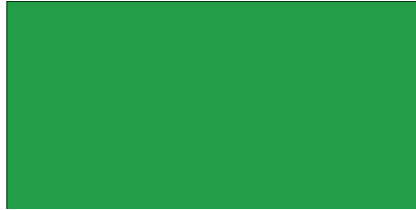


27. Country profile: Libya



1. Development profile

The Libyan economy is highly dependent on the production of energy resources such as oil. The energy sector of the Libyan economy “[contributes] about 95% of export earnings, 25% of GDP, and 60% of public sector wages.”¹ Because of this reliance on petroleum production as the main source of revenue for the economy, it will be difficult for the Libyan economy to continue to grow swiftly as the world begins to demand fewer energy resources. In fact, this was seen in 2008-2009 as, for fiscal year (FY) 2008, the rate of GDP growth was 6.0 percent and in FY2009 the rate of growth was 3.8 percent.² “Despite massive investment in agriculture and non-petroleum-related industry, the percentage of Libya's GDP derived from oil has remained fairly constant and economic diversification is therefore an important challenge for Libya’s sustainable development.”³

In order to try and pursue the diversification that will be necessary for continued growth of the Libyan economy, the Libyan government has begun to try and move away from a socialist economy towards a more market-driven one. The Libyan government has begun the process of privatizing certain sectors of the economy, albeit slowly, in the hopes of encouraging more development in the country. Libya has also moved to resume relations with Western nations by renouncing its weapons of mass destruction programs as well as having admitted to terror attacks such as the Lockerbie bombing in Scotland in 1992.⁴ This has allowed for all sanctions placed on Libya by the western world to be removed and foreign investment has begun to move in, but it does not appear to be enough to help truly diversify the economy and remedy high levels of inflation and unemployment.

Libya faces an unemployment rate estimated to be 30 percent. This high unemployment rate is particularly prevalent among the younger generations who are more highly educated. Inflation is also a problem for the Libyan economy standing at 10.4 percent in 2009.⁵ It is widely believed that in order to combat this high unemployment, Libya must expand other sectors of its economy. However, this may not be possible in some cases because of external factors outside the government’s control.

¹ *Libya*. (2010, September). Retrieved from US Government, Central Intelligence Agency: <https://www.cia.gov/library/publications/the-world-factbook/geos/ly.html>

² *Indicators*. (2010) Retrieved from World Bank: <http://data.worldbank.org/indicator>

³ *Libya: Country Brief*. (2010). Retrieved from World Bank: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/LIBYAEXTN/0,,menuPK:410793~pagePK:141132~piPK:141107~theSitePK:410780,00.html>

⁴ *Libya*. US Government, Central Intelligence Agency.

⁵ *Libya*. US Government, Central Intelligence Agency.

The agriculture sector cannot expand much more because of the country's problems with water shortages. Even with the completion of the government funded Great Man-made River built to help improve irrigation, the agriculture sector will not be able to create enough jobs to effectively reduce the high unemployment rate.

Though oil production has allowed Libya to have one of the regions higher per capita GDP rates, it remains to be seen whether or not the Libyan government can mobilize resources in a way to keep the economy moving forward.

The government is also working to allow greater transfers of wealth to the people of Libya. It began to undertake reforms in 2008 in order to accomplish this goal and studied the development of Wealth Distribution Programme. This programme has been placed on hold until the implications of such a program are better understood in regards to the implication of such a programme on the economy. The government is also working to undertake more public works programmes in order to increase employment. However, there still needs to be an increase in government willingness towards social assistance programs in order to truly benefit the population.⁶

Libya socioeconomic factors ⁷	
Population (millions)	6.29
GNI per capita, PPP (current USD)	16,270
GDP (current USD) (billions)	93.2
GDP composition by sector (%)	Agriculture-2.9 Industry- 71.2 Services- 25.9
GDP growth rate (%)	3.8
% below poverty line (%)	7.4
Inflation (%)	10.4
GINI index	Unknown
Adult literacy rate (%)	88.4
Life expectancy (years)	74
Child dependency ratio	45.9
Elderly dependency ratio	6.6
HIV prevalence (%)	0.3
Overseas development aid per capita (current USD)	3
Net official development assistance 2005 (USD millions)	23.7
Remittances as % of GDP	Unknown
2009 Human Development Index (HDI) ranking	55/182

2. Vulnerability analysis

2.1 External shocks

Libya is heavily dependent on its petroleum production as a source for economic growth. Because of this, the country is susceptible to external shocks from the commodity market around the world. With

⁶ *Indicators*. World Bank.

⁷ Ibid.

petroleum exports contributing to 90 percent of export earnings and 25 percent of GDP, the country is very dependent on a stable global commodity market.⁸

Libya also faces problems of water shortages which “have led to an ambitious project of water redistribution, the Great Man-made River, launched in 1984 and completed in 2007.”⁹ These shortages adversely affect the agriculture industry which currently only composes 2.9 percent of Libyan GDP but could expand if the shortages are mitigated in some way.

2.2 HIV/AIDS

With a 0.3 percent HIV prevalence rate in the country, Libya does not have an HIV/AIDS epidemic like many other countries in Africa. However, “the relative youth of the Libyan population, and the fact that Libya is host to some 1.5 million irregular foreign immigrants, most of whom from sub-Saharan Africa and have no access to the public health system, highlights that the epidemic has great potential to persist and grow.”¹⁰ In order to correct this, the Libyan government, with the help of the European Union, Liverpool School of Tropical Medicine and Harvard University, is beginning a national HIV/AIDS strategy for the country. Currently, the formation of the strategy is under the jurisdiction of the National AIDS Program Team in the National Center for Infectious Disease Prevention and Control.¹¹

2.3 Foreign aid and remittances

The value of remittances to the Libyan economy is unknown and foreign aid receipts are low compared to other African nations. With only US\$3 per capita in overseas development assistance being received, compared to the continental average of US\$36, the Libyan economy would not be seriously affected by any decrease in foreign aid received. In fact, the Libyan economy did not start to receive foreign aid until international sanctions were removed in the 2000s and is thus not reliant on it for further growth.

2.4 Climate concerns

The main climatic issues facing Libya are desertification and limited water resources. The government has taken steps to alleviate the water shortages by undertaking a massive public works project that has built a man-made river to better irrigation and bring water to the cities.¹²

⁸Libya. US Government, Central Intelligence Agency.

⁹Libya: *Country Brief*. World Bank.

¹⁰UNGASS *Country Progress Report: Libyan Arab Jamahiriya*. (2010, March 31). Retrieved from Joint United Nations Programme on HIV and AIDS (UNAIDS): http://data.unaids.org/pub/Report/2010/libyanarabjamahiriya_2010_country_progress_report_en.pdf

¹¹Ibid.

¹²Libya. US Government, Central Intelligence Agency.

2.5 Food security

The country relies heavily on imports in order to meet its food demands. However, Libya does not currently face a problem of food insecurity like many other African nations.¹³

3. Monitoring and evaluation

There is no monitoring and evaluation organization in Libya. Instead, the local municipal committees are responsible for supervising government social insurance programs

4. Social assistance programmes overview

*All currency conversions are based on 17 February 2010 rates:

- 1 LYD = 0.78991 USD;
- 1 GBP = 1.57161 USD;
- 1 EUR = 1.369 USD¹⁴

Programme# 1: contributory insurance scheme	Programme name	Old Age, Disability and Survivors Benefits ¹⁵
	Programme overview	<ul style="list-style-type: none"> ▪ Provides pensions to those who are no longer able to work, such as those of old age or those with disability. ▪ Provides pensions to those who are a survivor of another, deceased person.
	Programme components	<ul style="list-style-type: none"> ▪ Old Age Pension (For persons over the age of 60): The pension is equal to 2.5 percent of the insured's average wages over the previous 3 years for the minimum 20 years necessary to receive benefit. Additional pension of 2 percent of average wages from the previous three years is given for every yearly contribution made beyond 20. <ul style="list-style-type: none"> ○ The minimum pension is to be no less than 80 percent of national minimum wage or LYD 200 (USD 157.98). ○ The maximum pension is to be no more than 80 percent of the average wage of the insured for the previous 3 years. ○ A supplement of LYD 4 (USD 3.16) is given if the insured has a wife and of LYD 2 (USD 1.58) for every child under the age of 18. ▪ Permanent Disability Benefits: <ul style="list-style-type: none"> ○ Disability pension is available to those with an assessed degree of disability of at least 60 percent. The pension is equal to 50 percent of the old age pension plus 0.5 percent of the old age pension paid for each of the first 20 years that contributions were made. An additional 2 percent of old age pension paid is added for every yearly contribution made beyond 20 years. ○ The minimum pension can be no less than LYD 60 (USD 47.39) a month with an additional 50 percent of the insured's earnings. ○ The maximum pension is to be no greater than 80 percent of the

¹³Nutrition Country Profile: Libyan Arab Jamahiriya. (2005). Retrieved from Food and Agriculture Organisation of the United Nations: <http://www.cepis.org.pe/texcom/nutricion/lby.pdf>

¹⁴Universal Currency Converter. Retrieved from XE: <http://www.xe.com>

¹⁵Table taken from *Social Security Programs Throughout the World: Africa, 2009-Libya*. (2009). Retrieved from US Government, Social Security Administration: <http://www.ssa.gov/policy/docs/progdesc/ssptw/2008-2009/africa/libya.html>

		<p>insured's earnings.</p> <ul style="list-style-type: none"> ○ A supplement of the same value as above is given. ○ A constant-attendance allowance of 25 percent of the disability pension can be given. <p>▪ Survivor Pension:</p> <ul style="list-style-type: none"> ○ Widows will receive between 30 and 75 percent of the insured's pension no matter the age. One son may receive between 40 and 75 percent of the pension. Two sons or more may receive up to 100 percent of the insured's pension. Parents and siblings may receive between 15 and 60 percent of the pension. Only widowers, sons up to the age of 28 depending on if they are continuing their studies, unmarried, divorced, or widowed daughters, parents, and dependent siblings, if the deceased has no children, are eligible to receive the benefit. <p>▪ Funeral Grant: A lump sum of LYD 50 (USD 39.50) is paid for the funeral.</p>
	Programme coverage	<p>▪ The program covers all residents of the Libyan Arab Jamahiriya.</p> <p>▪ There is a special system that provides coverage to members of the armed forces.</p>
	Finance	<p>▪ Those who are to be insured must contribute 3.75 percent of covered earnings to the program.</p> <p>▪ Self-employed individuals must contribute 15.175 percent of declared income to the program.</p> <p>▪ Employers must contribute 10.5 percent of covered payroll. Employers of foreign companies must contribute 11.25 percent.</p> <p>▪ The government contributes 0.75 percent of covered earnings, annual subsidies and the cost of income-tested benefits.</p>
	Legal framework	<p>▪ Program was created in 1957.</p> <p>▪ Currently conforms to the Social Security Law No. 13 of 1980 which was implemented in 1981; the Disabled Persons Law No. 5 of 1987; the Social Security Fund of 1998.</p>
	Administrative framework	<p>▪ General supervision of the Social Security Fund is provided by the National Social Security Committee.</p> <p>▪ The fund is administered through districts and local offices by the Social Security Fund.</p> <p>▪ Local supervision is provided by the local municipal communities.</p>

Programme #2: social insurance	Programme name	Sickness and Maternity ¹⁶
	Programme components	<ul style="list-style-type: none"> ▪ Sickness Benefit: In order to qualify for cash sickness benefits, the insured must have made at least 6 weeks of contributions during the previous 3 months. <ul style="list-style-type: none"> ○ The benefit is then equal to 60 percent of insured's earnings and is payable for up to a year. ▪ Maternity Benefits: To qualify for cash maternity benefits, the insured must have at least 6 months of coverage before the expected date of birth or have made 4 months of contributions during the previous 6 months. <ul style="list-style-type: none"> ○ The benefit is equal to 100 percent of the insured's earnings and is payable for up to 3 months. ▪ Pregnancy Benefit: The benefit is equal to LYD 3 (USD 2.37) a month from the fourth month of pregnancy until birth. It is payable for up to 6 months. ▪ Birth Grant: A lump sum of LYD 25 (USD 19.75) is payable at the time of childbirth for each birth. ▪ Workers' Medical Benefits: In order to receive medical benefits, the insured must receive sickness benefits, maternity benefits, or a pension. The dependents of the insured are then entitled to the same benefits as the insured. <ul style="list-style-type: none"> ○ Benefits include general and specialist care, hospitalization, maternity, and nursing care, essential medical supplies, and rehabilitation. The wife of an insured man will receive the same maternity benefits as an insured woman. ○ *The insured may be required to pay a part of the cost of benefits* ○ Medical benefits are provided for up to 6 months after the entitlement to cash benefits ends. The benefits are provided directly from the Ministry for Social Security within Ministry facilities.
	Programme coverage	<ul style="list-style-type: none"> ▪ The program is an Employer-liability program meaning that all employed persons are covered for cash benefits through the fund. ▪ Another aspect of the program is the Social insurance program which grants cash benefits to the self-employed while both the self-employed and employed are covered for specific medical benefits.
	Finance	<ul style="list-style-type: none"> ▪ Insured persons must contribute 1.5 percent of covered earnings in order to receive medical benefits. ▪ Self-employed persons must contribute 1.5 percent of declared income to receive cash benefits and an additional 3.5 percent of declared income to receive medical benefits. ▪ Employers must contribute the total cost of maternity benefits and an additional 2.45 percent of covered payroll towards medical benefits. ▪ The government provides 0.75 percent of covered earnings for cash benefits for the self-employed and an additional 5 percent of covered earnings towards medical benefits.

¹⁶Table taken from *Social Security Programs Throughout the World: Africa, 2009-Libya*. US Government, Social Security Administration.

	Legal framework	<ul style="list-style-type: none"> ▪ The first law creating the program was passed in 1957. ▪ Current laws include the Social Security Law No. 13 of 1980 which was implemented in 1981 and the Enforcement Law No.20 on the Social Care Fund, on health which was passed in 1998.
	Administrative framework	<ul style="list-style-type: none"> ▪ General supervision is provided by the National Social Security Committee. ▪ Administration is provided by the Social Security Fund through district and local offices. ▪ Local supervision is provided by local municipal committees.

	Programme name	Work Injury¹⁷
	Programme components	<ul style="list-style-type: none"> ▪ Temporary disability benefit: The benefit is equal to 70 percent of the insured's earnings and is only payable for up to one year. ▪ Permanent Disability Pension: With an assessed disability of at least 60 percent, the full pension is equal to 2.5 percent of the insured's average wages for the previous 3 years for each of the first 20 years that contributions were made. An additional 2 percent is added for each additional year that contributions were made beyond 20 years. <ul style="list-style-type: none"> ○ The minimum pension can be no less than LYD 60 (USD47.39) a month with an additional 50 percent of the insured's earnings. ○ The maximum pension can be no greater than 100 percent of the insured average earnings. ○ If the insured is assessed with total disability, a constant-attendance allowance of 25 percent of the pension will be paid. ▪ Partial disability benefits: With an assessed degree of disability between 30 and 59 percent, a percentage of the full pension is granted according to the assessed degree of disability. A lump sum is paid to those with an assessed disability between 5 and 29 percent based on the degree of disability. ▪ Workers' Medical Benefits: Workers will receive benefits including medical treatment and surgery, hospitalization, medicine and appliances, dental care, eyeglasses, and rehabilitation. ▪ Survivor Benefits: <ul style="list-style-type: none"> ○ Survivor pension benefits are calculated based on the size of the family and their relationship to the insured. ○ Widows receive between 30 and 75 percent of insured's pension no matter their age. If only one son, they will receive between 40 and 75 percent of insured's pension. If two or more sons, they will receive up to 100 percent of insured's pension. Parents and siblings of the deceased will receive between 15 and 60 percent of insured's pension if the deceased has no children. ○ Funeral grants will be payable in a lump sum of LYD 50 (USD 39.50).

¹⁷ Table taken from *Social Security Programs Throughout the World: Africa, 2009-Libya*. US Government, Social Security Administration.

	Programme duration	<ul style="list-style-type: none"> ▪ Work injury benefits: <ul style="list-style-type: none"> ○ No minimum qualifying period. ○ Temporary Disability Benefits will only be paid for a total of one year.
	Programme coverage	<ul style="list-style-type: none"> ▪ The employer-liability program covers all employed persons for cash benefits. ▪ The social insurance program grants self-employed persons cash benefits and also grants specified medical benefits to all employed and self-employed persons.
	Finance	<ul style="list-style-type: none"> ▪ Funds for the program are taken from the Old Age, Disability, and Survivor Benefits program to provide cash benefits and medical benefits are provided by funds from the Sickness and Maternity Benefits program.
	Legal framework	<ul style="list-style-type: none"> ▪ The first law was passed in 1957. ▪ Current laws include the Social Security Law No. 13 of 1980 and the Enforcement Law No. 20 on the Social Care Fund of 1998.
	Administrative framework	<ul style="list-style-type: none"> ▪ General supervision is provided by the National Social Security Committee. ▪ Administration is provided by the Social Security Fund through district and local offices. ▪ Local supervision is provided by local municipal committees.