



The Imperatives of a National Vision for Libya

Turning ambitions into a reality

Introduction

National visions serve as strategic frameworks for countries, guiding systemic transformation and economic advancement. Globally and regionally, these plans have been **instrumental in orchestrating long-term development**, particularly in transitioning economies or those facing significant structural challenges.

Libya's economy has encountered substantial volatility, primarily due to high dependence on oil revenue and political instability that have impeded its growth trajectory. Despite these setbacks, the **country retains a set of fundamental economic strengths and resources** that, if leveraged effectively, can stimulate recovery and foster sustainable growth.

This paper will examine Libya's economic status, articulating both the existing challenges and the inherent growth levers within its market. The focus will extend to the potential role of a **comprehensive national vision**, emphasising how such a strategic initiative could serve as a guiding principle. The development of a clear, cohesive and overarching plan can be instrumental in reinvigorating Libya's economic sectors, driving diversification and setting concrete, achievable priorities for the coming decades.



The State of Libya's economy, heavily anchored by its **substantial oil reserves**, has experienced significant volatility, primarily driven by fluctuating global oil prices and recurring political instability. The discovery of oil in the late 1950s dramatically shifted Libya to an energy-rich dynamo, albeit introducing a dependence that made it vulnerable to market and geopolitical forces. This reliance starkly contrasts with the more diversified economic approaches of regional peers, who, despite similar hydrocarbon abundances, have made notable strides in sectors like tourism, finance and technology.

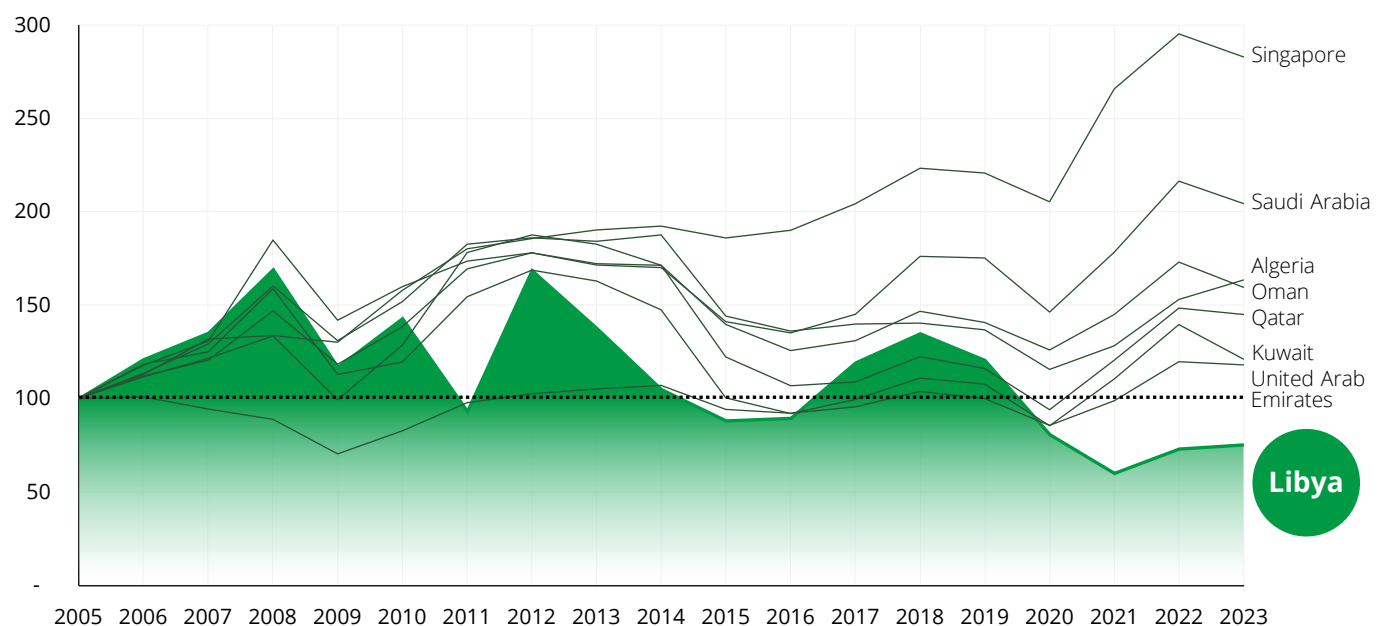
Libya's short-and medium-term economic outlook is dominated by the dynamics of hydrocarbon production and local political stability. Economic growth and diversification in Libya have not followed the steadier, upward trajectories seen in comparable nations. Instead, **Libya's GDP has seen erratic highs and lows**, with the oil and gas

sector continuing as the principal economic driver, overshadowing potential growth areas like agriculture, tourism, transport and logistics sectors. This concentration has hindered resilience and adaptability, preventing the economy from stabilising or consistently harnessing other domestic advantages amidst global economic shifts. GDP is estimated to grow by close to 8% in 2024, driven by oil production, projected to reach 1.5 million barrels per day by 2026, an objective that is largely dependent on political stability.

Comparatively, global counterparts with lesser natural resources, such as Singapore, have flourished through **strategic diversification**, emphasising the development of human capital and technology. Libya's potential in various non-oil sectors remains **largely untapped**.

Exhibit 1

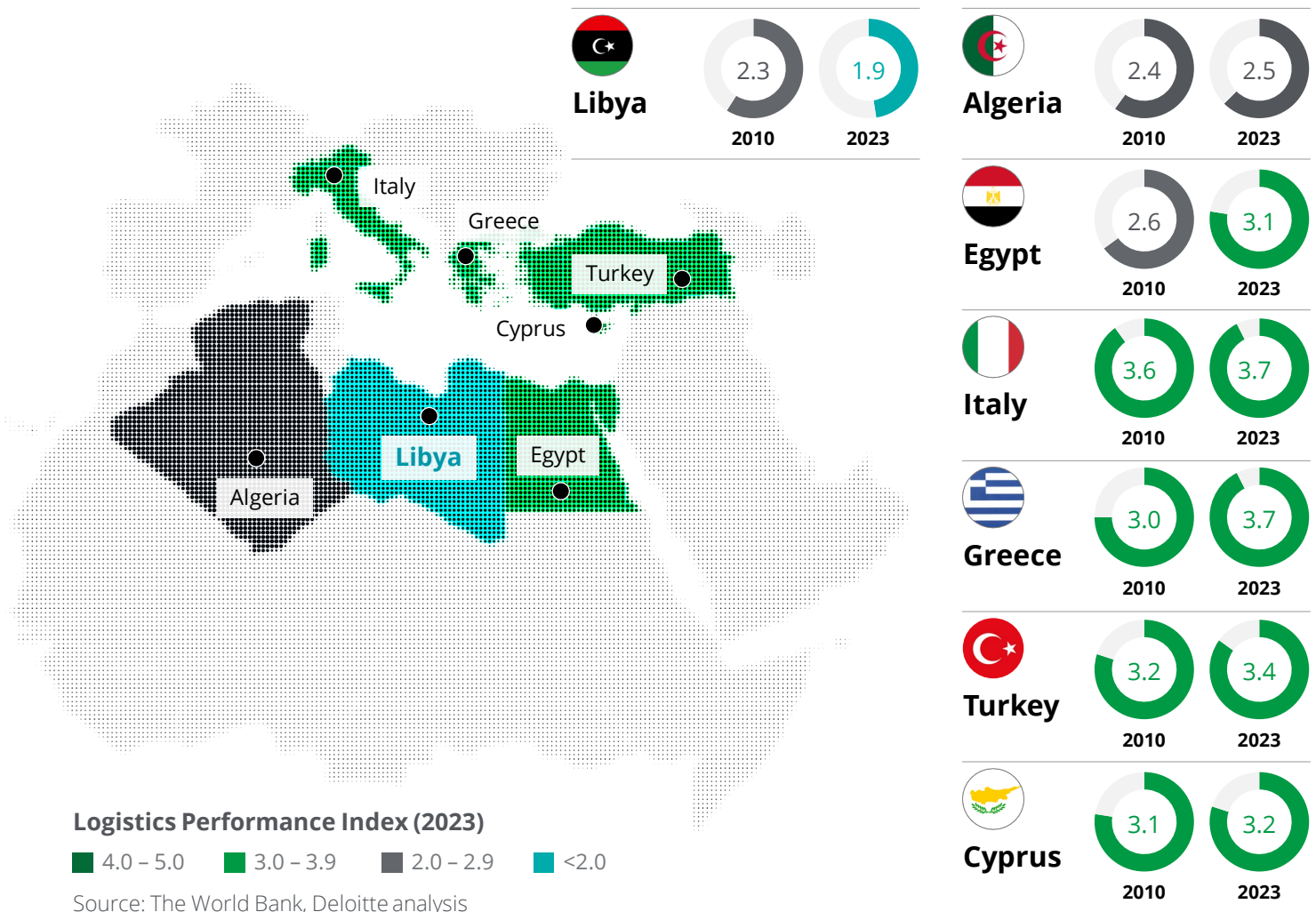
Libya's GDP per capita shrunk by 25% from 2005 to 2023, while selected peers experienced an average growth of 89% during the same period



Source: IMF, Deloitte analysis

Exhibit 2

Neighbouring states have made positive progress in their Logistic Performance Index, while Libya's ranking has fallen to the lowest worldwide



The State of Libya's limited economic diversification and foreign investment has been significantly influenced by its ranking in the **Logistic Performance Index** and the state of its **infrastructural facilities**. The country lags behind its neighbors due to bureaucratic bottlenecks, complex regulatory frameworks and concerns regarding political stability, all of which contribute to a constrained business environment. This scenario is starkly illuminated in global Logistic Performance Indexes, where **Libya has ranked the lowest worldwide**. Such factors deter foreign investment and impede the nurturing of new sectors, as procedural red tape and operational

challenges dissuade both domestic entrepreneurs and foreign investors.

The quality of infrastructure, encompassing transportation and logistics like airports, maritime facilities and road networks, is **pivotal for economic diversification and attracting FDI**. Libya's current infrastructural state, impacted by years of political strife, has fallen behind, lacking in both modernisation and extensive reach. Neighbouring countries have invested heavily in these areas, realising advanced logistical solutions and robust infrastructural frameworks, thereby enhancing their global economic competitiveness.



On the plus side, the State of Libya's economic landscape is **ripe for acceleration**, grounded in its low Foreign debt profile, financial reserves and investments, strategic location and natural resources. This fiscal health provides a cushion for strategic investment and economic diversification. Such economic latitude allows for direct funneling of funds into infrastructural enhancements, technological advancements and crucial societal investments, laying groundwork for sustainable growth.

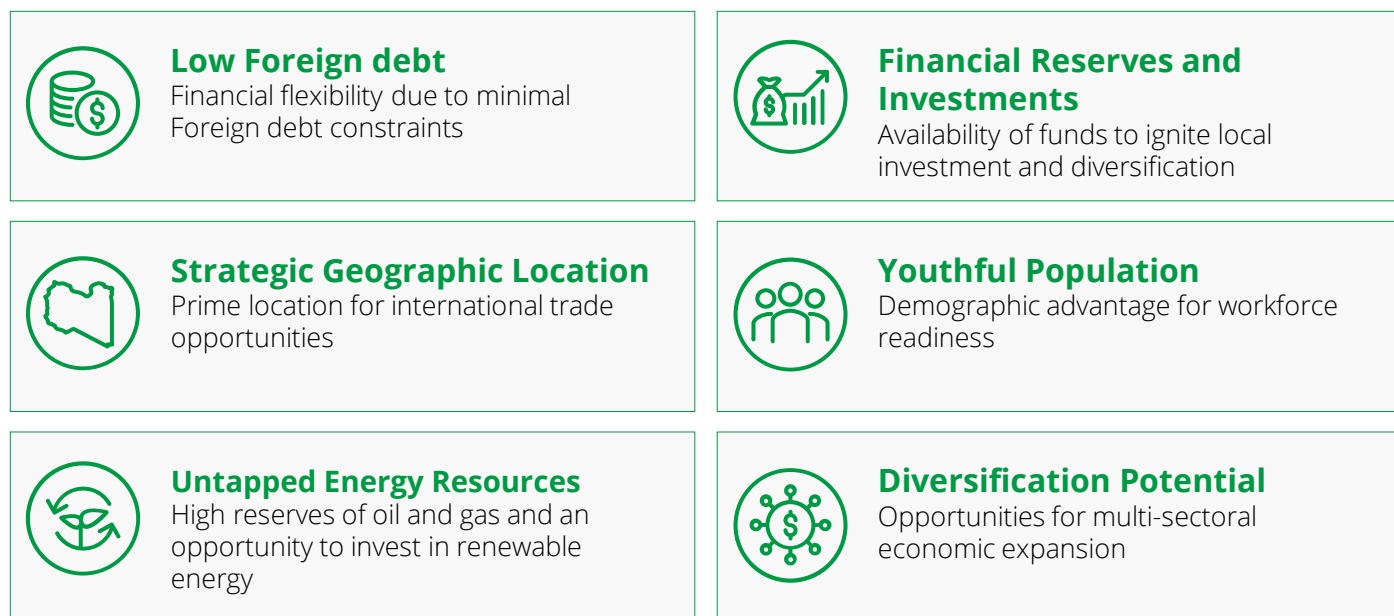
A vibrant, youthful population offers Libya demographic dividends, positioning it as a potential powerhouse in a continent that's piquing global economic interest. Investing in this **human capital**, particularly in education and vocational training, can catalyse domestic productivity and

innovation. This strategic focus is further amplified by global supply chain realignments, with the business world increasingly looking towards alternatives to traditional manufacturing and logistics hubs. Libya's energy sectors present a golden opportunity to diversify its economic base, inviting investments to fuel economic growth beyond the dominant oil sector.

By capitalising on these strengths, Libya can establish a **significant presence** in North Africa production networks, utilising its demographic richness, strategic position and energy assets. Concentrating on these elements positions Libya to become a crucial economic player in North Africa and across the Middle East region, contingent on astute and insightful strategic navigation.

Exhibit 3

The State of Libya holds unique levers capable of playing a pivotal role in reinvigorating and accelerating its economic growth



Source: Deloitte analysis

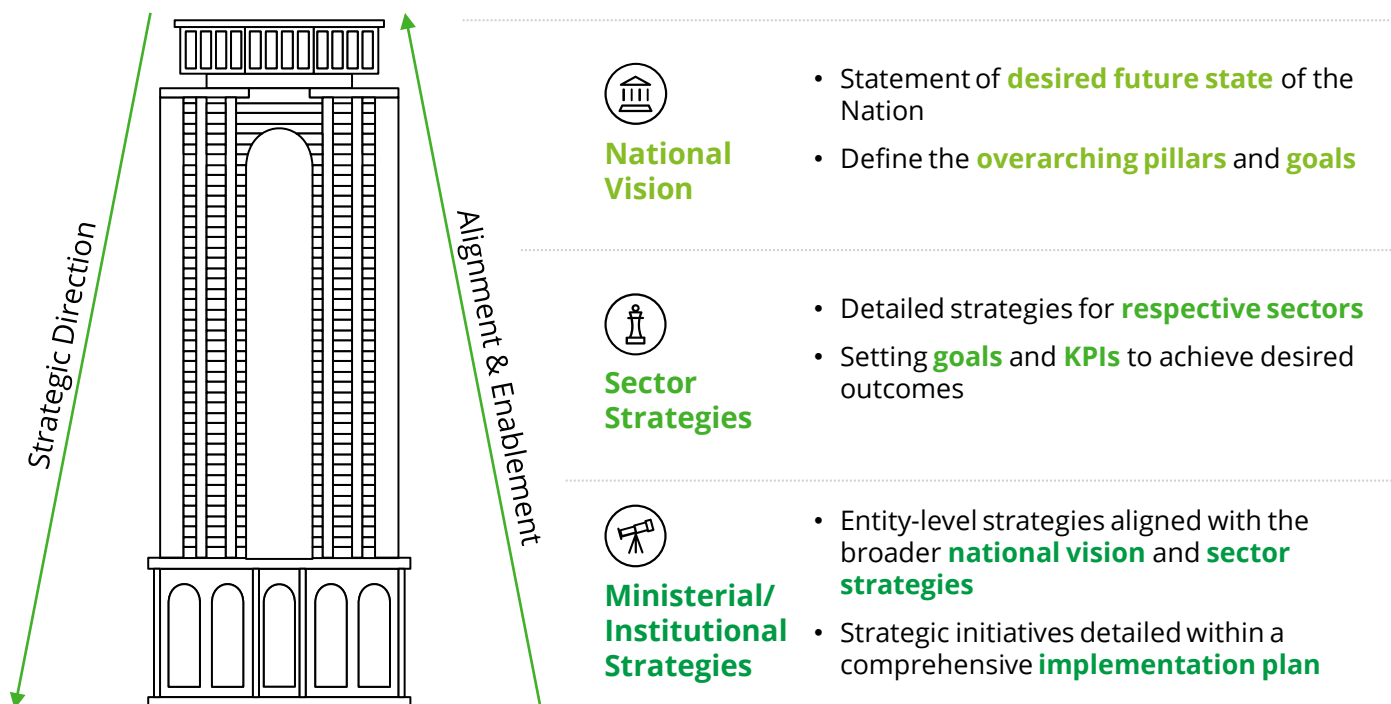


What is a National Vision?



Exhibit 4

National strategic planning and cascading framework



Source: Deloitte analysis





A National Vision serves as a country's **strategic compass**, outlining its long-term objectives and ideal trajectory. This holistic framework unifies various societal sectors, ensuring concerted efforts toward common goals. It acts as a guiding '**North Star**', aligning diverse initiatives within a coherent strategic narrative, thus fostering coordinated national development.

Such a vision is integral to synchronising governance, as it ensures all governmental branches and ministries pursue aligned objectives, optimising resource allocation and policy reforms. This unified approach is crucial for cohesive development, engaging not just public entities, but also the private sector and citizens, thereby catalysing **comprehensive national progress**.

The **transformative power of a clear national vision is evident** in the experiences of Singapore, Saudi Arabia, Qatar, and the United Arab Emirates. Singapore evolved from a modest port city into a global nexus of commerce and technology by adhering to a knowledge-centric vision. Saudi Arabia's Vision 2030 pivots the nation away from its reliance on oil, encouraging economic diversification. Qatar's strategy emphasises sustainable development, while the United Arab Emirates' Vision 2021 and its Centennial 2071 plan are driving the nation towards a diversified and sustainable economy, with initiatives across sectors like infrastructure, tourism and renewable energy. Each case illustrates a nation profoundly shaped by its strategic vision, demonstrating the importance of a unified, long-term plan in guiding comprehensive national growth and transformation.

Exhibit 5

Numerous success stories from peers offer valuable lessons for crafting The State of Libya's National Vision

 Singapore	Pre-Vision Economic State and Drivers Limited natural resources, port-based economy, need for industrial diversification	Key Objectives and Strategies of Visions <ul style="list-style-type: none"> • Transition towards a knowledge-based economy • Emphasis on education and technology, and FDI attraction 	Outcomes <ul style="list-style-type: none"> • Achieved strong economic growth • Became a global hub for innovation • Significantly improved living standards 	Lessons for Libya <ul style="list-style-type: none"> • Prioritise education and skill development • Diversify into high-value industries • Encourage foreign investment
 Saudi Arabia	Pre-Vision Economic State and Drivers Need for economic diversification with reliance on oil proceeds	Key Objectives and Strategies of Visions <ul style="list-style-type: none"> • Develop a thriving economy through diversification and activating key priority sectors • Become a vibrant and ambitious society 	Outcomes <ul style="list-style-type: none"> • Progressed in diversifying the economy and activating prioritised sectors • Attraction of foreign direct investment 	Lessons for Libya <ul style="list-style-type: none"> • Reduce reliance on oil • Identify and prioritise key sectors for growth • Support the growth of local industries • Focus on society and human potential
 Qatar	Pre-Vision Economic State and Drivers Need for economic diversification with heavy reliance on hydrocarbon proceeds	Key Objectives and Strategies of Visions <ul style="list-style-type: none"> • Focus on sustainable development • Invest in human and social development • Enhance environmental management 	Outcomes <ul style="list-style-type: none"> • Achieved stable economic growth • Improved human capital and social welfare • Improved international standing 	Lessons for Libya <ul style="list-style-type: none"> • Focus on sustainable development • Prioritise investment in people and education • Support environmental conservation
 United Arab Emirates	Pre-Vision Economic State and Drivers Oil-centered economy with a strong need for economic diversification and sustainability	Key Objectives and Strategies of Visions <ul style="list-style-type: none"> • Diversify into non-oil sectors • Development of world-class infrastructure • Promotion of tourism, trade and entrepreneurship 	Outcomes <ul style="list-style-type: none"> • Built a diversified and resilient economy • Became a global trade and tourism hub, and advanced sustainable practices 	Lessons for Libya <ul style="list-style-type: none"> • Use infrastructure as a catalyst for growth • Prioritise tourism and trade sectors • Focus on sustainability and innovation

Source: Public documents, Deloitte analysis

Setting and implementing The State of Libya's Vision



Crafting Libya's national vision requires a strategic, all-encompassing approach that addresses key areas critical for growth and stability. One potential primary goal can be **economic diversification**, moving away from oil dependency to create a robust and resilient economy. This shift involves **investing in education** to build a workforce ready for the demands of a diversified economy. **Infrastructure improvements** are also on the agenda, enhancing Libya's connectivity within and outside its borders, which is essential for trade and economic expansion. Furthermore, prioritising advancements in **technology and healthcare** is necessary to improve living standards and streamline business operations.

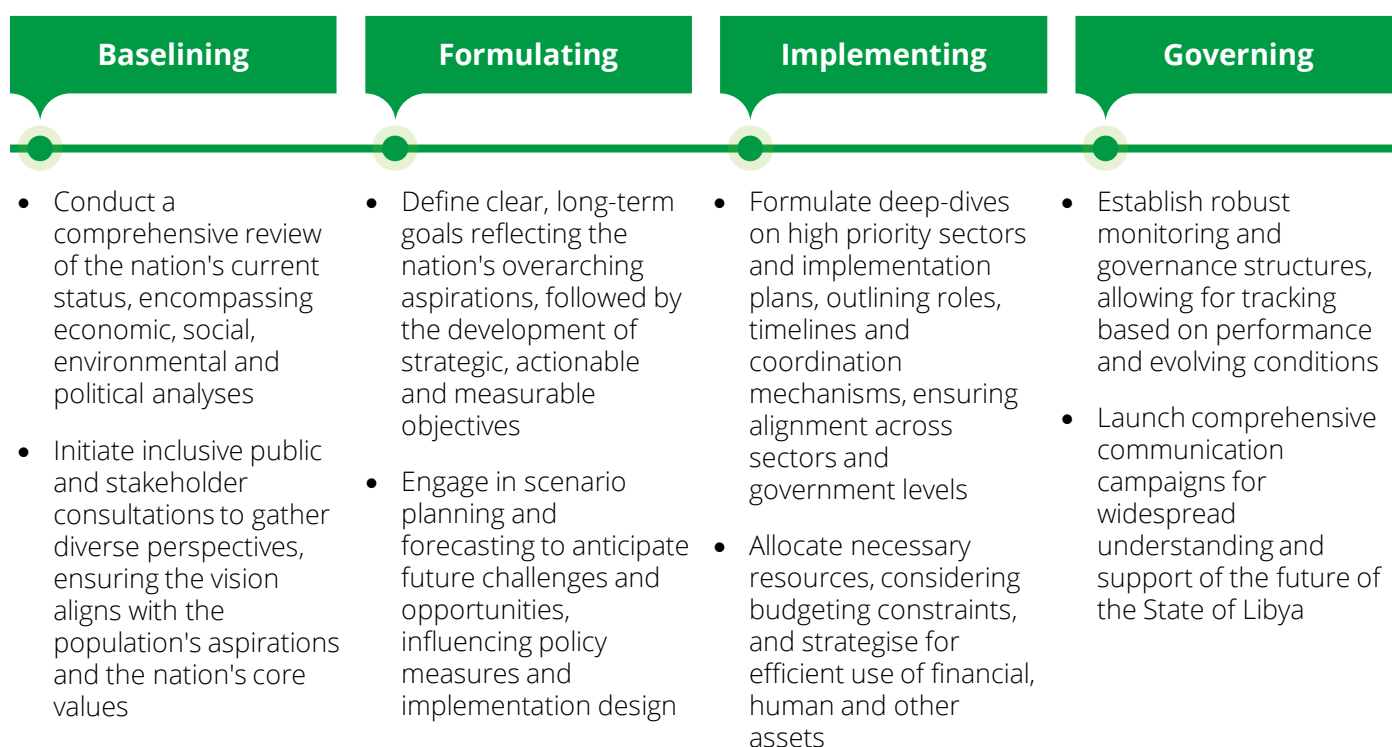
After establishing a clear ambition, the transition from planning to action becomes paramount. In

this critical phase, instituting **robust governance structures** and a **dedicated strategy implementation tracking unit** is essential.

These governance structures will uphold accountability, ensure compliance and reinforce decision-making protocols. Simultaneously, the tracking unit will meticulously monitor progress, providing real-time insights crucial for maintaining strategic agility and responding to emerging challenges or opportunities. Together, they will guarantee that initiatives remain steadfastly aligned with the overarching goals, facilitating swift adjustments to tactics and strategies as necessary. This synergy of governance and monitoring is pivotal in steering the journey towards the envisioned milestones, ensuring not only progress, but also the resilience and integrity of the vision's execution.

Exhibit 6

The formulation of The State of Libya's Vision should incorporate essential elements to guarantee a comprehensive and robust 'North Star'



“Libya needs a clear economic vision for the future”

2023 Article IV consultation, IMF



Conclusion

The imperative for The State of Libya to craft and initiate a comprehensive national vision is both **urgent and brimming with transformative potential**. Such a vision is not merely a roadmap; however, it is a beacon to guiding the nation towards prosperity, stability and a prominent role on the international stage. Yet, this vision will only materialise through the collective will and collaborative effort of all sectors of Libyan society. Policymakers must pave the way with legislative

support, business leaders are called upon to drive economic dynamism, and citizens to engage actively as architects of their future. The convergence of these forces can propel The State of Libya forward, not just as a participant in global progress, but as a significant contributor.



Authors



Robert O'Hanlon

Libya Managing Partner | Deloitte Middle East

Robert oversees operations in Libya, ensuring the delivery of high-quality services and impactful outcomes to all clients in the region.

rohanlon@deloitte.com

+971524985491



Hassan Elrayes

Partner | Strategy & Transactions | Deloitte Middle East

Hassan leads operations in Libya, working with various clients, including sovereign wealth funds, financial services firms, oil and gas companies and public institutions to support them in achieving their strategic goals.

helrayes@deloitte.com

+971507776422



Mohamed Jwili

Assistant Director | Strategy & Transactions | Deloitte Middle East

Mohamed, a core team member for the Libyan market, specializes in strategy formulation and implementation, with a focus on public institutions, sovereign wealth funds and financial services clients.

mjwili@deloitte.com

+97450336841



This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.

Deloitte & Touche (M.E.) (DME) is an affiliated sublicensed partnership of Deloitte NSE LLP with no legal ownership to DTTL. Deloitte North South Europe LLP (NSE) is a licensed member firm of Deloitte Touche Tohmatsu Limited.

Deloitte refers to one or more of DTTL, its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL, NSE and DME do not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories, serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 457,000 people make an impact that matters at www.deloitte.com.

DME would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. DME accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

DME is a leading professional services organization established in the Middle East region with uninterrupted presence since 1926. DME's presence in the Middle East region is established through its affiliated independent legal entities, which are licensed to operate and to provide services under the applicable laws and regulations of the relevant country. DME's affiliates and related entities cannot oblige each other and/or DME, and when providing services, each affiliate and related entity engages directly and independently with its own clients and shall only be liable for its own acts or omissions and not those of any other affiliate.

DME provides services through 23 offices across 15 countries with more than 7,000 partners, directors and staff. It has also received numerous awards in the last few years such as the 2022 & 2023 Great Place to Work® in the UAE, the 2023 Great Place to Work® in the KSA, and the Middle East Tax Firm of the year.