

# Problems and Constraints of Planning for Development in Libya\*

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## INTRODUCTION

Libya, like other developing countries, has tried planning as a means of economic development. That is, it tried to pool its resources and channel them for development with the aim of improving the standard of living of the population.

The first experience in development planning was the five-year plan 1963-1968. The total expenditure for this plan was LD. 290 million (about \$ 812 million). The bulk of the expenditure (about 59%) went to developing the infrastructure.<sup>1</sup>

A second five year plan was prepared in 1969, but it was never implemented because a revolution took place at that time. That plan was re-evaluated and a three-year plan 1973-75 was carried out instead. The allocations for this plan amounted to LD. 1965 million (about \$ 6563 million). A large portion of the development expenditure (about 42%) went to agriculture and industry. For the main objectives of the plan were to stimulate domestic production and achieve more equitable distribution of income among the population.<sup>2</sup>

Although some bottlenecks were encountered at the end of the plan, it was, nevertheless,

successful in achieving a considerable portion of the planned targets.

A more ambitious plan was launched in 1976. The new five-year plan 1976-80 was big both in scope and aims.<sup>3</sup> We shall try to examine briefly the aims and performance of this plan. This will help us — as a case in point — to shed some light on the obstacles facing this plan in particular and development in Libya in general.

### 1. The aims of the five-year plan 1976-80.

The main objectives of the plan were first to broaden the economic base and diversify the economy so that it would not be dependent on one commodity, namely oil. Second, the plan aims at rising the living standards of the population.

To achieve these goals, more emphasis was placed on industry and agriculture. The preliminary estimates of the five-year plan were LD. 7170 million (about \$ 23948 million) of which 21 per cent and 14 per cent were allocated to manufacturing and agriculture respectively. One of the main targets of the plan was to achieve an over all growth rate in the non-oil sector of 14.1 per cent. More specifically the planned growth rate for industry and agriculture were 31 per cent and 16 per cent respectively.

It was also intended to raise the GDP by an average annual rate of growth of 10.7 per cent. The per capita income would increase by 5.6 per cent at the end of the plan from LD. 1360 in 1975 to LD. 1786.5 in 1980.

The allocation for the five-year plan were, however raised three times during the period

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1. Ministry of Planning and Development, Five-Year Economic and Social Development Plan 1963-1968.

2. Ministry of Planning, The Three-Year Economic and Social Development Plan 1973-1975.

3. Ministry of Planning, The economic and Social Transformation Plan 1976-1980.