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PLANNING AND PLAN IMPLEMENTATION IN LIBYA  
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## PLANNING AND PLAN IMPLEMENTATION IN LIBYA

1. Introduction

In order to better understand Libya's problems of economic and social development and how it tackles them it is useful to view them in historical perspective.

Some twelve to fifteen years ago natural, human and capital resources were such that planners did not see much of development potentialities in Libya. Its vast country of about one and three quarter square kilometres consists almost wholly of desert or semi-desert due to the lack of water and good soil. Still, the main avenue of development was envisaged to be in agriculture in some of the coastal and mountain regions as well as in certain scattered oases. In addition, some development in the field of handicrafts, tourism and fishing was proposed.

Furthermore, human resources were to be developed. These were very limited not only because of the limited size of Libya's population (1.1 million in 1954) but also because of the lack of education and training. The main reason for this was that in colonial times education of Libyans beyond the fifth grade of primary school was not permitted. Also health, nourishment and housing were often inadequate.

Capital resources were extremely scarce. In addition, the country had suffered substantial losses and damage during the Second World War.

In view of the above exceptional scarcity of natural, human and capital resources it is not to be wondered that none of the reports written in those days on Libya's development could voice much of optimism. Libya was then estimated to be among the developing countries with the lowest per capita income in the world and there seemed not much prospect of changing this in the foreseeable future.

A dramatic change, suddenly brightening the outlook of the nation was brought about by the discovery of oil. Starting in September 1961, Libya's oil exports reached a level of 547 million barrels in 1966. Thus Libya

realized within a small number of years a level of oil exports which it took Kuwait thirteen years, Saudi Arabia seventeen years and Iran (after the nationalization phase nine years to reach.

A crucial problem that arose as a result of this phenomenal performance was how to use this new source of wealth notwithstanding the extreme scarcity of human and natural resources. It is well known that many developing countries have experienced great difficulties in making full use of available finances for development. There is often an inadequate capacity for preparing programmes and projects ready for execution and as a result under-spending and delays in execution are familiar phenomena.

One might, therefore, be tempted to think that something similar was bound to happen in Libya and this even on a greatly magnified scale. Firstly, because Libya's financial resources (including foreign exchange) rise much faster than in most other developing countries. While in 1961/62 government expenditure on development amounted to 8.1 million Libyan pounds, the First Five-Year Plan 1963-1968 envisaged an expenditure of LL.169 million during the five-year period for development. Secondly, Libya's skilled manpower resources both in the public and the private sector were relatively much smaller than in most other developing countries due to the neglect of education and training during the colonial period. Thus Libya had to face the problem of being financially able to undertake tasks that were relatively many times greater than in most developing countries while having relatively much less manpower resources.

In addition, it had to struggle with other problems, familiar to many developing countries, such as the lack of institutions conducive to economic development, the small extent of the domestic market, substantial migration from the rural to the urban areas, lack of economic and social infrastructure, rapid increase in population and workforce. Special problems are the lack of water, erosion and great distance between population settlements.

A recent positive factor is that large quantities of gas discovered will benefit Libya's economy in the near future.

## 2. The First Five-Year Plan 1963-1968

Except for a few basic decisions planning in Libya has been both very pragmatic and flexible. One such basic decision concerns the financial resources for development. Under article 11 of Law No. 5 of 1963 (for the Organization and Planning of Development Affairs) Libya's development programmes are to be financed by at least 70 per cent of the Government's petroleum revenue as well as by funds from loans, from international agreements, or from other sources allocated by the Government or made available otherwise for development expenditure. The high percentage of 70 per cent clearly demonstrates the determination of the Government to give heavy emphasis to developing and diversifying the country's economy. By incorporating this decision in a law it was, as much as possible, safeguarded against pressures to reduce this percentage in favour of current expenditure.

The determination to create development throughout the country is also evidenced by the objectives of the First Five-Year Plan which deal with general, sectoral as well as regional development. Under the heading 'Objectives of the Five-Year Plan' the first objective listed was 'to secure the early improvement of the standard of living of the citizens, particularly that of the individuals of limited income who have not benefited from the commercial prosperity'. This shows that the Plan was conscious of the welfare of all citizens, especially those of limited income. It also recognized the need for 'bringing closer the differences in the incomes of rural and urban populations and realizing justice in the distribution of income'. In addition, the Plan stressed the desirability of curbing inflation which, besides other disadvantages, had caused unfavourable distribution of income.

The First Five-Year Plan also paid attention to the fundamental question of which sectors should be developed. It gave special emphasis to developing agriculture, because it is the main source of income for the majority of our people. It was hoped that, in combination with rural development it would prevent the villagers from migrating to cities. For obvious reasons, special emphasis was also given to education and training. The third sector to receive emphasis was industry although its scope was somewhat restricted because of the scarcity of mineral resources, the small size of the domestic market and the physical (geographical) structure of the country.

Development of economic infrastructures (roads, ports, electricity, etc.) was especially emphasized in order to pave the way for increased production of goods and services. In addition, in combination with investment in social infrastructure (schools, houses, hospitals) this was conceived as a means of stimulating regional development.

Other objectives were import substitution, reduction of inflation, economic stability and strengthening of existing statistical organs.

The First Five-Year Plan was prepared under difficult circumstances. There was a serious lack of statistical data and of information required for the elaboration of policies, programmes and projects. Besides, initially, when Libya was still a federal State, projects were not conceived with a national prospective. After unification of the country many revisions and re-evaluations were necessary. As stated on page 12 of the First Five-Year Plan, it was "the first effort in the long history of this country and we must, therefore, view it as our first trial". Also as regards implementation the situation was very difficult. Not only were, as mentioned before, the tasks exceptionally big and human resources very small but, at that time, Libya was still "in the course of organizing, reinforcing and amalgamating the organs of the State. Therefore, to provide for any outcome of the present situation, the Government decided to divide the life period of the programme into two stages, the first being the trial stage lasting two years, the second representing the stage of making use of such trial" (page 13 of the First Five-Year Plan).

Owing to the circumstances under which the First Five-Year Plan was created it is of general nature. It gives both general and sectoral objectives and policies. Programmes and Projects are mentioned under 78 heads without much specification. The details were to come later and to receive more attention during the preparation of the Annual Budgets.

### 3. Plan Implementation

To begin with it appears that in all probability the total amount of LL.169 million provided for development expenditure in the First Five-Year Plan will not only be spent but, may be, even overspent. The following figures show how after an initial slow beginning in 1963/64 development expenditure has risen sharply.

TABLE 1

Government development expenditure 1961-1967

Fiscal Year	£L.	'000,000
1961/62		8.1
1962/63		12.9
Plan period		
1963/64		12.8
1964/65		23.0
1965/66		52.4
1966/67		88.3
1967/68 budget		(105.0)

The progress made is reviewed in Annual Follow-up Reports which are submitted to Parliament.

In most of the private sector development has also been rapid. In the above, the phenomenal growth of the oil industry was already mentioned.

Statistics for manufacturing are available for only the larger firms but they show a surprisingly strong upward trend in the last three years. The sales of those firms reported annually in the Statistical Abstract increased 35 per cent from 1963 to 1964, 36 per cent from 1964 to 1965, and 21 per cent from 1965 to 1966.

There have been great demands made on the construction sector first by the petroleum companies, then by service industries that have developed around the oil industry, by housing and expanded government programmes. The increase in construction has not been measured directly but can be estimated approximately by the increase in the imports of construction materials. The value of these imports increased 22 per cent from 1963 to 1964, 25 per cent from 1964 to 1965 and 42 per cent from 1965 to 1966. Even more striking is the increase in the import of cement from 241,000 t in 1962 to 620,000 t in 1966.

It is very difficult to summarize the changes that have taken place in agriculture because there are very few reliable statistics that show changes

from one year to the next. An improved crop production estimation system was started for the year 1964-1965 but these figures are not directly comparable with those of previous years. However, a few general statements can be made.

There appears to have been a significant increase in the value of agricultural production from 1958 to 1964, gross value added having increased from about LL. 13,600,000 to LL. 24,500,000. However, part of this increase reflects rising prices of agricultural products and, therefore, it cannot be assumed that physical production increased this much.

The number of sheep in 1965 appears to be about the same as the number in 1958, about 1,400,000. However, there appears to have been a considerable increase in the consumption in Libya of lamb. In 1958, Libya exported LL. 171,000 of sheep but in 1964, Libya imported LL. 196,000 of sheep (30,973 animals) and in 1965, Libya imported LL. 890,000 or 118,700 animals. It would appear then that the consumption of lamb has been increasing as a result of increased income in the country and that part of this increase has been possible through increased imports. The total import of meat increased from 150,000 LL in 1959 to 1,135,000 LL in 1966.

For an analysis of consumption, which in a sense is the real measure of the well-being of the citizens of the country, it is useful to examine import statistics because such a large proportion of food, clothing, and other consumer goods used in Libya is imported. The statistics, summarized below in Table 2 indicates a strong increase in consumption and in per capita consumption, for the population is probably increasing about 3 per cent per year.

TABLE 2  
Imports of consumer goods, 1961 to 1965  
(In millions of LL)

	<u>Non-durable</u>	<u>Durable</u>
1961	17.2	5.5
1962	18.2	7.4
1963	22.8	9.0
1964	29.3	10.7
1965	32.7	16.3

The imports of consumer non-durables increased 28 per cent from 1963 to 1964 and 12 per cent the next year. Included in this category are food imports which increased 40 per cent from 1962 to 1963 and 37 per cent the next year. The imports of consumer durables increased 19 per cent from 1963 to 1964 and 52 per cent the next year.

This economic expansion has not taken place without some increase in prices. The cost of living index number for low- and medium-income families in Tripoli, starting at 100 in January 1964 rose to 107 in December 1964 to 114 in December 1965, and to 124 in December 1966.

The most recent statistics on employment indicate strong increases in employment in manufacturing industry, electricity, gas, water and sanitary services, commerce, transport, storage and communications as well as services. In construction there was recently no change: in mining (including petroleum) there was a decline due to rationalisation.

The question may be raised how so much of rapid development was possible within so relatively few years in a country which was initially, sparsely endowed with natural, human and capital resources.

Firstly, one partial explanation is, of course, provided by Libya's policies in the field of oil which resulted in substantially strengthening its financial resources.

Secondly, Libya succeeded in making full use of these financial resources, mainly for development, through a combination of well conceived basic approaches. It gave heavy emphasis to education and training of its people. It limited government action to those activities that had to be done by the government sector, leaving the rest to the private sector. Among other things the Government concentrated on project preparation by its competent Libyan staff assisted by expatriates including consulting firms. It provided sufficient freedom and incentives for the private sector. It created facilities for immigration of foreign skills in order to temporarily overcome serious shortages of skills. It followed a liberal import policy while concentrating economic activities of its population especially on agriculture and on the production of goods and services that cannot be



imported but have to be produced locally such as water, education, houses health, social welfare in general, electricity, roads, harbours, dams, irrigation works and similar economic or social infrastructures.

Still, all these factors do not tell the whole story. Considering the initial scarcity of Libya's skilled manpower resources and the fact that the number of foreigners in the country is limited (3.1 per cent in 1964) there can be no other conclusion than that Libyans have responded very quickly and effectively to the new economic opportunities. Therefore, Libya's rapid economic development is perhaps not so much an "economic miracle" but rather a "human miracle".

However this may be, instead of being one of the countries with the lowest income per capita in the world, it is now among the most rapidly developing ones. In 1964 its gross domestic product (estimated at current prices) was approximately LL. 337,000,000 or LL 216 per capita, in 1966 the GDP rose to LL 538,700,000 or to LL 320 per capita.

#### 4. Some means adopted to secure a good planning performance in the Second Five-Year Plan

##### A. Project identification and selection

The targets set forth in the Second Five-Year Plan are far more ambitious than those in the First Plan. The sums allocated for development projects in the years 1968-1973 will be approximately four times as high as in the previous planning period. This poses the problem of plan implementation in a far more acute way than in the First Five-Year Plan. In order to meet the much higher targets and to avoid shortcomings of the First Five-Year Plan several steps have been taken before the actual planning period.

The tedious and time-consuming task of project identification for the Second Five-Year Plan has been started already during the period of the First-Year Plan. To begin with, a set of general studies and surveys has been completed in different fields of interest. So for instance a study of market conditions has been prepared with the help of foreign consultants pinpointing the most important characteristics and potential of the Libyan market and its institutions. Another study had as its object the situation

in the various transportation media and their development interdependencies with the overall growth of the national economy. A similar type of study was completed for housing conditions and ways of their improvement. A very important survey has been accomplished recently in the field of hydrology, hydrogeology, soil surveys and mapping. All these general studies and several others prepared until now serve the purpose of giving the planners an inventory of existing assets and main development problems, and at the same time pointing to the directions further studies (prefeasibility and feasibility studies) should take in order to identify the best projects in the shortest way possible.

The next phase of project identification consisted of a series of detailed prefeasibility and feasibility studies in various sectors of the economy. In agriculture for instance, which is one of the most important fields of development in our Second Five Year Plan we have prepared until now more than 30 prefeasibility studies consisting of water surveys in particular areas and 23 feasibility studies of wadi water exploration schemes. Many other detailed studies of this type are currently under preparation. Similar studies have been also prepared in transportation, school and health services and in industry. In the latter field for instance prefeasibility studies and surveys have been completed, which after analysing the existing industries and import figures show the future prospects of development for each industry. Hence, this type of studies constitute a further step in project identification, narrowing the scope of detailed highly technical and expensive studies to a very limited number of items.

A very important means of project identification in Libyan conditions is a comprehensive inventory and study of future urban development. In Libya, as in many other developing countries, the urban population grows very rapidly. Between 1954-1964 the population of the metropolitan areas of Tripoli and Benghazi increased by 69 per cent whereas the population outside these cities only by 36 per cent. In order to be able to direct the urban trend in a rational way the Libyan Government engaged four foreign consulting firms to prepare 29 master and 152 layout plans for all major settlements of the country. Before constructing the plans the consultants

were asked to make a detailed inventory of the existing assets in all settlements of the country and to assess the most pressing needs of all of them. Field teams were despatched to all regions in order to fill out specially prepared inventory sheets for every settlement. The method of gathering the data varied according to situation: from simple personal interviews to sophisticated aerial photography. In this way an extremely valuable detailed inventory material has been obtained for the whole country, which is now extensively used for planning purposes and project identification. The construction of master and layout plans itself besides its role in project identification serves already the purpose of initial project selection. Many of the urban places have been finished already thus giving the planners a well selected set of project connected with the urban development. As the bulk of these plans has been prepared before the commencement of the Second Five-Year Plan, many projects identified in them have a good chance to be included in the investment plan for the next five-year period.

Regional planning deserves a special attention as an instrument of project identification, pertaining particularly to projects of a long range character. By its very substance it has to be based on exhaustive studies of natural, human, and economic resources of regions. Regional planning identifies and evaluates investment projects from a very important point of view: from their spatial interdependencies among them and from utilizing local development resources. Therefore it serves also as an evaluation basis for projects identified in sectoral studies. Owing to all this the Government of Libya is planning to implement regional planning stepwise all over the country. Regional plans which will be worked out in the future will have the following aims:

- (1) To secure a sound economic and social growth of regions in the next 15-20 years through making use of all available natural, demographic, and economic resources;
- (2) To serve as a basis for project identification in the successive five year plans, as an instrument of adjusting the urban plans and finally as a means of implementing rational location policy of all investment projects.

The ultimate aim of the Government being to cover the whole of the country with regional plans and in that way to indentify projects in every part of Libya, during the Second Five-Year Plan priority will be given to the following kinds of regions:

- (a) To those experiencing a strong concentration of investment (e.g. through wadi water utilization projects covering a wide area and influencing many sectors of the economy). Here projects will be sought which will supplement the main direction of productive investment in order to create a sound economic and social infrastructure in the area concerned;
- (b) To underdeveloped regions with natural potential of growth in order to find ways and means of accelerating development in the future. In this case the idea is to initiate project identification studies in fields not explored by sectoral studies. This pertains not only to infrastructural investment but also to all possible productive activities;
- (c) To metropolitan areas of bigger cities (particularly of Tripoli and Benghazi) with the aim of securing a proper spatial development of the city in compliance with the surrounding areas. Here usually the projects will have been already identified, the remaining task being to evaluate them and to select the most suited ones.

Regional Planning will be carried out by the Ministry of Planning and Development and by its regional offices in Benghazi (for the eastern provinces) and in Sebha (for the southern provinces). A co-operation of other Ministries and of district authorities is foreseen and the backing and help of population of all walks of life will be encouraged.

The project identification, important and complicated as it may be, is only a part of a long and difficult process leading to project implementation. The other part of the process is the stage of project selection. Here, in order to pick up the proper projects many points of view have to be taken into consideration. They have to include both long-run aspects as well as short-run necessities. In the present situation of Libya these are the most general conditions which projects have to meet in order to be selected:

- (1) They should be of a labour-saving character (labour intensive), securing a high labour productivity. This condition stems from the existing labour shortage in this country. It will also help to check (inflationary tendencies) by limiting to some extent future wage flows on the market.
- (2) They should bring about speedy results in the form of new production and services needed to meet the rapidly growing demand. The construction work necessary to implement the projects should be as small as possible and the time required to construct them the shortest. The fulfilment of these conditions is very necessary if (inflation) is to be avoided and the shortage of construction capacities met.
- (3) The selected projects should help to diversify the Libyan economy, thus making it more independent of oil in the long run. Planned productive and infrastructural investment projects should lay foundation for a sound and rapid economic growth of the country in the future.

These and many other more specific conditions sectoral in nature help to select a limited number of projects out of a much greater number identified. This is a very important point gained out of our experience: one should concentrate on a limited number of most decisive projects and not disperse the efforts on a great number of small projects. The ministries have a certain limited capacity of supervising and following-up the execution of projects which has to be taken into account if the fulfilment of the plan is to be satisfactory.

The selected projects have been included in the Second Five-Year Plan. Yet the completion of the Plan does not mean that the selection stage has been finished. A part of the projects need further evaluation studies to be finally implemented. Some projects particularly those to be implemented towards the end of the five year planning period, have been elaborated on certain assumptions as to the future development. The actual development may change their evaluation. For these reasons the selection and evaluation of projects for the period 1968-1973 will continue even after the approval of the plan. In this connexion two provisions of the government are worth-while mentioning:

- (a) The government intends to send the planning targets of the Second Five-Year Plan broken down by our administrative units to each district and municipal authorities for evaluation and priority assessment. This evaluation "from below" will give the ministries valuable confrontation of their projects with the needs of regions and municipalities as the latter see them. At the same time it will serve the purpose of informing the population of governmental plans seeking its support in their implementation.
- (b) In the planning process in Libya a decisive role is played by annual development budgets. They follow the lines of development set forth by the Five-Year Plan, but at the same time they take account of the changing economic situations. Therefore the annual development budgets constitute the last and the most decisive stage in project evaluation and selection. Projects which have not been identified and selected in a proper way have no chance of getting the money for their implementation in these budgets.

B. Follow-up and statistical control of the plan

As the First Five-Year Development Plan (1963-68) entered into its third year, the need for systematic follow-up became very urgent. In response to this need a Follow-up Committee was set up on July 19th 1965. The membership of the Committee was made up of officials of the Ministry of Planning and Development. Under the Chairmanship of a senior economist the Committee had been able to draw its information from reports made by other ministries and other development organizations and from actual field visits and discussions on the spot with project personnel. The setting up of the Planning Offices in the various ministries, the strengthening of the Regional Offices of Ministry of Planning and Development, as well as improvements in reporting procedures were of considerable assistance to the work of the Committee.

Follow-up is a logical consequence of the fact that Planning Law No. 5 involves a body of regulations which are expected to be carried out over the Plan period by the executive agencies, and in consequence of this

approach the implementation of the regulations has to be followed up. The Committee was, therefore, an essential specialized key instrument for auditing the performance of the economy, project by project, institution by institution, and as a whole. Any such audit should reveal continuously whether the physical progress of every project in the economy is proceeding as anticipated, whether financial allocations have been spent as planned, and whether the speed and quality of planned activities as a whole are proceeding as expected, and whether targets are being fulfilled as expected.

The data collected by the Committee had been incorporated in annual reports. The assembly of data was significant to be incorporated in subsequent annual plans on both local and regional levels. The lack of sophistication, such as input-output relationships, at such an early stage of planning, did not totally impede satisfaction with generalized descriptions. Here it must be pointed out that Libya's Plan is mainly concerned with non-directly productive projects thus allowing for maximum flexibility. However, beginning the third year micro-depth studies have been carried out in some strategic areas such as housing and communications from which qualified generalizations and projections have been made. It can, simply, be said that the First plan involved some planning for planning.

In August 1967, a Follow-up Division was established in MPD to carry out the functions of the Committee. It is envisaged that this new Division, being an integral part of MPD and vested with authority pursuant to Law No.5, will be able to embark upon a number of activities to give the follow up effort sophistication and depth and the priority value follow up data and follow up evaluation have for planning and development in Libya.

Statistics is one of the most important instruments of a systematic control of planning execution and general development of the country. Acknowledging this the Libyan Government paid great attention to an expansion of statistical service, particularly in areas covered by the development plan. Owing to this the statistical basis for planning and plan control has been substantially expanded in recent years. The population census and the census of industry 1964 constituted the most comprehensive source of data. The data of both censuses served a twofold purpose: as a statistical

basis for the preparation of the Second Five-Year Plan and as a starting point for subsequent periodic statistical surveys in various fields of the economy.

In the latter field for instance a sample survey of agriculture has been carried out in summer 1966 in order to obtain more up-to-date information about the production and structure of this vital sector of the Libyan economy. The Statistical Office has started to publish annual estimates of production, value added, wages, etc. in industry. Efforts have been made to get more statistical information about construction activity, a field most essential for the development of the whole economy. Here the building permits issued by the local authorities are the source of many important data. Finally the population statistics has been expanded to cover not only the numbers of inhabitants but also relevant information on birth, death, marriages and divorces.

Plans have been prepared to develop further the statistical basis of plan control during the Second Five-Year Plan period. Here emphasis is laid on manpower data both in the field of trained and untrained labour. A special registry of skilled manpower will be established in order to rationally use this decisive factor of production and development. Plans have also been made to prepare special censuses for trade and services with the aim of getting more insight into the rapid changes in these sectors of the Libyan economy. Family budget studies hitherto carried out for Tripoli only will be expanded to cover other parts of the country. This will give the government valuable information about the impact of the plan on living conditions of the population and also supply data on income distribution and income elasticity of demand. Finally there are plans to expand the government fiscal statistics in order to control the revenues and expenditures of government agencies.

#### C. Manpower policy for the Second Five-Year Plan

The economic development envisaged in the Second Five-Year Plan requires an adequate supply of manpower both in quantity as well as in quality. The success of the plan will depend primarily on how far Libya, a country with



limited manpower resources, will be able to find adequate labour force for the plan execution. There is first the need for an overall increase of the labour force. One of the most important sources of manpower is the female population of working age. In 1964 the number of women engaged in economic activities amounted only to 4.4 per cent of the female working age population. It is an objective of the government to encourage women to come forward, and to provide them with equal opportunities in training and employment as men. Therefore plans have been prepared to expand educational facilities for girls. It is intended to raise the percentage of girls attending school from present 37.5 per cent to 60 per cent. Many special courses have been started to train an enlarged number of women in nursing, midwifery, child health, home economics, cottage industries etc. The government prepared plans for a wide action to overcome social resistance to employment of women, which is still considerable in this country.

Another direction of governmental policy to solve manpower problems for the Second Five-Year Plan lies in the field of quality improvement. The Libyan economy urgently needs skilled labour: doctors, teachers, technicians of all kind, administrative officers, craftsmen etc. To meet the requirements of the economy programmes have been elaborated to expand the vocational education of young Libyans on the presecondary and secondary level. New types of schools are being opened up to enable graduates of primary schools to choose professional education according to the needs of the economy (commercial, agricultural, industrial, and engineering schools). To supply the economy with people with university education the Plan provides for a substantial development of the Libyan university and its colleges in Tripoli and Benghazi. Increasing numbers of young Libyans are being sent abroad to acquire education in fields not represented in this country. Finally a comprehensive plan has been adopted to provide vocational training outside the regular educational system. With the collaboration of the United Nations Development Programme a broad Industrial Vocational Training Scheme is being implemented designed to fill part of the gap between demand and supply of craftsmen in different fields. Extensive training courses have been initiated to train civil service employees on all levels: from the new recruits

to the most senior officials of the Government. Foreign consultants employed by the various authorities to perform particular tasks have been asked to train Libyan national on the job.

All the above-mentioned arrangements will certainly increase the supply of skilled labour force during the planning period. Yet, as the demand is expected to be much higher than in the First Five-Year Plan and the measures adopted to meet the needs will bear fruit after a longer time - there will still be a shortage of trained manpower in the years to come. Therefore some additional measures have to be undertaken to safeguard the execution of the planning targets. The most important are the following.

- (1) A Manpower Committee under the National Planning Council will be established which will examine questions of general policy, set priorities as far as the deployment of scarce skills is concerned, and will co-ordinate the work of various departments and agencies in the labour field.
- (2) Special boards will be established for the selection of trainees to ensure uniform selection standards. In each ministry officers will be nominated, who will have the task of implementing approved manpower policies in fields covered by the ministries and of assessing labour requirements in the particular sectors of the economy.
- (3) Where Libyan skilled labour will not be available, foreign experts will be employed and asked to train their Libyan counter parts during their stay in Libya.

#### 5. General conclusions

We mentioned only some of the measures adopted to secure the implementation of the Second Five-Year Plan. Many other important steps have been taken in other fields, e.g. to eliminate the dangers of inflation, to expand construction capacities, which for reasons of brevity cannot be discussed here in detail. Instead it is worthwhile to draw some general conclusions out of Libyan planning experience.

- (1) A planning period has to be preceded by a stage of exhaustive exploratory studies and research which lead to project identification and

selection. As it is usually easier to find projects in the economic and social infrastructure (transportation, housing, hospitals, schools etc.) particular attention should be paid to project identification and selection in direct productive sectors of the economy. Here Libya used a two-way approach: the sectoral and the regional one.

- (2) Project implementation is a stage no less important than the previous one. The stress here must be laid on developing an efficient administrative machinery capable to supervise and control the planning execution. Such a machinery is needed not only in the central planning agency but also in the ministries and institutions. This pertains also to the statistical service which must be expanded according to the needs of the plan.
- (3) The strategy of successful planning performance requires the identification of bottlenecks to development and to concentrate efforts and means on eliminating them as soon as possible. In the case of Libya the main bottleneck is the shortage of skilled manpower. As this is a bottleneck of most of the developing countries, the experience of Libya is not without relevance to other countries which face the same troubles in economic growth.

ANNEX

LIBYA'S PLANNING ORGANIZATION

(a) The National Planning Council

(i) Membership

Law No.5 of 1963 for the Organization of Planning and Development Affairs (to be referred to as the Law) established the National Planning Council consisting of the Prime Minister and six other Ministers (Planning, Finance, National Economy, Petroleum Affairs, Agriculture, Industry). The benefit of the presence of other Ministers can be obtained through application of article 1 (iii) of the Law: "The Council may invite representatives from other ministries or others to attend its meetings and participate in its deliberations without having the right to vote".

(ii) Functions

The National Planning Council has a great many functions which are listed below (the numbers in brackets refer to the articles of the Law):

- establish objectives (2 ia);
- define financial, economic and social policies (2 ib);
- establish the growth rate (2 ic);
- establish priority criteria (2 ic);
- issue regulations on plan formulation, execution, supervision and follow up (2 id); submit the long-term plan (3);
- determine the process of plan revisions (2 ie);
- transfer of ownership of projects to the private sector (2 if);
- co-ordinate technical and financial assistance (2 ig);
- progress control (2 ih);
- issue an annual report (2 ih) ;
- delegate certain of its authority (2 (ii));
- submit to the Cabinet overall plans and the annual estimates (3) ;
- establish a planning office in any Ministry or administrative body (6);
- make regulations for release of funds (13 iii);

- create joint funds for co-operative purposes with foreign governments and international organizations for technical assistance (14);
- approve regulations for implementation of this Law (1 iv. 2 iii & 16)
- other matters assigned to it by the Law, the Council of Ministers or the Minister of Planning and Development (2 ii).

This list of functions provides the National Planning Council with all the necessary room for manoeuvre. One item would deserve special attention in the framework of the planning organization. It is the Council's power to establish a planning office in any Ministry or administrative body. This is of great importance; first, for the planning set-up at the centre and second, for the liaison with the regional and local levels. The National Planning Council has decided that planning offices shall be established in the Ministries of Agriculture and Animal Wealth, Industry, National Economy, Communications, Public Works, Education, Health, Labour and Social Welfare as well as Information and Guidance. It is hoped that implementation of this decision will contribute to facilitate the preparation of the Second Five-Year Plan, as well as the annual development budgets.

(b) The Joint Planning Committee

By Order No.5 of 1963 the National Planning Council established a standing committee to be attached to the National Planning Council known as the Joint Planning Committee. It consists of the Minister of Planning and Development, Chairman, and the Under-Secretaries of the Ministries of Planning and Development, Finance, National Economy, Petroleum Affairs, Agriculture and Livestock, Industry and the Director of Research Department, Bank of Libya.

Its functions are:-

- consider and review long- and short-term plans, programmes and projects with the purpose of assisting the Council in determining priorities and in co-ordinating:

- review drafts of annual and other reports;
- consider cases of co-ordination and co-operation problems, difficulties or conflicts arising in the course of executing projects;
- consider affairs of vocational training in both the public and private sectors.

In performing its functions the Joint Planning Committee helps to smooth the planning process and to reduce the tasks of the National Planning Committee.

(c) The Ministry of Planning and Development (M.P.D.)

The Law assigns many functions to the M.P.D. (the numbers between brackets refer again to the articles of the Law):

- study social and economic conditions (4a);
- project appraisal (4b), rejection or sending back of projects (7iii) recommending other ministries the study of any project (5ii);
- prepare overall plans, plan reviews and plan revisions (4c);
- recommend legislation for development purposes (4d);
- draft annual reports (4e), progress control (4e);
- issue instructions for plan implementation (4f);
- employ consultants (4g);
- constitute technical and advisory committees (4h);
- carry out all duties delegated by N.P.C. or its Chairman (4i);
- call for information, statistical data, studies, co-operation, assistance for plan preparation, co-ordination, execution (7i);
- obtain confidential information from public and private sources (7ii);
- negotiate for technical and financial assistance for itself and other ministries (9, 10);
- undertake implementation of projects if another ministry is unable to do so - through technical assistance arrangements of the M.P.D.

- release, suspend, withhold, withdraw funds after consideration of projects.

This long list of functions gives the M.P.D. quite some room for manoeuvre. Thus the Law provides here also for that flexibility which may be required of the planning organization to any rapid changes or developments.

(d) Planning Tasks of the other Ministries

The Law mentions the following planning tasks for the other Ministries (the numbers between brackets refer again to the articles of the Law):

- propose projects to the M.P.D. (5 i);
- study projects on recommendation of the M.P.D. (5 ii);
- run and regulate a planning office established by a decision of the National Planning Council (6);
- execute projects (8);
- give requested information to the M.P.D. (7 i, 7 ii);
- keep proper accounts and books (13 i, ii, iv, v).

Compared to the far more extensive list of powers and tasks of both the National Planning Council and the M.P.D., the tasks outlined for the other ministries may seem rather meagre. This is a reflection of the relatively high degree of centralization in the field of planning in the initial years. However, here again the Law provides for sufficient flexibility. Potentially the Law allows a high degree of decentralization so that no change in the Law is required when it is deemed fit to take steps towards further decentralization.

(e) Local government and municipalities

The new Local Administration Law of 27 August 1964 provides for a beginning of local activities in the field of regional planning. The country is divided into ten Muhafadats each under a Muhafiz or Governor. The act provides for the establishment of an Advisory Council in each Muhafadat under the Chairmanship of the Governor.

Article 21 of the new Law reads as follows:-

"The Council of the Governorate shall be competent to examine and make recommendations on the following matters:

- (i) Education, health and social affairs concerning the Governorate;
- (ii) Ways and means to promote agricultural, animal and industrial production as well as the supply of water for **drinking** and irrigation purposes and to encourage co-operation among the people in the Governorate;
- (iii) Provisions on prices and ways and means to reduce the cost of living especially for people of limited income;
- (iv) Matters affecting stability and security such as the establishment of police stations or posts, the strengthening of the security forces, or ways and means to fight natural calamities and disasters;
- (v) The linking of various areas within the Governorate by roads and other means of communications;
- (vi) Utilities and work of a local nature as may be in the general interest of the Governorate;
- (vii) Means to combat unemployment and to provide work for the unemployed within the Governorate's jurisdiction;
- (viii) Other means which the Governor deems to place before the Council for its opinion thereon.

Finally it may be mentioned that by order of the Council of Ministers of 10 May 1966, based on the Local Administration Law, important functions have been delegated to a number of important Municipalities. Such Municipalities are competent to implement laws and regulations pertaining to planning, organization, buildings and land sub-division for building in cities, to construction and supervision of roads, water supply, sewage, open space and similar public facilities. The main emphasis is here on town planning.