible only via satellite will reduce the communications among anti-Qadhafi groups, thus risking the momentum of the uprisings over time.

The risk of sabotage to all critical oil, gas, electricity and water infrastructure will remain real during all three phases covered by this report. It is widely believed that Qadhafi forces may undertake a series of such attacks in the last moments before its fall. Consequences to the population would be severe and would drain resources available to prosecute the revolution.

Protection of critical infrastructure must be planned and implemented to the extent possible in the Immediate Phase without hindering the uprisings. In addition, mitigating measures should be planned, both in Libya and outside, to reduce the impact on the Libyan population if critical infrastructure is destroyed. These should include oilfield fire services, emergency well-capping teams, emergency/mobile power generators, emergency water supply systems, etc.

Immediate Phase

Recommended Priorities

Oil. It is essential that the import of petroleum products into NTC-controlled areas continues in a regular and secure fashion. Critical delivery locations are required for power stations and desalination plants at Misrata, Benghazi, Tobruk and Derna. The international community should work to address this in a coordinated and accountable manner. Efforts must be redoubled to reduce the obstacle of maritime insurance.

Electricity. While the gas terminal at Brega remains under Qadhafi control, power generation in NTC-controlled areas is entirely dependent upon imported petroleum products. Hence, the supply chain mechanism described above must be established quickly and must not be interrupted. Emergency backup generating facilities must be provided in response to critical needs in Misrata and other areas if attacked during this phase.

Water. Water production is dependent upon the availability of imported petroleum products. As above, the supply chain mechanism described above must be established quickly and must not be interrupted. Self-contained/mobile desalination units should be provided to avoid humanitarian emergencies in Misrata and other areas subject to attack so long as the risk of Qadhafi forces interrupting inflow from the GMMR exists.

Transportation. Ports in NTC-controlled areas should have an immediate operational survey and security assessment in line with internationally recognised maritime standards in order to inform improvements in internal working practices. More importantly, these assessments will serve in reassuring the international community's maritime agencies that the Libyan ports under the NTC control still conform to the requirements of the International Ship and Port-facility Security (ISPS) code and are open for business. The Ports and Maritime Authority is keen to lay the groundwork for future inter-organisational development between it and other organisations inhabiting the ports, however this is a longer-term activity.

Telephone / internet. The re-establishment of a functional international connection is important (especially if the Immediate Phase lasts several months), both for economic reasons and for the social impact that the reopening of internet can have. Misrata will require interventions to re-establish telephone and internet connections.

Early Phase

Considerations

Emphasis during this phase is focused on restoration of urgent services. Full repair and continued maintenance of these services will be set aside for the Interim Phase. Lists of required spare parts have been received and should be fulfilled through local supply chains where possible, supplemented by the international community where necessary.

5. INFRASTRUCTURE

Oil and gas. If the TFM fails to function by the Early Phase and oil and gas is not exported, either because of legal challenges or technical constraints, it is likely that the absence of foreign currency in Libya will continue. Thus, the economy will remain stagnant, salaries will not be paid and vital imports of food and other items will not arrive.

If fuel supply is halted to power plants and water production facilities, this will have a serious affect on the population, which may well undermine confidence in the transition and create unrest or panic. A damage assessment is required to establish how quickly the flow of crude oil from Sarir and Misleh fields in NTC-controlled areas of Libya, as well as how quickly fields currently in Qadhafi-controlled areas of Libya can recommence following the lifting of sanctions.

Electricity. The people of Libya are accustomed to receiving electricity in abundance. If the experience of Misrata (shortages) is repeated in other liberated areas, then this will be likely to have a profound impact on the population. Conversely, perception that progress is being made to restore power may have a significant and positive psychological impact. It will be imperative for the Interim Authority to provide public education and manage expectations of the Libyan population in relation to the realistic provision of electricity post-ceasefire.

Water. Any break in the supply of drinking water during the Early Phase would be rapidly felt throughout the community affected, who are used to a plentiful and unbroken supply. The longer the break, the more serious the consequences will be. In time, this would undermine public confidence in any new administration.

Telephone / internet. A prolonged situation where international calls and internet connections are possible only via satellite will reduce communications among the Libyan population, potentially jeopardising chances for political dialogue and settlement.

Recommended Priorities

Oil and gas. Oil and gas flow must resume as soon as possible in order to secure foreign currency through the export of crude and LNG (liquefied natural gas). To enable this, it is strongly recommended that a national body is appointed to administer oil concessions and restore all necessary trading contracts. Refineries throughout the country must be restarted (a process that can take several days) in order to provide a domestic supply of fuel for power stations and water supply. Fuel imports must continue unbroken until domestic supplies of petroleum products come back on-stream. The current system for import of fuel is ad hoc and unclear.

Electricity. Critical components damaged during the conflict should be repaired. The General Electricity Company of Libya (GECOL) are competent in this activity and have completed much of this work around Ajdabiya and other areas, however there is a risk that attacks may increase in the final days of the Qadhafi regime. If not provided during the Immediate Phase, emergency/mobile power generation needs to be provided to Misrata and other heavily damaged areas to avoid humanitarian emergencies.

Water. Components damaged in fighting or deliberate attacks should be repaired and flow re-established to replenish all reservoirs. The General Water and Sewage Company is competent in this regard. All fuel stocks should be replenished to ensure continuous supply.

Telephone / internet. The re-establishment of a “normal” international connection is important (if it has not been done in the Immediate Phase), both for economic reasons and for the social impact that the reopening of internet can have. Misrata and other liberated areas will require the re-establishment of telephone and internet connections.

Media infrastructure. All media outlets should be used to promulgate messaging. Radio was used to good effect when Benghazi was liberated to prevent people from destroying prisons and other infrastructure, as well as keeping people informed of current events. In the Early Phase, it will be essential to continue keeping the public informed of key issues, including public safety messages, supporting the safe return of displaced persons and encouraging essential workers to return to work.

Roads, airports and ports. No priority action is necessary in the Early Phase.

Interim Phase

Considerations

Emphasis during the Interim Phase should be on repair and maintenance of services based on a full damage assessment. From current observations of the situation in NTC-controlled areas of Libya and discussions with the key utility companies, some initial priorities for action have already been identified where early actions can be taken with minimal (if any) international support.

Electricity. GECOL will:

- restore HV lines to the GMMR water well field at Sarir (if this is not already complete). Without these lines, the GMMR Phase 1 will have no backup power supply and will remain reliant on fuel supplies either from the Sarir/Misleh oilfield, when oil flows and the refinery there is producing, or tanker convoys through Ajdabiya;
- finalise plans and re-establish contracts to provide a permanent power supply to Misrata through completion of the new combined cycle power station near the steelworks; these works should commence as soon as possible afterwards; and
- reconnect the eastern network to the western network where it was cut west of Ras Lanuf during the early days of the uprisings (this could take up to 7 days after access is available). This is not an urgent priority as the two networks function reasonably well at the moment. However, reconnection will increase stability in the national system and is likely to have symbolic national value.

5. INFRASTRUCTURE

Telecommunications. The possibility of communication (via internet and non-satellite connections) between Libyan business people and their overseas suppliers will be essential to ensure that necessary goods are imported if foreign currency is available to the private sector. Reconnection of telecommunications infrastructure will also be an important enabler for civic education, community and political dialogue. Early steps should be taken to repair any remaining damage, ensure national coverage and encourage healthy competition between landline and mobile telephone networks.

Oil and Gas. The concession holders will repair all remaining damaged infrastructure, which will maximise production, export and the inflow of foreign exchange. As noted in the Economy section above, early steps should be taken to ensure that crude oil is able to be monetised on the international market. At the same time, output at refineries should be maximised in order to replenish domestic fuel stocks at power plants, water production facilities and fuel stations and reduce reliance on imported products.

Water. The General Water and Sewage Company will repair all remaining damage and resume routine maintenance of systems.

Transport. Any outstanding damage to roads, airport and port infrastructure will need to be repaired; the efficiency of navigation aids and traffic control systems for airports verified and, eventually, re-established to allow normal domestic and international flights.

Wastewater. The Interim Authority may look to commence negotiations with wastewater companies to rehabilitate new plants throughout Libya; and – recognising the important role that municipalities can play in the delivery of basic services – may consider empowering the municipalities to take responsibility for treating wastewater.

6. Communications and Engagement

All Libyans have a stake in the future of their country – its citizens have the right to be informed of and weigh in on decisions taken on their behalf. This right underpins all of the actions recommended across all sectors discussed in this report.

Independent media is a key sector of civil society that has emerged in the wake of the revolution, remarkable in a society with little experience in actual freedom of expression. The role of the media in fostering and facilitating community participation and engagement in national dialogue processes cannot be overstated. Special attention should be paid to the use of e-media channels and social media as a means of enabling disparate voices to be heard and as a way to facilitate broad community access to political processes, particularly for the youth.

Currently, the "Free Libyan" media is focused on reporting about and advocating for the downfall of the regime. In the Early and Interim phases, the need for access to professional, balanced information about the democratic transition through the media will be critical, with particular support to emergent radio and television enterprises. At the same time, the early establishment of an independent media that secures space for dialogue, dissent and respect for multiple perspectives will be absolutely critical to fostering open and unedited debate on the political processes moving forward. The international community should promote media as an independent, capable partner in the dissemination of this information.

The Libyan people are also likely to have heightened expectations of what peace will bring, making strategic communications by interim authorities – both messaging and dialogue – essential. The population needs to clearly understand why some expectations are not being met, what plans are underway to correct this, and what expectations are unreasonable and why. Without clear strategic communications by the NTC and local authorities now, and the Interim Authority in the Early Phase, these expectations be difficult to manage. This, particularly in relation to future political processes and transitional security structures, could erode the legitimacy of the NTC and any future interim authority. During both the Immediate and Early Phases, the NTC and the Interim Authority should articulate and visibly demonstrate to Libyans the actions they are taking to facilitate transparency and accountability, and to begin building trust within the population.

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