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From the Editor

Healthcare is a budgetary headache for almost every country in the world. But for Libya it is far worse. While places such as the UK or France or Canada have to contend with constantly growing healthcare costs, an ageing population and massive demand for services, there is an effective, working system in place. In Libya for 42 years, the health service which had started to blossom during the last years of the monarchy was destroyed by the deadly combination of corruption, neglect, mindless bureaucracy, de-skilling and an ideological determination to ensure that nobody was allowed any responsibility — just in case they used it.

Libya is having to build a healthcare system from scratch. Security is, of course, the immediate challenge for the government and Congress, but a service that delivers quality healthcare locally (not just in Tripoli or Benghazi) is one of the primary demands of the Libyan people. The authorities know they have to deliver. But building a system from the ground up is going to cost billions of dinars.

Everything is needed - training, skills, staff and buildings (new and refurbished) and at different levels: polyclinics, general hospitals, specialised treatment centres, laboratories.

Libya is blessed with a large number of doctors and specialists, although many are outside the country. Inevitably, to create a healthcare service as quickly as possible, the Ministry of Health feels it has to look abroad, to hospital groups and health service contractors, to both build new facilities and refurbish old ones, and also to manage many of them, at least in the short term.

Major opportunities also exist for the private sector. Large numbers of Libyans today travel to Tunisia, Turkey and elsewhere as medical tourists, willing to pay for the treatment they need rather than be cared for in Libyan hospitals and clinics, which they do not trust. But if there were sufficient quality facilities in the country they would use them. They would naturally prefer to be treated at home. That is why, with new private hospitals and clinics being planned and built, it can be safely said they will succeed.

While we look at the health of the health service, we also look at how the rest of the economy is faring. Despite the security situation and international news reports which undoubtedly cause some foreign businesses to think twice about working in Libya, the country's economic renaissance would be even swifter.

Michel Cousins
Editor-in-Chief

Cover photo; Ambulance in Tripoli (Photo by Aimen Eljali)

Laying the foundations for the new Libya health service

Libya Herald interview Health Minister Nureddin Dughman

One of the most challenging sectors to reform for the new politicians of Libya is its dilapidated health sector. Health touches everybody's lives and it is an emotive subject for Libyans as millions of them have been forced over the last few decades to spend their own money seeking better healthcare in neighbouring countries. Libyans wait urgently for signs of progress in the sector.

By Sami Zaptia

"The Libyan state is not formed yet and therefore we are starting from the beginning and hopefully we are starting in the right way", says Health Minister Nureddin Dughman. "The existing hospitals and health facilities need urgent solutions and renovations – that is what we are doing", he stresses when asked about the state of the Libyan healthcare system.

"There has been much work done in the background on maintenance and renovation which is not easily seen. We are also building health centres where none existed before. This all contributes to the improvement of basic healthcare in Libya", he explains, defending his ministry's performance.

Foreigners are reluctant to come to Libya because of the financial return and the security situation. Tripoli Medical Centre (TMC), the Minister revealed "has not had any major maintenance for years and it deals with a third of Libya's population. It used to have a contract with an international company for continuous maintenance. It will need an international company to resume providing maintenance", the Minister added.

Libyans going abroad for healthcare

"We are also continuing to deal with the cases of war wounded – this has decreased in size compared to the early post-revolution days, nevertheless it is still quite a sizable file that attracts considerable time, effort and portion of the health budget". "In 2012, LD 2.3 billion was spent on the war wounded and healthcare for Libyans abroad, and it is expected to be about LD 1 billion in 2013", the Minister stated.

"Over the decades, as a result of the poor health service under Qaddafi, Libyans developed a culture of seeking health treatment abroad", Minister Dughman explained, referring to the huge number of fellow citizens who prefer to get their healthcare overseas, most often in Tunisia or Jordan. However, the Minister felt that "not all medical cases should be treated abroad".

☐ *Health Minister, Nureddin Dughman*

> "In 2012, LD 2.3 billion was spent on the war wounded and healthcare for Libyans abroad, and it is expected to be about LD 1 billion in 2013"

Working with international partners

Minister Dughman says he is aware that he is part of an interim government until Libya drafts its constitution and holds elections. He understands that in his short stint, his role is to prepare the foundation for future governments to build upon.

"A few months ago we signed an agreement with the EU to establish a Health Service System. This will be a four-year programme. There will be a workshop held for the medical sector to discuss the various contending approaches and hopefully come out with what will best work for Libya. This will include topics such as medical ethics, training and the workshop will hopefully come up with a framework for the future to present to the GNC".

In June, the Health Ministry signed an MoU with British-based International Health Group (IHG) for the financing, building and operating of 12 hospitals across Libya. Minister Dughman explained how that came about.

"Libya's resources, including finances, are limited, yet the demands of the public are high. Our oil exports are currently fluctuating due to the industrial actions. In my opinion, I do not think it is possible to be able to build hospitals within our national budgets."

"Therefore, when a foreign company made a presentation and offered to finance, build and operate a series of hospitals for us in Libya, I thought it was a very good offer. All they demanded was the land on which to build them. They offered to construct, equip and operate the hospitals for five years. We are only obliged to start paying for them six months after we receive the keys, and the payment is spread over 10-14 years", the Minister said, pausing to underscore the virtue of the deal.

Health Minister Dughman pointed out that "220 companies tendered for these projects, but most had offered to build prefabricated-type constructions, and they all wanted Libya to finance the projects. This IHG project has since attracted the financial support of the US, Korean, German and Italian governments."

☐ *Tripoli Medical Centre*

Transparency and trust

Reacting to criticism in Libya about the transparency of the project and lack of information from the Libyan Ministry of Health, the Minister admitted that it could have been better handled. "I am not for creating a big fuss about things", he said. "It is after all just a Memorandum of Understanding. There will be much more information forthcoming when a contract is signed."

Having mentioned the less-than-inviting security environment, did the Minister think IHG could execute its contracts at the present time in Libya? "If they commit to a contract, they will implement. Both sides would have to keep to their commitments", he added.

The IHG agreement had attracted much comment in the local media and social networks. Libyans queried the low-key announcement of such a potentially huge contract and, in the absence of a clear announcement, wondered if the contract had been "tendered" or "awarded".

"There should be confidence in ministers – you either trust them or you don't", Dughman responded to the implied possibility of the presence of corruption in the process. "Corruption is not my job. It is up to the supervisory bodies to investigate that. I cannot stop disbursing money from my budgets because I am worried that some of it might be misspent. I will never be able to achieve anything in that case", the Minister emphasised.

Building vs operating

Defending the IHG option the Minister engaged in some verbal arithmetic. "Twelve hospitals for about LD 2 billion - I think this is a very good deal", he claimed.

"Another international hospital services company offered to operate the Tobruk hospital for about $ 40 (LD 50) million per year – that is just to operate. If you multiply that by 12 hospitals across Libya for 5 years, it will cost LD 3 billion. When you compare it to the IHG deal, it makes the IHG offer a better deal in my opinion", proclaimed the Minister.

Minister Dughman was comfortable and keen to work with international partners. He said that he was still seeking international support and cooperation for dialysis, haematology and physical rehabilitation units. He hoped some more international companies would come forward with proposals.

Attracting Libyan medical diaspora

Regarding the large number of Libyan doctors abroad who have chosen not to return and work in its health sector, Dughman was confident that if Libya succeeded in establishing a "high standard" health sector, "they would return".

The Minister was also confident that by having international companies managing new hospitals, this would create a very positive work environment, one that would attract many Libyan doctors back home. Nevertheless, Dughman was careful to stress that it was important to look after the Libyan doctors who were in Libya now.

Medical training

The issue of the cost-effectiveness of Libya sending thousands of medical students abroad, only for the majority to remain there, has been the subject of intense debate in the country. Dughman says he is keen to "support and improve the quality of medical study within Libya".

> "Having international companies managing new hospitals, this would create a very positive work environment"

This, he hopes, will reduce the need to send so many students abroad. His view is that "experienced doctors and consultants should be sent abroad for shorter refresher courses". He also questioned the system of nominating medical students for overseas study.

He quoted a recent example of 300 Libyan students being sent abroad, with only two being able to obtain posts at overseas hospitals. Not all Libyan medical students sent abroad were benefiting from the training, the Minister said. However, he also pointed out that a number of friendly nations had reserved a fixed number of places for Libyans so that they did have to compete with others for them.

Health Insurance

The Minister was unsure about the market for health insurance in Libya. "It is a good idea", he said but wondered if it would "fit in with the Libyan reality". Libyans, like himself, believed that, with its oil wealth, Libya should be able to provide a top quality health service, free for all. "I believe in a free national health system", he emphasised, "where the ordinary Libyan can receive free healthcare".

Nonetheless, there was a role for the private health sector in Libya, he said, although he was firmly against it being subsidised by the state. "The banking sector will be the source of finance for a future private health sector," he said.

Private hospitals would attract a number of Libyans. He also felt given Libya's wealth of doctors and specialists, despite many working abroad at the moment, that there was the basis of the country developing its own medical tourism industry.

"I hope that the private health sector in Libya will develop like that in Tunisia and Jordan and be able to compete with them. I hope that it can launch health tourism in Libya attracting visitors from neighbouring countries."

Health Ministry plans new hospitals

By Michel Cousins

The Qaddafi regime used to put out statistics indicating that Libya had the best health system in Africa and the highest number of hospital beds per capita. It was a lie. For proof of just how bad the Qaddafi regime was, look no further than the Benghazi Medical Centre.

This was a hospital begun by a government in the last year of the monarchy that wanted to give the city a hospital as good as anywhere in the world. Forty-two years later, it was not even half finished. Only now is that happening. Qaddafi did not care about the health of Libyans, which is why so many headed to Tunisia and elsewhere for treatment – a situation that still continues.

The demand today from Libyans is for a system that delivers quality healthcare where it is needed and when it is needed. It is going to cost billions. The system is effectively starting from scratch. The scale of the task was starkly revealed by Health Minister Nureddin Dughman a couple of months ago when he pointed out that over LD 100 million had been spent in health sector equipment in the previous few months, but no one was going to notice it because it had been gone on items such as lifts and air conditioning as well as housing for medical staff. Like everything else, all this had been left to rot.

Need to invest in health training and facilities

In the view of the two former post-revolution health ministers, Drs Nagi Giumma Barakat and Fatima Hamroush, the biggest problem facing the health service is the lack of training. But the state of the facilities is also a serious issue. Last month, Dughman said that some of Libya's hospitals "were not fit for use by human beings".

Some Libyan healthcare specialists say that Libya has sufficient hospitals and hospital beds; all that is needed is to refurbish them. Refurbishing old hospitals is invariably far more expensive than building anew. For this reason, plus the political desire to see a geographical spread of proper hospitals, the Ministry of Health is looking to build new ones across the country

In June it signed a deal for between nine and twelve hospitals with the UK-based International Hospital Group (IHG). The latter, a healthcare company and a contractor, managed the hospital in Marj before the revolution and, although working worldwide, has focussed particularly in the Middle East and Africa.

The deal, if fully implemented would be on a BOT (Build, Operate and Transfer) basis and be worth LD 2 billion. It would be one of the biggest single contracts signed by Libya post-revolution, and certainly the biggest by the Ministry of Health.

It has attracted criticism, mainly on the basis that there was no transparent tendering process. Some opponents state, on no apparent legal basis, that an interim government does not have the power to award such a large contract. Responding, IHG point out that so far they have only been given a design contract. The construction and operating parts have still to be awarded, it explains, and that the ministry is still examining the country's exact needs. Even the hospitals' designs have not been approved, let alone their number or location. What IHG have done so far, it says, is simply make proposals for 12 units.

New hospitals nationwide

These twelve are: in the east - in Benghazi (a 200-bed hospital), Beida (200 beds), Ajdabiya (150 beds) and Gubba (150 beds); in the centre - in Misrata (200 beds), Zliten (200 beds), Bani Walid (150 beds) and Sirte (150 beds); and in the west - in Tajoura (150 beds), Azziziya (150 beds), Ghariyan (150 beds) and Zintan (150 beds).

UK-based International Hospital Group (IHG) event panel

There are two designs, one for the eight 150-bed hospitals, the other for the four 200-bed units. The former would have most of the medical specialities of a normal general hospital. The 200 bed ones would have some extras, such as coronary care and oncology units.

For its part the Ministry says what was agreed was an MoU but points out that the bigger deal, if it goes ahead, is exceptionally good value for Libya *(see Interview with Health Minister Nureddin Dughman on page 2)*.

If the design contract is converted into a construction and operating contract, IMG says it would begin work on a first hospital concurrently in each of the three areas, then a second, third and fourth and that each would take 18 months from start to finish. During that time staff would be trained. The 150-bed hospitals would employee 600-800 people, the 200-bed units, 800 to 1,000. IHG would run the hospitals for five years on behalf of the ministry and then hand it over to it at the end of the period.

Whatever the opposition to the project says, there is no doubt that the majority of Libyans want the present government to spend heavily, and now, on a healthcare service that works. Training is important, but ordinary Libyans want well-staffed, well-equipped trustworthy hospital and clinics that they can access locally.

The wheel is turning. Many hospitals are being refurbished and discussions are underway with a number of international operators to manage some of them. But new hospitals – and in new locations – are needed. In a Libya that wants to decentralise, the Ministry has its eyes firmly fixed on that goal.

New medical laboratory opens in Nalut

A new medical laboratory, specialising in infectious diseases, opened this July in the Jebel Nafusa town of Nalut. The new Central Medical Laboratory will also analyse medical samples and raise awareness about health issues. The opening ceremony for the new facility was attended by senior members of the Nalut local council, including the Director of Health Services in the region and managers of the area's health centres.

Libya - Ministry of Health Projects 2013

The Ministry of Health (MOH) has been allocated a LD 1.1 billion ($ 880 million) budget for a total of 802 development projects for 2013. There are currently 195 existing projects, many of which are from previous years, totaling LD 324 million. However, there are 607 new projects available in 2013, totaling over LD 780 million.

Libya: Ministry of Health projects - 2013

	Description	Number of projects	Amount (LD million)
1	Current projects	195	324.87
2	New projects	607	780.38
	Total	**802**	**1,105.25**

Source: Ministry of Health Budget & Accounting Department July/August 2013

These projects, spread across Libya are for hospitals, medical complexes and health ministry offices. Projects vary from providing various medical equipment and tools and machinery. Examples include maintenance, renovation, refurbishment and repair works. See table below for top 20 projects ranked according to amount of project.

Libya: Ministry of Health – Top 20 planned health projects
(with budgets approved but contracts not necessarily signed)

	Description	Location	Amount (LD million)
1	Rental of medical equipment for hospitals	Various	42.0
2	Purchase of medical equipment	Various	37.5
3	Operation of Tripoli Medical Centre	TMC, Tripoli	35.0
4	Maintenance of medical utilities	Various	30.7
5	Purchase and install x-rays	Various	30.0
6	Maintenance of medical equipment	Various	25.0
7	Service transport for Ministry and hospitals	Various	20.0
8	Urgent maintenance & purchase of equipment	Various	15.0
9	Maintenance, development & equipping of Tripoli medical centres	Various	15.0
10	Renewal & development of electrics and mechanics	Various	15.0
11	Equipping, developing and adapting operating theatres in 10 hospitals	Various	15.0
12	Purchase of incinerators for 60 hospitals	Various	15.0
13	Preparation of medical complex	Benghazi	13.0
14	Preparation of medical complex	Benghazi	13.0
15	Preparation of medical complex	Tripoli	13.0
16	Preparation of medical complex	Tripoli	13.0
17	Preparation of medical complex	Tripoli	13.0
18	Preparation of medical complex	Tripoli	13.0
19	Preparation of medical complex	Tarhuna	13.0
20	Renewal, maintenance, development and replacement of 30 laundries	Various	12.0

Source: Ministry of Health Budget & Accounting Department July/August 2013

TMC Contract

Jain Infraprojects, a Calcutta-based company, was awarded the maintenance contract for Tripoli Medical Centre (TMC) in February. The company said it has recruited some 250 technicians and engineers to carry out the work for the 5-year contract, worth LD 13.7 million a year, but it was still awaiting the letter of credit before being able to activate operations.

Jain Infraprojects is part of the Jain Group of Companies whose client list includes some of the largest Indian institutions. This is its first hospital contract outside India.

According to Health Minister Nureddin Dughman, TMC, which deals with a third of Libya's patients, is in urgent need of extensive renovation and rehabilitation. The Indian company had won the tender to renovate the TMC back in November 2011. However, it had been stuck in Libyan bureaucracy ever since. There had even been reports of the Audit Bureau wanting to put it out to tender again. This, Dughman said would have caused unacceptable problems and delays.

New A&E department for Misrata hospital

Misrata's Central Hospital

The new Accident and Emergency department at Misrata's Central Hospital was opened by the Minister of Health, Nureddin Dughman, in late June 2013. It is fully-operational for patients from the city and neighbouring towns and has five operating theatres and an intensive care unit, as well as beds for up to 120 patients.

Future of the Medical Supply Organisation?

By Sami Zaptia

The Health Minister, Nureddin Dughman, favours ending the monopoly of the Medical Supply Organisation (MSO). It is the central government body that purchases pharmaceuticals for Libya's entire state health sector at international market prices and supplies them to public hospitals at either hugely discounted prices or for free. It was established by Qaddafi in the 1980s when he nationalised the imports of pharmaceuticals.

The MSO's budgets over the years have been huge, reaching LD 700 million in 2011. However, the MSO has a poor track record, having consistently failed to adequately supply pharmaceuticals to the health sector despite its huge budgets. It was also alleged to be a bastion of corruption, buying low quality products from middlemen at exorbitant prices with fat kickbacks.

Hospitals understand their own needs

Dughman would like hospitals to be in charge of their own purchasing of pharmaceuticals. "The existence of and reliance on the MSO frequently led to medicine shortages", he explained. "Individual hospitals understand their own individual needs best", he added. Even in leading countries such as the UK or France, an MSO equivalent does not exist", the Minister pointed out.

He admits that the trend to reduce the MSO's role was initiated by the Qaddafi regime during 2006-2009. But he equally admits that while the regulators now only have to monitor one body – the MSO – under the new decentralisation proposal, they would have to monitor every single hospital allocated a budget.

Dughman stresses that oversight, monitoring and anti-corruption measures are not the Ministry of Health's primary concern. Instead it is getting the right medicines to the right patient at the right hospital –and in time. He sees a supervisory role for the MSO in the future with regards to the purchasing and distribution of medicines to hospitals, with the MSO concentrating on sensitive medicines, which, he says, make up a quarter of Libya's state spending on pharmaceuticals.

Updating the Standard Medicines List

The Health Minister confirmed that his Ministry had issued its first tender ("Tender No 1") for the purchase of medicine by the MSO eight months ago. However, the committee charged with this had found difficulties ordering medicines from the existing Standard Medicines List. This is the list from which the MSO Tender Committee must choose the medicines it wishes to import. The list was out of date and suffered from discrepancies, so the Ministry of Health invited all potential local and international pharmaceutical suppliers to help draft a new one. "They are still working on updating the list", the Minister explained.

Dughman noted that some brand owners had objected to the new draft list which had omitted their products. However, he saw no reason not to add omitted medicines or brands "if some existing Libyan hospitals were already using them and still need them".

Year	Value of MSO pharmaceutical imports (LD million)	Pharmaceutical expenditure per head (LD)
2003	250	44
2004	250	46
2005	250	49
2006	260	49
2007	300	55
2008	500	90
2009	600	107
2010	700	122
2011	700	121(*)

Source Ministry of Health: (*) based on a 2011 population of 5.812 million

The 10th Libyan Healthcare Exhibition 2013 expecting 500 exhibitors

By Sami Zaptia

The 10th Libyan Healthcare Exhibition 2013, to be held 10-12 September at the Tripoli International Fairground is expected to attract a large turnout. The exhibition, covering 10,000 square metres, is supported by the Ministry of Health and is the biggest annual heath event in Libya.

The organisers, Waha Expo, told the *Libya Herald* that they anticipate over 500 exhibitors from over 30 countries, including from Germany, France, Italy, Turkey, USA, Egypt, Tunisia, Greece and Korea.

Exhibitors will include the world's leading manufacturers, wholesalers and distributors. In addition to the exhibition, the event will include workshops, commercial presentations, social programmes and the presentation of scientific papers.

After the 17 February Revolution, the expectations of Libyans of the living standards that they require and the kind of health service they should enjoy have risen immensely. And there is great pressure on the government to spend and improve the health system urgently.

On the one hand, the state is expected to invest billions of dinars to upgrade the old dilapidated system and provide a healthcare system that is appropriate for a country of Libya's GDP in 2013. Equally, in the new Libya, the private sector is expected to expand at great speed now that it is free to play its full role in the new free market enterprise Libyan economy.

The number and quality of private sector clinics is expected to increase and improve on a par with peer and neighbouring states such as Jordan, Tunisia and the UAE.

Tripoli hospital's lack of medicine fails cancer kids

By Umar Khan

Tripoli Medical Centre (TMC), one of the largest hospitals in North Africa, is failing children suffering from cancer, with drastic shortages of essential medication.

According to both parents and medical staff, slow procurement procedures mean that essential daily dosages are often missed. The paediatric oncology ward, which deals with childhood cancers, often lacks medicines, with doctors relying on supplies arranged by non-governmental organisations (NGOs) and social workers.

In need of urgent attention

The paediatric oncology ward itself is in need of urgent attention and presents a grim picture. Outdated equipment, rusty beds and broken furniture are common sights, with the department's overall appearance further tainted by paint peeling off the walls.

Decor and furnishings are the last thing that parents will complain about, however, as their main concern is making sure their children are receiving the proper treatment. One parent, identified only as Um Maryam, complained about the hospital's lack of support. She travels all the way from Ghariyan to visit her daughter. "I borrow money for each visit to Tripoli and sometimes we are told to buy medicines from outside," she said, adding that she could not afford to buy these. Sometimes, she said, hospital staff tried to help by sourcing medication from elsewhere.

Problems with procurement

There are not many NGOs currently working in the medical sector in Libya, and help from civil societies is also very limited. TMC management, however, should not need any help from civil societies to procure medicines, because of its allotted budget from the Ministry of Health.

Sluggish procurement systems and a lack of coordination between the hospital management and health ministry officials seem to be the root of the problem. An official from the Ministry of Health, Mohammed Khubali, confirmed that there was a problem with supplies of medicines. "These shortages result from a lack of coordination and we try to minimise it as much as possible," he said. Khubali, however, refused to give any further details.

> "These shortages result from a lack of coordination and we try to minimise it as much as possible"

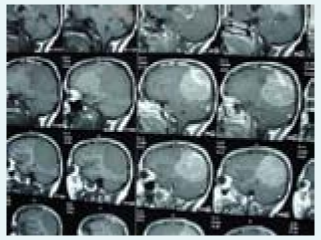
Another Ministry official, Nooreddin Mohamed, said that the hospitals themselves are responsible for such shortages. "It depends on the supply report from hospitals," he said, "some are very professional and active and don't face any problems, while others are slow. Patients suffer because of them."

Benghazi Brain tumour surgery offers hope for cancer patients

By Reem Tombokti

In August, another operation to remove a brain tumour was successfully performed by a Libyan surgeon at a Benghazi hospital. During the four-hour surgery, Seraj Al-Zintani, one of just a handful of Libyan specialist brain and nerve surgeons, removed the tumour from the brain of a 25 year-old woman at Benghazi's Al-Hawari hospital. "This is one of the most difficult operations ever performed in Libya," spokesperson at Al-Hawari hospital, Hani Al-Ereibi, told the *Libya Herald*. "It shows what Libyan doctors and hospitals are capable of doing." He added that usually people travel abroad for brain surgery.

In the operating theatre Zintani, who trained in Ukraine, was assisted by another Libyan doctor, Rabiha Al-Qaddafi, and a Syrian doctor, Anas Al-Rifai. According to Ereibi, this was not the first time that brain surgery had been performed in Libya. He said that at Al-Hawari Hospital alone, Zintani had performed six similar operations. He added that there were five or six doctors in the country capable of performing brain surgery.


Brain tumor, Al-Hawari hospital


Brain tumor surgery

Such successful surgeries offer new hope for cancer sufferers in the country. Libya has a limited capacity to deal with cancer patients, forcing many to seek treatment abroad. Some hospitals that do have facilities to treat cancer sufferers are not always able to provide sufficient medication, even for children.

The Libyan Swiss Medical Centre: a pioneer private health provider

By Houda Mzioudet

☐ Libyan Swiss Medical Centre

> "We asked ourselves why couldn't we build a clinic in Libya to allow Libyans to get the same level of healthcare services as in Tunisia."

Ten years ago, two Libyan businessmen found themselves stuck at the Tunisian border and started to check out other people waiting to exit Libya. The majority was on their way for medical treatment.

One of them, Mohamed Roujbani, recalls: "We asked ourselves why couldn't we build a clinic in Libya to allow Libyans to get the same level of healthcare services as in Tunisia." The market was certainly there, thanks to the falling quality of the state-funded public healthcare system.

> The clinic will be extended to include an Accident and Emergency and Intensive Care units.

Opened in August 2003

Roujbani, now General Manager of the Swiss-Libyan Medical Centre, says the idea of a private clinic in Tripoli was pitched successfully to some Swiss business contacts. The Libyan Swiss Medical Centre (LSMC) was set under a decree from the Privatisation and Investment Board and opened for business in August 2003, in the upmarket suburb of Ben Ashour.

Originally known as the Libyan-Swiss Diagnostic Centre, from the start it boasted state-of-the-art facilities. These include radiology, MRI, computerised tomography, X-Ray, mammography and panoramic dental X-Ray. The centre also has an internationally-certified advanced analysis laboratory as well as a dental surgery and clinics for thalassotherapy, dermatology and gastroenterology.

The centre, which temporarily changed its name to the Libya-British Medical Centre when Libyan–Swiss relations plummeted after 2008 over the Hannibal Qaddafi affair, is staffed by Libyan medical professionals as well as expatriate doctors and visiting doctors from Switzerland. These include specialists from the universities of Zürich and Geneva. Recalls Roujbani: "In the first year after we began, the Swiss team gave training to the staff. Their technical cooperation with their Libyan partners also included the transfer of complex cases to Switzerland."

Demand for the centre's services grew briskly with international companies seeking competent treatment for their local employees and using the insurance service of companies, such as BUPA which had established operations in Libya.

In 2006, the centre added two operating theatres to enable major operations, often with keyhole procedures.

Expansion plans

Despite a drop in the demand for its services since the revolution, the LSMC is working on plans to expand its Ben Ashour site by acquiring a neighbouring property. Roujbani says the clinic will be extended to include an Accident and Emergency and Intensive Care units.

He believes, however, that the government needs to look at including private healthcare providers in the wider national public health system.

"In my opinion," he explains, "the government needs to call for a conference of the health sector to look into the possibility of a plan in which it participates with the private health sector and insurance companies to provide health insurance for all Libyans." LSMC has joined with other private clinics to lobby the government.

Another issue private clinics face is recruiting Libyan medical professionals who prefer to work in the public service on more generous employment terms. Thus, says Roujbani, his clinic relies on expatriates. Earlier this year it hired 34 nursing staff from the Philippines, adding: "Filipino nurses are among the best and most competent with regards to their training, besides their good mastery of the English language."

St James Hospital Libya: a Maltese-Libyan venture expands

By Houda Mzioudet

Pierre Baldacchino, the General Manager of St James Hospital in Tripoli's Ben Ashour district, sat behind his desk smiling. He was speaking to one of the hospital's employees in Arabic. The 34-year-old Maltese is a dynamic and busy accountant, heading a hospital that has been in Libya now for eight years.

"We were present throughout the Libyan revolution. I was here until the end of the conflict," Baldacchino remembers. The hospital staff, he says, helped train doctors and supplied medicine to the besieged population of Misrata.

Libya, only 40 minutes flying time from Malta, seemed to be a strategic location for Maltese businessmen in the health sector to invest.

St. James Hospital, Ben Ashour, Tripoli

Opened hospital in Libya in 2005

In Malta, St James hospital was founded in the 1980s by the current group chairman and chief gynecologist-obstetrician, Joseph Muscat. Muscat started from his house in Zabbar, a village in southwest Malta. In 2002, work began on what is now an 80-bed full service hospital. In 2005, the group opened its first private hospital in Libya adopting the motto "collaboration between Maltese and Libyan healthcare professionals".

"Our focus was on joint collaboration," Baldacchino explains. "It is not only about St James Hospital bringing Maltese or foreign doctors. We have Libyan healthcare specialists who provide care to Libyan patients." Libyan specialists operate in the hospital alongside foreign consultants, holding clinics on a weekly basis.

St James Hospital offers state-of-the-art facilities and health services similar to those found in other private clinics in Libya and operates three branches.

Three branches in Tripoli area

The Ben Ashour branch, is where the hospital's main activities are located, including administration and offers a wide variety of medical services. St James Hospital in Janzour has physiotherapy services and state-of-the-art equipment for ophthalmology under the guidance a Dutch specialist. The centre also has a cosmetic and dermatology clinic.

Meanwhile, the St James clinic in Palm City (West Tripoli) offers a GP clinic, nursing services and a pharmacy.

St James Hospital Group plans to open a new 50-bed hospital with two operating theatres in the Hay Demashque area of Tripoli in the second quarter of 2014. The LD 35-million project is a joint venture with Libyan partners.

Overcoming challenges

One of the challenges he met when he first came to Libya, said Baldacchino, was the lack of English-speaking staff with the right qualifications. "So we brought Maltese as well as other European professionals to give on-the-job training to our local staff," he explains.

But establishing a foreign business venture in the Qaddafi-era, in a country that was emerging from ten years of international sanctions, did not prove as difficult as might have been expected. The 2002 Foreign Investment Law allowed foreign companies to set up without a Libyan partner and St James Hospital was one of the first to take advantage of this provision.

Baldacchino, however, regrets that many Libyans still prefer to go to Jordan, Tunisia or Turkey for treatment — because they say they need a small holiday out of Libya.

The other problem, he notes, is that while Libya has some very good health care specialists who studied abroad, many others are still reluctant to return and work in Libyan health care facilities. But the hospital is making inroads into the situation. Baldacchino reports that the hospital had just recruited two Libyan specialists from the UK.

Pierre Baldacchino, the General Manager

St James Hospital Group will open a new 50-bed hospital with two operating theatres in the Hay Demashque area of Tripoli

Belgian healthcare makes its mark in Libya

By Michel Cousins

Healthcare Belgium is an organisation that is almost certainly unknown to most Libyans, apart from health officials and a number of war-wounded. But that is going to change. It is involved in plans to build a private hospital in Tripoli as well as help run an IVF fertility clinic there and set up and manage a new dialysis centre in Zawia.

In fact, the organisation, an association of several public and private Belgian hospitals and clinics, as well as medical and pharmaceutical companies, has been making its mark on the Libyan healthcare sector since the start of the revolution. It treated some 60 war-wounded, many of them paralysed by their injuries. "It was not a major undertaking compared to those of some other countries," says Herwig Fleerackers, the General Manager of Healthcare Belgium, "but it was a very effective one".

Children as well as adults were among those treated. Fleerackers recalls a boy with a bullet lodged behind his ear who had been seen by doctors in Turkey, Austria and Germany, but without success. "It was very delicate surgery. Without the operation at the University Hospital in Brussels he would probably have died. We saved him."

Neurosurgery accounted for about 40 percent of all cases, giving back the wounded movement and function. A major issue though, Fleerackers points out, was post-conflict trauma – dealing with the mental suffering of those who had been on the front line.

There has, however, been more to Healthcare Belgium's work in Libya than dealing with the casualties of war.

"Skills are the issue, not equipment"

Experts in reproductive medicine

Belgium is viewed as a world leader in reproductive medicine. It has already exported the expertise, largely through training and education. At Kuwait's Royale Hayat Hospital, the Centre for Reproductive Medicine was set up in 2009 in partnership with the Brussels University Hospital. In vitro fertilisation (IVF) is an area of expertise of particular interest now in Libya. Health Minister Nurideen Doghman lists it among the country's healthcare priorities and there are plans for IVF centres in several towns.

One will be in Tripoli where a first new clinic is due to open by the end of October. "We are going to provide training, education and management support," says Fleerackers. "We will train doctors and technicians in Belgium but also send Belgian doctors and technicians to Tripoli to train people there."

Skills are the issue, not equipment, says Fleerackers. He notes that the technology in the current IVF centres in Misrata and Benghazi is "top-quality, maybe better than we have in Belgium".

Healthcare Belgium

The Tripoli centre is expected to provide training for other IVF units. In fact, training Libyan IVF staff is already happening. Healthcare Belgium has liaised closely with the IVF centre in Misrata which, since opening in June last year, has performed over 1,100 procedures. Two of its doctors returned from Belgium in July after working with new technologies there.

Healthcare Belgium is also expected to help run a dialysis centre in Zawia. Again, it is not a matter of hardware - "They have phenomenal new equipment," says Fleerackers - "it is training."

The model whereby Libyan specialists, both doctors and technicians, are trained in Belgium and then used to train others in Libya is seen as a major tool in building a top-quality health service here.

Major role for the private sector

It is perhaps not surprising then, given that many of its members are from the private sector that Healthcare Belgium firmly concurs with the growing view that in Libya the private sector is going to play a major role in providing medical services.

"We think that the private sector can be a trigger for the development of the system", explains Fleerackers, noting the quality of the private IbnSina hospital in Benghazi which, he says, could be a model for private hospitals elsewhere in the country.

Healthcare Belgium hopes to play a role in these developments. There are plans for a multi-million-euro private hospital in Tripoli, built to Belgian specifications and operated by Belgian hospitals. It will open in late 2014 or early 2015. In its first stage it will have 80 beds and offer full diagnostic cover as well as day surgery and a maternity unit. Both Libyan and Belgian investors are backing the project.

Given the current mistrust of almost all Libyan state hospitals, a private Belgian-operated facility in Tripoli is certain to draw the clientele. That, and an IVF centre, is likely not only to make Healthcare Belgium a familiar name, it will probably open the door to further Belgian health projects in Libya.

Dutch to start hospitalisation project for Libyan patients

By Sami Zaptia

The Dutch Libyan Cooperation Council (DLCC), the aim of which is to grow relations between Libya and the Netherlands, is one of the initiators of a potentially large-scale healthcare project to send Libyan patients to hospitals in the Netherlands and other countries, both inside or outside the European Union.

"This is about Libyan patients who need highly specialist medical treatment not available in Libya at the moment" says Herman Klijnsma, chairman of the DLCC. "Together with the Libyan medical doctor Hakim Aljadk, we started a company called 'EuroMediCare Provider' which is focussed uniquely on providing these Libyan patients with the specialist treatment they urgently need".

Dr Aljadk, who works at the Abusleem University Trauma Hospital in Tripoli, was responsible for coordinating the care of Libyan fighters wounded in the revolution and who needed treatment overseas, for instance in the Netherlands, Germany and India.

"His vast recent experience with the hospitalisation of Libyan patients outside Libya, together with our cooperation agreement with the Dutch Maastricht University Medical Centre and with KPMG Global Healthcare Division, mean EuroMediCare Provider has created a strong top-quality global network of highly specialised healthcare specialists which is available to Libyan patients", says Klijnsma.

Special international network

"At all times we have to be able to act very quickly," he adds, "to find the appropriate hospitals where the required specialist treatment can be made available immediately, be it in the Netherlands or any other country in the world".

He explained: "Maastricht UMC will therefore not only liaise on our behalf with all other university hospitals and top clinical institutions in the Netherlands, but they will, if necessary, also mobilise their vast international network of university hospitals. Maastricht UMC has already been active in Saudi Arabia for many years, partly together with KPMG Global Healthcare. So they know each other very well, which ensures a smooth and efficient cooperation".

This month, a first group of around 20 patients is due to arrive in the Netherlands, followed by a further 200 in September and October. They will be selected by one of the several regional Central Committees of Medical Treatment in Libya. It is expected that EuroMediCare Provider will be commissioned by this and other Libyan regional Health Committees to organise and coordinate the hospitalisation of many more Libyan patients in the coming years.

Preparing regional offices

"We have been told by a senior representative of the Libyan Health Ministry that there is a strong need in Libya for a professionally-managed central planning and coordination facility which will take care of the hospitalisation of Libyan patients abroad. That is why EuroMediCare Provider is preparing now to open regional offices in Tripoli, Benghazi, Sebha and other Libyan towns."

> EuroMediCare Provider is preparing to open regional offices in Tripoli, Benghazi, Sebha and other Libyan towns.

Financing for this potentially huge project is now being discussed with several private and public sector parties in Libya and the Netherlands. "KPMG will advise us on this", says Klijnsma. "The experts see no problem whatsoever, because they expect the company to be able to finance itself almost right from the beginning.

"This has made us decide that if everything goes well and EuroMediCare Provider will be up and running successfully, a fixed percentage of all revenues will automatically be set aside for the company's charity fund, dedicated to healthcare-related projects, to be chosen together with the advice of Libyan experts. "After all", adds Klijnsma, "although the organisation is a commercial one, our primary objective is looking after Libyan patients who need specialist care, to hopefully be able to continue to live a happy and healthy life".

EuroMediCare Provider

MEMBER OF THE EUROMEDICARE GROUP

☐ Dutch EuroMediCare Provider logo

Tunisian medical tourism: a thriving sector that continues to lure Libyan customers

By Houda Mzioudet

Libya is Tunisia's second most important trade partner after the European Union. Tunisian exports to Libya include agricultural and industrial products. But, for the Tunisians, there are more important *invisible* exports. After the lifting of international sanctions on Libya in 2003, Libyan tourists flocked to Tunisia in ever greater numbers until the outbreak of the Revolution.

☐ National Office of Tunisian Tourism

Tunisian clinics attract international patients

There was also a growing flow of medical tourists from Libya seeking a wide range of treatments in private Tunisian clinics in the capital Tunis, as well as Sfax and Sousse. The impetus was the declining standards of healthcare back home. Tunisian clinics had also become popular with Europeans seeking everything from complex surgical procedures to health spa treatments. The island of Djerba, just over a two-hour drive from Tripoli, had become famous for its thalassotherapy and seawater cures.

With the outbreak of the revolution, up to 900,000 Libyans fled to Tunisia but, inevitably, medical tourism plummeted. However, immediately after the conflict, Tunisian clinics like those elsewhere in the MENA region, particularly Jordan and Turkey, benefitted from the Libyan government's programmes sending the war wounded overseas for treatment.

There were still half a million Libyans registered as living in Tunisia last year. However, Tunisia's own revolution and the political tensions which followed have dampened the flow of tourists, both medical and recreational from Europe. Tunisia is still working hard to rebuild itself as a major tourist destination.

Libyan health tourists

The country has targeted Libyan visitors since 2008, when the National Office of Tunisian Tourism (NOTT) opened its first office in Tripoli. Its Libyan director since late last year, Ezzeddine Grami tells the *Libya Herald*: "The Libyan health tourism market is very important." As soon as the economic sanctions had been lifted, affluent Libyans joined Algerians in turning to the Tunisian healthcare system, because of what they viewed as the limitations of their own hospitals and clinics.

Nowadays, it is not simply the wealthy who travel from Libya to Tunisia for medical attention. The *Libya Herald* met Salem Omar, from Tarhuna. In his late 40s, he was travelling to Tunis where his younger sister Khadija, who is being treated for cancer in the St Augustin Clinic in the Tunis suburb of Menzah. Doctors in Libya had failed to diagnose what was wrong with Khadija, so Salem took her to Djerba for a spa cure. A doctor there referred her to a private clinic where her cancer was spotted and treatment begun.

Omar now travels regularly between his home and his sister's clinic. To save money on accommodation, he rents a house in the working-class neighbourhood of Cité Ibn Khaldoun rather than stay in a hotel. So far, he says he has spent some LD 8,000 on everything, but he insists, it is still cheaper than if Khadija had been treated privately in Libya. It seems certain, however, that when he returns with her when her treatment is completed, they will not be spending a week or two recuperating in one of Djerba's up-market hotels, favoured by many more affluent Libyans recovering from medical procedures.

> In the absence of a healthcare system that Libyans can have confidence in, it is Tunisia that today provides it.

Libyans lack confidence in local healthcare

It is not just life-threatening diseases like Khadija's that are being treated in Tunisia. Almost anyone, certainly in Tripoli and western Libya who can afford it, heads over the border if they have a serious illness. In the absence of a healthcare system that Libyans can have confidence in, it is Tunisia that today provides it.

There is, however, one fly in the healthcare ointment: the Ras Jedir border crossing. It is subject to frequent closures. Thus, according to Grami, NOTT figures show a year-on-year drop in Libyan visitors this January of almost 18 percent. The figure improved slightly in February. Nevertheless, no one is yet daring to predict that both general and medical tourism from Libya will soon return to pre-revolution levels. Grami says he prefers to be cautious and accepts that at the moment the Libyan market is volatile.

☐ Ezzeddine Grami, Director National Office of Tunisian Tourism, Tripoli

Confidence in Libya-Canada health cooperation: Canadian Ambassador Michael Grant

By Sami Zaptia

Canadian Ambassador Michael Grant is proud of the relationship between Libya and Canada, especially in the health sector. "Many Libyan doctors have trained and are still training in Canada. During the revolution many came back to help, including on the front lines. This relationship encouraged Canada to do more in the Libyan health sector", he explained. To coordinate this help, the Libyan Canadian Medical Association (LCMA) was formed, since when it has been highly active.

New Libyan Canadian agreements

Recently, a Libyan-Canadian agreement was signed between the Libyan Ministry for the Wounded and UHN (University Health Network). UHN represents a group of Toronto-based hospitals that take Libyan conflict casualties to Canada. Unlike other nations, where there have been some problems in the processing of Libyan injured, the Canadians have enjoyed a polished routine and established good relations, including a smooth payment process.

"Over the last 20 years, these Canadian health consortia have built up much experience working in the Gulf and, therefore, this led to thinking about working in Libya", Grant explained. In March, five Canadian organisations (UHN, the Libyan-Canadian Medical Association, Accreditation Canada, Inter health and the Royal College of Physicians & Surgeons of Canada) conducted a two-day workshop in Libya, which culminated in the signing of an MoU on training with the Ministry of Health.

Focused on improving the health system

"Health is about building long-term relationships. Canadians are proud of their health sector", the ambassador said. He was confident that the Canadians and Libyans were now starting to put meat to the bones of the MoU. These agreements are expected to be comprehensive, covering management, training, fellowships in Canada, and Public Private Partnerships for building Libyan hospitals.

"This is about a long-term vision for Libya's health sector," Grant explained. "Others are here," he said referring to the competition, "but it is a big sector and there is enough for everyone to do. Canada is concentrating on improving the current system – giving specialised training to Libyan doctors to refresh them. I expect we can see firm contracts coming up – I think they are on the right path and going in the right direction."

Signing Canada-Libya MOU

> "Over the last 20 years, these Canadian health consortia have built up much experience working in the Gulf and, therefore, this led to thinking about working in Libya"

LIBYA - EXHIBITIONS & CONFERENCES (SEPTEMBER – DECEMBER 2013)

Date	Title	Location	Contact
9-11 September 2013	Libya Franchise	Corinthia Hotel, Tripoli	www.franchise-ly.com
9-12 September 2013	The Build Expo-Misrata	Misrata International Fairground	www.buildexpo.libya
10-12 September 2013	10th Libya Healthcare Exhibition 2013	Tripoli International Fairground	www.maf.ly
16-18 September 2013	Libya Forum, Oil, Gas & Sustainable Growth	Corinthia Hotel, Tripoli	www.cwc-libya-forum.com
17-18 September 2013	FDI Libya	London, UK	www.fdilibya.com
23-26 September 2013	4th Big 4 Show Rebuild Libya	Tripoli International Fairground	www.big4showlibya.com
1-3 October 2013	Consume Expo Libya	Tripoli International Fairground	www.consumexpolibya.com
22-24 October 2013	Tripoli Fair for Advertising, Printing & Marketing	Tripoli International Fairground	www.libyatifa.com
24-25 October 2013	Libya Security & Defence	London, UK	www.libyasecuritydefense.com
26-30 October 2013	Libyan Dates & Associated Industries	Tripoli International Fairground	www.de.lepc.ly
5-9 November 2013	6th Libya Motor Show	Tripoli	www.motorshow.ly
12-14 November 2013	3rd Libyan Household Exhibition 2013	Tripoli International Fairground	www.householdlibya.com
28 Nov – 1 December 2013	Tripoli Motor Show	Mtiga Airport, Tripoli	www.tripolimotorshow.com
4-7 December 2013	Libya CONS 2	Tripoli International Fairground	www.libyacons-tr.com
16-18 December 2013	12th Arab Structural Engineering Conference	Dat El Emad, Tripoli	www.asec12.ly / www.asee.ly

Government tries to lift strikes but oil problems persist

By John Hamilton

July was a disastrous month for Libyan oil production as output fell below 400,000 b/d due to strikes at some of the major export terminals. The authorities hope to resolve some of the complaints motivating the blockades, however, officials are not yet confident of regaining full control and in the short term the outlook is uncertain. As this edition of *Libya Herald Business Eye* went to press, there has been a marked deterioration in output, with strikes and blockades at export terminals and oilfields.

In July, before the start of Eid, Deputy Oil and Gas Minister Omar Shakmak said that he expected protests at the Sidra and Ras Lanuf terminals to be lifted first. Speaking to the industry newsletter *African Energy*, he said "I don't have details yet, but hopefully these two terminals will resume operations". However, international media reported on 8 August that the Es Sider crude stream which is exported from the terminal had "collapsed" due to a strike at the terminal. The Wall Street Journal said that production from Waha Oil Company –normally amounting to about 300,000 b/d, had ceased as storage at the terminal was full. Sidra has 19 storage tanks with total capacity of 6.2m bbls.

Repercussions for IOCs

Waha is owned by National Oil Corporation (NOC) and a trio of US companies: Hess, ConocoPhillips and Marathon Oil. According to one industry analyst, a lack of confidence in Waha's ability to produce reliably, thanks to strikes, may have motivated Marathon's unconfirmed intention to sell its stake in the joint venture.

Other companies which export from Sidra include Total's Mabrouk Oil Operations and Wintershall. The *Libya Herald* was told that neither company had problems at its fields, but they were being affected by the closure of the terminals. A strike at the Ras Lanuf terminal had also shut in 200-300,000 b/d of production from fields operated by Arabian Gulf Oil Company (Agoco), Wintershall and the NOC-Suncor joint venture, Harouge Oil Operations.

A third debilitating strike interrupted production from companies which export via the Zueitina terminal. These include Zueitina Oil company which is part owned by Occidental Petroleum, and Mellitah Oil and Gas (MOG), a joint venture with Italy's Eni. According to one industry source, production from MOG's 100,000-b/d Bu Attifel field was then shut in. Shakmak said that resolving the blockade at Zueitina would "need some more time". Strikes have continued and spread.

Disputes about more than wages

The problem facing the authorities, according to a Libyan political analyst, is that the protests are not only about wage levels and employment, but are also a way of activists demonstrating autonomous control over energy production in the east of Libya. He said that political groups pushing for federalism in Cyrenaica had an incentive to block exports to gain leverage in constitutional negotiations. If true, more disruption is therefore almost certain.

Other terminals have witnessed blockades at various times over the past several months. As with the current shut-ins, they were caused by armed groups supposedly responsible for providing security at the sites. In March, a fire-fight between Zintan and Zuwara armed groups shut the Mellitah gas complex near the Tunisian border for eight days.

The Marsa Al-Herigah terminal in Tobruk was closed by members of Petroleum Facilities Guard in early August. On 7 August, Shakmak described the situation there as "not 100 percent under control." In the first week of August, the week running up to Eid, the government sent out delegations with cash to pay protestors at the terminals. However, this approach of paying off the guards does not appear to have taken affect.

Differences at Agoco

Output from Marsa Al-Herigah is also being affected by major problems at Agoco, which operates the large Sarir and Messla fields located about 400 kilometres south of Benghazi.

Union officials at the company have threatened to progressively cut production unless the company was allowed more autonomy from the National Oil Corporation (NOC) and its chairman Ahmed Al-Magbry be retained in his place. There is however, serious dissatisfaction in the Libyan oil industry about Agoco's senior management. According to one source, NOC has already made three attempts to replace Magbry, but each time the decision has been vetoed by the Oil and Gas Ministry.

Agoco's board is reported to be divided and its personnel are also split between those who support the current management and those who accuse it of giving large wage increases to some workers in the fields, while neglecting others. It is also blamed for a failure to resolve fundamental technical problems which are now seriously restricting output. A company source said that "production is very low because of demonstrations and the old problem of electricity. They fixed some fields but then there is another problem in another field. The equipment and surface facilities are old in general."

Eastern refineries

Lack of output from Agoco's eastern fields has worsened an already bad situation at Libya's eastern refineries. The small refinery at Tobruk is not working and the 220,000 b/d Ras Lanuf Refinery, Libya's largest, is also down. Having closed for routine maintenance, its workers went on strike and it has not reopened. However, even if it does restart, it cannot operate for long. It "went down for planned maintenance and didn't come on again. Even if it does come back it has only five days of crude in storage," said the international oil market source. It is supplied with a blend from Messla and Sarir rather than from fields closer to it in the central part of the Sirte Basin.

Supplies from western Libya

Problems at fields and terminals in the west of Libya have mostly been due to protests rather than technical issues. MOG's El Fil (or Elephant) field was shut in because of a dispute between local Tebu tribes and security personnel provided by the Zintan Military Council.

According to a document posted on Facebook, the Zintan militia at El Fil have requested 30 SUV vehicles, the employment of thuwar in the company, training of thuwar – including overseas – at the company's expense, health insurance and a range of other benefits and concessions. It said these things were necessary as compensation for costs incurred since they took over security at the field in November 2011. Shakmak said the situation at the field was "under control", although production had not resumed. However, it was reported on 11 August that an agreement with staff had been reached and that production would resume.

El-Fil oil is exported via the Mellitah terminal which also deals with condensate from the Wafa field. This production has also been interrupted. In late July, Amazigh activists blocked the condensate pipeline at Nalut, demanding that their language receive full recognition in the proposed new constitution.

Some reports have suggested that production at the As-Sharara field operated by Akakus Oil Operations and Repsol may have been affected by similar problems. But on 7 August a Repsol spokesman confirmed that "the fields operated by Akakus are working normally and producing at normal levels". The Zawiya refinery which is supplied by crude from Akakus is also reported to be working as usual.

Together with offshore oil production in western Libya and gas production at Mellitah's West Libya Gas Project, this is the only part of the whole industry which, for the time being, is operating as it should.

John Hamilton is a contributing editor at African Energy www.africa-energy.com, and a director of Cross-border Information:www.crossborderinformation.com .

Developing renewables in Libya

By Sami Zaptia

Faced with criticism about rolling power cuts during Ramadan, Electricity Minister Ali Muhairig has said that demand for electricity in Libya in the peak summer months was over 6,000 MW and that renewable energy's contribution was at best about 54 MW.

Speaking in July, the Minister revealed investments in two renewable schemes. Firstly a renewable energy project under way in Houn, and a 40-MW project starting in Sebha. According to Muhairig, Libya has huge potential in this field, but it needs billions in investment. While in the short-term, Libya's public finances might not be able to meet this investment, he said foreign investors were ready to participate.

Libya's renewable energy prospects will be explored further in the International Conference and Exhibition on Renewable Energy "Towards Sustainable Energy from the Desert", taking place in Tripoli, 28-30 September. Organised by the Libyan Desertec University network, topics for the event are expected to include closer consideration of policies and legislation, technologies, applications, capacity-building, financing and public awareness.

Electricity shortages – solving mission impossible?

By Sami Zaptia

Electricity cuts are never popular and no more so than during the peak heat of summer and the fasting month of Ramadan. When Electricity Minister Ali Muhairig took up office last December he was faced with a major mission to supply adequate electricity by the following July.

This was never going to be easy. Building power stations takes years and the Minister had only seven months until summer. Moreover according to Muhairig, Libya's electricity sector "had suffered more than LD 1 billion's worth of damage during the revolution".

APR's mobile generators

When Minister Muhairig inherited the job from his predecessor, Awad Barasi, he also inherited the decision to import 250 MW of generators from APR Energy. In March, APR Energy's chief executive officer, John Campion, said the company was honoured to serve as a partner to Libya as it rebuilt and developed its economy. "This project is ground-breaking for the country in terms of both scale and scope," he stated at the time.

Ali Muhairig was so keen that the new generators arrive on time that in May he revealed that some had arrived on board an Antonov plane at Mitiga airport. They had all been expected to arrive by ship. But Minister Muhairig also decided to increase generating capacity by ordering a further 200 MW's worth of generators. The Minister felt that 450 MW should have been enough but, if not, there would only be some minor power cuts.

Justifying his decision to purchase mobile power units, he said that there were examples for Libya to look at. For example Tunisia had purchased from the same supplier. Japan, the US, Pakistan and Iraq had also bought similar equipment.

Arson, theft and sabotage

The destruction of Libya's electricity sector did not stop with the end of the revolution. Common criminals and some suspect, enemies of the new "Free Libya", realised the political sensitivity of power cuts. Power cuts have been used as a political tool with which to fight the new state and with which to help mobilise public support against the new authorities.

APR's electrical mobile generator

Just in July alone, Minister Muhairig reported that the Central Control headquarters, which deals with the entire electricity supply in Libya, was attacked by an armed group. There was then a second attack on the Tripoli South station with the Electricity Company's vehicles being stolen. There were also attacks on the Garabulli and the Sirte power stations; the later was substantially damaged. It was then again attacked and equipment destroyed. Added to this there have been repeated attacks on electricity installations, pillage of property, equipment and vehicles as well as the stealing of overhead power lines for the copper cables.

Effects of insecurity

"Some (regular) power stations have been operating for 50,000 hours and had not been serviced since 2011", the Minister noted. "We are unable to service them since the Siemens and Alstom personnel are unwilling to travel to Libya due to the security situation". There is also the issue of industrial disruptions to fuel supplies."We were receiving 315 million cubic meters of gas, now we are receiving only 190." complained the Minister referring to the July Zueitina oil terminal stoppage.

> Libya's electricity sector "had suffered more than LD 1 billion's worth of damage during the (17 February 2011) revolution"

A 350 to 500 MW deficit

The fuel shortage resulted in a 350 to 500 MW deficit. "We have generators and we are unable to use them fully. The money the government had invested in importing the APR mobile generators was wasted, because the fuel strike had cancelled their intended positive effect – it is as if Libya had not imported them", the Minister lamented.

Despite these obstacles, the mobile generators were successfully installed in Tripoli, (Fornaj), Khoms, Zliten, and Samnu near Sebha. Muhairig said the APR generators had been "installed in a record time with three shifts working around the clock. We cannot create miracles. We have no control over things outside our sphere", he stressed.

Excess capacity in the east

The east of Libya had avoided the power cuts because, Muhairig explained, the highest levels of consumption in Libya were in the greater Tripoli area. Excess electricity of between 400 - 500 MW was being transferred from the east to the west. However for technical reasons, and the way the grid system was designed, that was the limit of what could be transferred.

The Electricity Minister expressed his surprise at the high rate of increased electricity consumption in Libya, and especially in the west. He explained that in 2012 Libya's total consumption was 5,600 MW and that this had shot up to 6,200 MW by July 2013. There was a huge leap in consumption – up to 25 percent in some areas – he said.

Unpaid bills and unplanned buildings

This was partly explained by the number of unplanned buildings including the springing up of rows of shops in areas previously classified as residential zones. Unplanned buildings mean that the electricity company could not forecast and plan in advance for future consumption, Muhairig explained.

While 2011 electricity bills were written off by the state because of the revolution, in 2012, only 5 percent of users paid their electricity bills, he added. The Minister did not have an exact number for 2013, but said that since the revolution only a few users had paid their bills. He said that the total debts for the General Electricity Company Of Libya(GECOL) together with the Ministry of Electricity were LD 4 billion and explained that the LD 2 billion allocated in the 2013 budget was used exclusively to pay for the fuel for the electricity subsidy. "We get nothing from it", stressed the Minister. He also emphasised that his Ministry only received its budget in May.

Despite the torrid time that the Electricity Minister came in for during the power-cut punctuated month of Ramadan, he was nonetheless happy to highlight the fact that he was responsible for supplying power to the nation's water supply, and that this has been operating normally.

But despite the demands, Muhairig said that a great deal has been achieved in a very short period of time. He regarded what his staff had done in that short period as a record achievement.

APR's electrical mobile generator

Decision-makers to meet at Libya Oil & Gas Forum

By Sami Zaptia

The Second Libya Oil and Gas Forum is set to take place 16-18 September 2013 at the Corinthia Hotel in Tripoli. The first Libya Forum , in September 2012, opened by the then Oil Minister, Abdulrahman Bin Yezza, and NOC head Nuri Berruien, succeeded in drawing senior delegates from across the hydrocarbon industry in Libya as well as abroad.

This year's event will include the present Minister of Oil and Gas, Al-Arusi, and Nuri Berruein. They will provide an overview of Libya's hydrocarbon sector and the opportunities available for potential investors looking to enter the Libyan oil and gas market. This, according to the IMF, makes up more than 70 percent of Libya's economy and generates almost all the state's revenue.

The event will also involve industry experts from major international oil companies, such as Italy's Eni and Spain's Repsol, and service companies. They will provide insights into working in the Libyan oil and gas industry. Topics for discussion include the requirements for technology and human capital development needed to meet Libya's future production targets.

New LFB board sets strategy for growth

Libya Herald interview Libyan Foreign Bank Director General Mohamed Ben Youssef

By Ashraf Abdul Wahab

Since it was established almost 40 years ago, the Libyan Foreign Bank has accumulated a wide-ranging international portfolio of financial institutions.

Its network of 45 banks spans 28 countries. Among the most prominent of the bank's holdings are its majority stakes in the Rome-based Banca UBAE and British Arab Commercial Bank in Bahrain. The Italian bank has long processed settlements for liftings of Libyan oil and gas on behalf of the National Oil Corporation.

However under the old regime, the Libyan Foreign Bank, which is fully-owned by the Central Bank of Libya, suffered from poor management decisions, influenced in part by outside interference from those close to Qaddafi. It was in no small measure because of this, that the bank struggled to cope with the effect of the economic sanctions imposed during the uprising. These have all now been lifted.

☐ *Libyan Foreign Bank, Director General Mohamed Ben Youssef*

New management team making changes

Since the revolution, a new management team was put in place under Director General Mohamed Ben Youssef. This has set about reconstituting Libyan Foreign Bank's investments, unraveling often complex international cross-ownership arrangements, as well as the restructuring of the bank itself.

As Ben Youssef explains, the bank's internal systems had been woefully underdeveloped. Therefore it is undergoing a transformation with, for instance, the introduction of state-of-the-art information and communications technology. The new management team has also introduced a far closer focus on human resources and career development.

Investing in human resources

"The best and shortest way to success in banking," says Youssef, "is through a focus on training. The United States requires companies to allocate two percent of their capital for training and that is what we are seeking to do as well".

Besides a programme to upgrade the skills of some 400 staff with overseas training, there is now in-house education in such areas as marketing and credit controls. Personnel have also been sent to Bahrain for specialist training in Islamic banking and Sharia-compliant financial products. This move is of crucial importance as Libyan Foreign Bank is currently seeking to acquire a significant minority stake in an Islamic bank with some 450 branches around the world.

> "The best and shortest way to success in banking is through a focus on training"

Lending to new businesses

Libyan Foreign Bank itself has always been a wholesale bank, lending to companies and state institutions. Youssef says that as the Libyan economy refocuses away from its almost total dependence on hydrocarbons, it will be important for the institution to be involved in lending to Small and Medium-size Enterprises (SMEs), where the greatest demand and the greatest economic growth is going to come.

As part of the drive for this new business, Libyan Foreign Bank this May opened a new branch in the Misrata Free Trade Zone. Youssef says that typical deals will be for between LD 5 and LD 20 million.

The bank, along with the rest of the financial sector, is awaiting a raft of moves from government including the classification of businesses and, of fundamental importance, a resolution to the issues of clear title to land and property. Of no less importance, says Youssef, is the establishment of civil courts that can adjudicate quickly on financial disputes and guarantee the rights of lenders if borrowers fail to meet their obligations.

Funding expansion plans

Libyan Foreign Bank's ambitious expansion plans will also need a capital restructuring. Only $3 billion of the nominal $8.7 billion is currently paid up. Youssef says that he expects the rest of the capital to be put into the bank by 2014.

On a capitalisation basis, the bank is already one of the largest Arab financial institutions. With the full take up, Libyan Foreign Bank will become one of the top 100 banks worldwide.

CBL issues first ever foreign exchange licences

By Sami Zaptia

The Central Bank of Libya (CBL) issued the first licences for foreign exchange bureaux on Sunday 21 July. Foreign exchange had been the monopoly of banks during the Qaddafi era, so this is the first time the CBL has licenced this activity to non-banking operators. There were 480 applications from all over the country, with the demand for licences so over-subscribed in Tripoli and Benghazi that the CBL had to organise a public draw for the limited number it was offering in 2013. In Tripoli, only 72 of the 195 applicants were awarded licences.

Despite the existence of a monopoly on foreign exchange services by banks, regulated by the state through the CBL, a huge black market in foreign exchange has been thriving in Libya for decades. During the Qaddafi regime, the state controlled and manipulated the exchange rate of foreign currencies restricting its flow into the market and

☐ *CBL public draw for licences*

giving state-owned enterprises and cronies of the regime a preferential exchange rate. This preferential rate created a huge corrupt black market whereby foreign currency, overwhelmingly US dollar, leaked into the open market.

It is worth noting that foreign currency exchange is still restricted by the CBL, because proof of entry of goods into Libya is still required by banks. There is also a list of goods that are approved by the CBL for the official transfer of currency through local banks. For example an account holder is not free to instruct his bank to transfer a large amount of currency, say $100,000, from his account without providing a proforma invoice for goods. And after the arrival of these goods at the port, they will only be released by customs once a certificate is provided proving that the money had been transferred through a bank.

A large transfer of $100,000 or above, without the intention to import goods into Libya, would normally be transacted through the vibrant, reliable and speedy black market.

It will be interesting to see if the CBL is planning to loosen its control on currency transfers or whether strict transfer limits will be enforced on the new foreign exchange bureaux.

ECONOMY & FINANCE

LD 100 bn available to finance local economy

Libya Herald interview Gumhouria Bank Chairman Musbah Akkari

By Sami Zaptia

Sitting in the business class section of the latest Airbus A330-200 to be delivered to Libyan Airlines, Gumhouria Bank Chairman Musbah Akkari looked even more contented than most of the invited guests."We provided finance for the purchase of this plane", he said proudly. "There are other banks involved in the loan: Sahara (BNP-Paribas), National Commercial Bank, Wahda and the Libyan Foreign Bank, but we are the leading lender", Akkari added.

☐ *Gumhouria Bank Chairman, Musbah Akkari*

Financing for Libyan Airlines

The loan he was referring to was a LD 1.4-billion credit to Libyan Airlines to help finance its aircraft purchasing programme. The bank chairman explained that Libyan Airlines is purchasing 14 aircraft. "It has received seven A320s and two A330s and there are four A350s and another A330 to arrive in 2014 and 2015", explained the man providing the single biggest chunk of money.

Libyan banks have been coming in for criticism recently for sitting on pools of cash and leaving the economy hungry for financial support. "People say we don't lend", retorted Akkari, "but when we find appropriate guarantees, we lend. Look at this huge loan (to Libyan Airlines), for example", he said.

Ready to lend

"Where there are adequate guarantees, we are very happy to lend," he explained. "We have initiated discussions with various ministries, for example the Ministry of Housing, to propose loans and projects in the housing sector as well as the Ministry of Economy to propose loans for SME projects and to help the unemployed and for development.

"We have also made proposals for loans to the Ministry of Electricity for three solar power stations, and we are also meeting the Ministry of Transport to discuss the possible loan to finance a proposed port in Shahat (Cyrene)."

> "Where there are adequate guarantees, we are very happy to lend"

Ready to help the development of Libya

"So you see, Gumhouria Bank is ready to give loans so long as there are adequate guarantees. We are ready to fund large projects on our own or jointly through a syndicate. We are ready to help the development of Libya."

The Gumhouria Bank Chairman also confirmed that Libya and its financial sector, private and public, have the money to self-finance their future growth and development."The Libyan banking sector can provide loans of up to LD 100 billion", Akkari explained. "This can go up to LD 400 billion with leverage" he added. "We can help raise the standard of Libya's economy and help its development and economic diversification to a high standard within four to five years", predicted a confident Gumhouria Bank Chairman.

مصرف الجمهورية
GUMHOURIA BANK

Gumhouria Bank provided finance for the purchase of the latest Airbus A330-200 to be delivered to Libyan Airlines.

TRANSPORT

Flying business class

Libya Herald interview Minister of Transport Abdulgader Ahmed

By Sami Zaptia

On 17 July, Libyan Airlines took delivery of its second Airbus A330-200 and the *Libya Herald* was invited to sit in business class next to Transport Minister Abdulgader Ahmed for a short flight over Tripoli with a group of VIPs.

"The arrival of this Airbus changes the profile of the fleet", exuded the Minister sitting in the front row. "This (the A330) is long haul," said Ahmed, himself a former pilot.

☐ *Transport Minister, Abdulgader Ahmed*

Flying long haul

Asked what were Libya's plans for the plane, the Minister confirmed that the airline was "studying plans to fly to Canada in cooperation with Tunisair".

This news had been leaked by Tunisian media a few days earlier, but was not confirmed by any Libyan sources. The reports had been that it would be the other state-owned Libyan carrier, Afriqiya, that was talking to the Tunisians.

The Transport Minister had a different viewpoint. "We prefer that this (flying to Canada in conjunction with Tunisair) is done using Libyan Airways rather than Afriqiya as this plane carries the Libyan name", he said.

"We also hope to return our long haul flights to China and South Africa and are studying flights to the USA", he added.

One of the possible reasons that Libyan state-owned carriers were seeking to fly to Canada in conjunction with Tunisair is the fact that they are currently serving a "self imposed ban" from flying to Europe.

Working to meet European standards

At the risk of spoiling the Transport Minister's celebratory mood, I raised this contentious point with him. Tripoli International Airport was obviously safe enough for leading international carriers such as British Airways, Lufthansa and Etihad to fly into. Libya clearly has the latest aircraft, purchased at a cost of hundreds of millions, yet its airlines are forced to wet-lease aircraft, at great cost, in order to service destinations.

The Transport Minister agreed that Libya was not benefiting from its investments in its latest aircraft but steps were being taken to solve the problems that the Libyan Civil Aviation Authority was having.

"We are going to sign an agreement with an Irish organisation to help raise the standards at the Libyan Civil Aviation Authority", the Minister revealed, and "we hope to be able to end the flight embargo within two to three months".

> "We also hope to return our long haul flights to China and South Africa and are studying flights to the USA"

The ban was originally supposed to have ended last November. Last month, the Director General of the Libyan Civil Aviation Authority, Captain Nasereddin Shaebelain, said he expected it to remain in place till the end of this year because the recertification process for Libyan pilots and crews was taking longer than anticipated.

☐ *Tripoli Port aerial view*

☐ *Libyan Airlines new Airbus A330-200*

☐ *LibyaHerald in-flight e-reader*

Libya Herald Business Eye flying high!

Libya Herald Business Eye magazine will now be available to international airline passengers as an e-magazine via their in-flight entertainment screens.

Libya Herald Business Eye displayed on in-flight reader

By Sami Zaptia

The *Libya Herald* has signed an historic agreement with the world's foremost specialist in-flight entertainment software and solutions provider, DTI.

As a result, the *Libya Herald Business Eye magazine* will now be available to international airline passengers as an e-magazine via their in-flight entertainment screens. To the best of our knowledge, the *Libya Herald* will be the first ever Libyan publication to be made available digitally on board international flights.

DTI caters to over 100 airlines around the world with approximately 400 million passengers seeing DTI content each year. Their digital publications reader eReader means that passengers can have access to a wide digital library of newspapers, books and magazines – now including *Libya Herald Business Eye* available first on Libyan Airlines.

Air travellers, confined to their seats for most of the flight are eager to be entertained in a multiplicity of ways. Today's modern fleets of aircraft provide an array of in-flight entertainment on their medium-long haul flights through their in-flight entertainment module. The digital version is the same as the printed version, complete with all articles, images and advertisements – but with added functions such as zoom, scroll and multi-page view.

The *Libya Herald* maybe only 18 months old, but in that time it has raced ahead to become the market leader in its niche with its daily news website www.libyaherald.com attracting over 200 million hits since its launch on 17 February 2012.

It has embraced the latest digital technologies and combined with DTI, the world's leading in-flight solution provider to offer travellers a digital reading experience during their flight. Now travellers to and from Libya and beyond will be able to read Libya's foremost English-language business publication from their seats before they land.

So, lookout for *Libya Herald Business Eye magazine* during your next trip on your in-flight entertainment screens. As we join you onboard, flying high in the sky, keeping you informed on Libya's business scene.

Libyan Airlines in-flight entertainment screeen

British Airways increases London-Tripoli flights

Starting 2 September, British Airways is to add a fourth weekly flight between London and Tripoli. The new Monday service will leave London at 08:50 and arrive in Tripoli at 13:25. It will then depart the Libyan capital at 15:30, arriving at London Heathrow's Terminal 5 at 18:15. British Airways says it scheduled its Tripoli-London services on Mondays, Tuesdays, Thursdays and Sunday as these are popular travel days for business customers.

The additional British Airways flight indicates a continuing growth in business interest in Libya, with Afriqiyah and Emirates also announcing new flights. Alitalia has doubled the number of its flights on the Tripoli-Rome route by adding a second daily flight.

Emirates to restart Tripoli route

Emirates, the Middle East's largest airline is restarting its services to Tripoli at the beginning of September, with special promotional fares to Dubai and China. From September onwards, Emirates will service Tripoli three times a week with a short stopover in Malta, using a Boeing 777-200ER. The flight will leave Dubai every Sunday, Tuesday, and Thursday at 09.30 arriving in Malta at 13.25 and departing Malta at 14.45 to arrive in Tripoli at 15.55 The return flight will leave Tripoli International Airport at 17.25 and will land in Dubai at 01.00.

Afriqiyah ups European services

By Tom Westcott

Libyan state-owned airline Afriqiyah Airways has boosted its European services with a new Friday flight to London and two weekly onward connections to Khartoum.

It added the fourth flight to its Tripoli-London service in July, to accommodate the extra passengers expected over the peak season. Initially, take-up of the new Friday flight was slow but within three weeks flights from Gatwick were full, Head of Afriqiyah's UK operations Alan Mates told the *Libya Herald*. The flight, just confirmed for Afriqiyah's winter schedule, has now been made permanent.

Afriqiyah has also started flying from London to Khartoum via Tripoli, resuming the first of its sub-Saharan routes which stopped in 2011 just days after the start of the revolution. The London-Khartoum connection is a twice-weekly, semi-direct flight with passengers changing planes in Tripoli."The Tripoli connection is now the quickest way of getting from London to Khartoum," said Mates. He added that Afriqiyah is looking at adding further African destinations towards the end of the year.

Afriqiyah's European flights are all being serviced by an Airbus A319, wet-leased from Tunisair. The aircraft, less than a year old, has 12 business seats, which has enabled Afriqiyah to once again start offering business class seats.

Kufra airport upgrade contract activated with Italian company

By Sami Zaptia

The contract to upgrade Kufra International Airport, originally signed in 2010, was reactivated on 22 July, when Kufra International Airport Director, Salheen Ebhiri signed the "site handover" with Bruno Alberto Salis, Libyan Branch Manager of the Italian construction company Salini. The signing ceremony was attended by Ezzeldine Abu-Rawi Giwa, representative from the Transportation Projects Implementation Authority, the head of the Intelligence and Security Affairs Office, Khalil Muftah, and an official from the Italian Embassy in Tripoli.

The contract is for the re-building of the airport's main runway, the parallel driveway and the side driveways as well as the aircraft taxiing area and the airport's lighting system. According to Salini Impregilo, work at the airport should start by the end of August 2013 and is expected to be completed within 20 months. The project is good news for Kufra International Airport which received its first Libyan Airlines aircraft from Tripoli on the 5 July after a nine-year suspension of flights.

Italian company has announced it is ready to build coastal motorway

By Sami Zaptia

An Italian consortium led by Salini Impregilo Group is ready to build the first section of the new 1,700-kilometre coastal highway, stretching from the Tunisian border to that with Egypt. The contract, worth some €963 million (LD 1.6 billion), is for the 400-kilometre stretch from Marj to Musaid on the Egyptian border. It will include the construction of 12 bridges of 2.2 kilometres in length, eight service areas and six parking areas.

The consortium includes Societa Italiana per Condotte d'Acqua, Impresa Pizzarotti and and Cooperativa Muratori & Cementisti. Salini Impregilo Group has a 58-percent share in the contract. Work is expected to start within 30 days after signing the contract and, according to a statement on the Libya Prime Ministerial website, the project will take between two to three years to complete.

Coastal motorway project

The coastal motorway project was agreed by Qaddafi and former Italian Prime Minister Silvio Berlusconi in August 2008 as compensation for the colonisation of Libya by Italy. As such, the Salini Impreglio contract, which is expected to create 2,000 jobs both in Libya and Italy, would be wholly financed by the Italian government. It includes a two-percent performance bond and an advance of 15 percent, equivalent to €145 million.

The designs for this first section are complete, according to a statement from Salini Impregilo, and the necessary documentation for a general tender process to be opened at the end of September, are being prepared.

However, in view of the present security situation, there are doubts whether the contract will stipulate the contractors start work 30 days after the signing. Other contracts have been signed in Libya recently but questions remain about foreign companies' ability to operate in the present circumstances.

Additionally, there are hundreds if not thousands of pre-2011 stalled projects all over Libya awaiting recommencement. Many foreign contractors await compensation and payment settlements as well as a secure environment within Libya before considering starting or restarting operations

Long track record in Libya

The Salini Impregilo Group itself can boast a historic presence in Libya, where it has constructed a number of major infrastructure schemes. These include the airports of Benina, Misrata, Sirte and Sarir, the ports of Khoms and Brega, industrial complexes in Ras Lanuf and Misrata and the sewerage and water supply system in Benghazi.

Salini Impregilo is currently refurbishing Kufra airport, while commercial and contractual negotiations are also reportedly underway with regard to other major projects.

The second phase of the coastal highway will be the section from the Tunisian border to Misrata.

> The Salini Impreglio contract, which is expected to create 2,000 jobs both in Libya and Italy, would be wholly financed by the Italian government.

Local companies win road tenders

In July, the Tenders Committee of the Roads and Bridges Authority announced that it had awarded 48 other projects to local companies. The Ministry of Communications and Transport's Media Advisor, Adel Mahjoub, said that the companies would start work soon. The *Libya Herald* obtained an official list of the winning companies, which includes a short description of the projects and their locations.

The values of the contracts were not disclosed. The projects, widely spread across Libya, do not include new road-building projects. They are contracts for maintenance, preparation, cleaning and the painting of road-markings.

Aerial view of roads in Tripoli

Third Ring Road contract to be re-tendered

By Sami Zaptia

The Housing and Infrastructure Board's (HIB) Chairman, Mahmoud Ajaj, has said that the remaining section of the Tripoli Third Ring Road project would be re-offered to companies to re-tender.

Tripoli unfinished motorway construction

Libya's HIB is the implementing arm of Libya's Ministry of Housing and Utilities. It is estimated to have projects worth up to LD 50 billion ($40 billion). The Tripoli Third Ring Road project was awarded in 2007 and was being undertaken by the Libyan-Brazilian Construction and Development Company (LBCD), a joint venture operation between Brazil's Odebrecht (60 percent) and the Urban Development Holding Company (UDHC) (40 percent), a subsidiary of HIB.

The $350-million project involved the construction of 23.8 kilometres of two three-lane highways, with 21 bridges and overpasses and service roads. Before work stopped because of the 17 February Revolution, it employed up to 2,000 multinational workers. Ajaj said that Brazilian contractor Odebrecht would be given a chance to re-tender for the project.

Odebrecht was also part of the joint venture that was awarded the Tripoli International Airport project in 2007. Through its Portuguese subsidiary, Bento Pedroso Construcoes (BPC), Odebrecht held 50 percent, Turkey's TAV 25 percent and Lebanon's Consolidated Contractors Company (CCC) 25 percent share in the JV.

AECOM coming back?

AECOM, one of the world's leading project management firms, plans to return to Libya after pulling out because of the 17 February Revolution.

By Sami Zaptia

Jim Thompson, Chief Executive Global Programmes for AECOM

Mahmoud Ajaj, Chairman of the Housing and Infrastructure Board (HIB), announced during this summer's MEED Conference that the giant US project management firm was coming back. He said it would be providing project supervision, training and knowledge transfer – with over a thousand Libyans likely to receive training. No details of the length or the value of the contract have since been released.

The HIB head admitted that the scale of projects Libya has to complete or wishes to embark upon were well beyond its own human resources. "We need help", he said. AECOM will have a role in assessing contractors and is also expected to help Libya negotiate with its present contractors regarding their claims and status.

Growing role for the private sector

Ajaj forecast that the private sector will begin to play an increasingly greater role in the construction business, adding that the annual construction needs of the nation were beyond the state budget – set at LD 66 billion in 2013. Ajaj also added that HIB had received only LD 1.5 billion in the 2013 budget, whereas it had requested about LD 32 billion for its projects.

Jim Thompson, Chief Executive Global Programmes for AECOM, said: "There are 300 major contracts that have been suspended estimated at about $40 billion. There will be a re-scoping of requirements and local companies will have plenty of opportunities to participate."

However, he warned that some of the joint ventures running a number of these projects were no longer "functional" and that they would have to be reshaped and rebuilt. Nevertheless, he was clearly optimistic. "In the past, we were constrained" said Thompson, "Today, it is a whole new Libya. Libyans have been given the authority and the responsibility to drive these projects as we would do all over the rest of the world."

Need for modern procedures

> "We hope to put in place a consistent procurement system based on international best practice"

Thompson also warned that change would not occur overnight. Progress depended on a modern, procedure-based programme. "We hope to put in place a consistent procurement system based on international best practice," he said. "We will have a contracting and procurement department once we are up and running in Libya."

Thompson revealed that companies which had pre-qualified previously would not have to prequalify again. "They will have to be looked at again to ensure that their pre-qualification is still valid, but they won't have to start from zero," he explained.

Quizzed by international delegates about which projects were to be given priority, Thompson said that work had already been done on that. He confirmed that there would be a focus on what are regarded as key projects. He also revealed that AECOM has been working in Libya with HIB for the last 18 months. The list of priority projects, he said, was ready to be executed and will be pushed forward very quickly.

> Annual construction needs of the nation were beyond the state budget – set at LD 66 billion in 2013.

Restarting projects

Pushed further by delegates, to give an idea of when the first projects would be cleared to re-start, Thompson was less forthcoming. However, he did say that all projects would be re-calibrated. "We will have to come up with a creative method of restarting priority projects. Starting from zero to a $5 billion or $6 billion spend per year is going to be challenging and demanding on human resource and skills capacity."

The AECOM executive ended on a sober note: "It will be difficult, if not impossible, for these contracts to proceed if there is no security," he warned. Asked by the *Libya Herald* if AECOM had received any specific guarantees or assurances regarding security, Thompson replied: "I had no specific assurances that have been given. We are hopeful and optimistic that security will be improved."

Stalled projects must resume: Zeidan

By Sami Zaptia

Prime Minister Ali Zeidan has stressed the need for Libya to resume stalled projects, saying that the 2103 budget had allocated LD 20 billion to such projects as well as ones in progress. There could be problems, he warned last month, if Libya did not continue with them. It could end up facing court cases from foreign contractors, he said; the country's assets abroad could be frozen to help pay claims. However, he stressed that his government would not pay for such schemes by using funds allocated in the budget for projects in other areas.

His comments are seen as being directed partly at Congress members who have been unwilling to release funds for foreign contractors to resume projects, and partly at the foreign contractors themselves as well the general Libyan public to demonstrate that it was not his fault that projects had not been restarted.

Zeidan is known to be is in favour of releasing some of the money owed to foreign contractors, as per an agreed formula of 50 percent upon commencement of work and the balance thereafter in tranches. What Zeidan did not explain, however, is how he expected foreign companies to send employees to Libya in the current security situation, and whether his government was considering any special security measures specifically for foreign employees should they chose to return to their projects.

It remains to be seen if there is a slight shift in policy by Congress under its new president, Nuri Abu Sahmain, who is more business friendly in view of his own business background and stronger business connections than his predecessor.

Prime Minister Ali Zeidan

Zeidan is known to be is in favour of releasing some of the money owed to foreign contractors, as per an agreed formula of 50 percent upon commencement of work and the balance thereafter in tranches.

Burj Bahar twin towers, Tripoi

Building underconstruction,Tripoli

Shapoorji Pallonji ready to restart work

By Sami Zaptia

"We are ready to move back" said Steven Miller, Senior Vice-President of Shapoorji Pallonji (SP), of his company's desire to resume its construction contract in Libya. Speaking in Tripoli at the June MEED "Libya Projects 2013" conference, Miller said the Indian company was simply "waiting for the promised 50 percent upfront payment by the government".

Miller was referring to the formula suggested by the Libyan government in an attempt to induce contractors to return and resume projects. This promised 50 percent upon return to be followed by two subsequent 25 percent payments.

"We have not received this yet. We have been waiting for this for months. We already have our employees here. They have been here throughout the revolution", added Miller. "But we are ready to move fully back in and work now – in this present security situation. But we need the promised 50 percent – the formula suggested by the Libyan government", he stressed.

SP operates in Libya as SP Libya Company for General Construction, a joint venture with the Libyan Investment and Development Company (LIDCO). It is working on the Bab Trabulus Project located on the Airport Road, as well as a large tower block project in Benghazi.

Whilst most other contracting companies are waiting for the security situation in Libya to improve before they come back, SP is insistent that it is willing to recommence their projects immediately. Asked by the *Libya Herald* to clarify his comments on SP's preparedness to do so given the current security situation, Miller reiterated that his company "would have to enhance some of the security measures which would have to be built into the costs". However, he was adamant that SP would be "ready to move in within 30 days".

Asked about his type of contracts and pricing structure that SP was working with, Miller replied that SP was working with a fixed price lump sum contract. "We don't have cost-plus contracts. We are committed to our prices."

Libyan Food Expo showcases Libyan products

By Nihal Zaroug and Reem Tombokti

☐ Bottles and cans of Libyan olive oil

☐ Libyan pasta and dates

"Try the best olive oil in Libya," said Hamid Taher, who owns 3,500 olive trees in Sebha. The quality of Libyan olive oil, he claims, is better than the Tunisian oil sold in Libya. That is because it is only pressed once, he says. He sends his olives to be pressed in Samnou, near Fezzan's capital in southern Libya.

He made his enthusiastic offer to the *Libya Herald* in the Libyan producers' pavilion at the Libyan Food Expo at Tripoli International Fair in June. It showcased international as well as local food products.

> It is estimated that Libya produces 22 million litres of olive oil a year but vast quantities of it do not make it on to supermarket shelves.

However, despite the claim of superior quality of oil, Taher has not been able to secure sales outside of Libya. That, he says, is because competing with imported Tunisian oil has not been easy. To create employment and encourage local olive oil producers, he believes that only Libyan oil should be sold in the country.

The same demand was repeated to the *Libya Herald* in a discussion with Basher Hadya, the head of studies and researchers department at the Libyan Export Promotion Centre (LEPC). Like Taher, Basher believes that there should be no foreign competition for Libyan olive oil and dates.

Libya has an abundance of both and, at times, farmers have been forced to scrap produce because of a lack of buyers. It is estimated that Libya produces 22 million litres of olive oil a year but vast quantities of it do not make it on to supermarket shelves. A considerable amount, in fact, is bought by Tunisian dealers and processed and repackaged as Tunisian oil.

A ban on imported olive oil and dates to promote local produce should be government policy says Hayda. For Libyan products to be successful in local and foreign markets, the government has to provide more support to growers and manufactures, he explains. However, local businesses are looking for more than aid and subsidies. They also need direction and capacity building, he said.

> To promote the Libyan date sector, the Libyan Export Promotion Centre is organising an exhibition for Dates and Associated Industries in Tripoli, 26-30 October 2013 - www.de.lepc.ly

Promoting Libyan producers

The LEPC promotes around 600 Libyan companies and, within the food industry, it works to assist not only olive oil and date producers, but also honey, fish and traditional crafts producers.

The centre's main role is to help source local buyers and foreign markets but also provides other services including help participating at international fairs, quality certification and business development.

> Sidr honey is known for its taste and medicinal properties.

☐ *Libyan honey*

Libyan pasta production

Libyan pasta maker Rawasi is less reliant on LEPC'S services. It currently operates a plant in Tripoli's Tajoura area and imports all its raw ingredients from Italy. Rawasi plans to open a second factory in Benghazi, purely to manufacture a variety of spaghettis. It currently makes 14 different kinds of pasta at its Tripoli plant. The company has been operational since the end of the revolution and start store sales in Libya during Ramadan. Unlike other local producers at the expo, the pasta manufacturer is already selling its products abroad, notably in Chad and Niger.

Premium quality local honey

Alruttab Sons have yet to export large quantities of their premium honey. Despite having a wide variety of honey and honey bi-products, Ahmed Salem, told the *Libya Herald* only a few kilos of honey have been sold in Saudi Arabia, Egypt and Palestine. Such small quantities, says LPTEC 's head of studies and research, are not significant and are typically intended for promotional use.

In Libya, Alruttab Sons is well established and, as *Libya Herald* spoke with Salem, visitors stopped and bought jars of Sidr honey valued at LD 20 per kilo. Sidr honey is known for its taste and medicinal properties, and Salem expected honey sales to continue rising, especially during Ramadan.

International food producers optimistic

For Czech breakfast cereal manufacturer Emco, the Libyan market looks promising. Based on its success in Morocco and Egypt, senior export manager Ludek Spejzl, believed cereal sales in Libya would be rewarding. Initial market testing in Tripoli, Benghazi and Misrata, had indicated enthusiasm for the products, said Spejzl; they were competitively priced and of a quality comparable to the top brands currently sold in the country. Emco has opted to use the port of Misrata, instead of the congested port of Tripoli to import its goods.

V&F Portelli, a Maltese company exhibiting organic foods, beverages and snacks for children, is looking to introduce Organix to the Libyan market for the first time. The novel products have been embraced by hospital chef Ali Emgadmy, says Mario Portelli, particularly the gluten free range, as there is a lack of choice for kids. Portelli, adds that all of Organix's products are naturally coloured, flavoured, sugar-free and have no added salt. With a rise in child obesity rates, Organix may be just what the doctor ordered.

Tunisia looks to closer economic ties with Libya

Libya Herald interviews the Tunisian Ambassador in Libya, Ridha Boukadi

There is something of a special relationship between Libya and Tunisia. As neighbours there are close historic bonds of culture and trade, particularly between Tunis and Tripoli. Today, certainly for Libyans in the west of the country, Tunisia is just a short drive away and a prime vacation destination and the main place they choose to go for medical care. There is also an economic synergy. Tunisia has so many skills that Libya lacks, while Libya has the investment that Tunisia needs. The building blocks for a Common Market between the two exist.

☐ *Tunisian Ambassador in Libya, Ridha Boukadi*

By Houda Mzioudet

Libya and Tunisia have major opportunities that they can explore together, but there are also some big challenges to be tackled first, admits Tunisia's ambassador in Libya, Ridha Boukadi.

As with so much else, Tunisian projects in Libya were suspended during the revolution. Since then security fears have kept most entrepreneurs waiting for improvements. "Several Tunisian investors are not reassured because the situation on the ground is not clear," says Boukadi, "Moreover, the media does not send positive messages to Tunisian investors. The reality is that the situation is not that catastrophic," he adds.

But security is not, he says, the only reason for the reluctance of Tunisian businessmen to return. Investment laws in Libya, which have been viewed as discouraging foreign direct investment need to be reviewed. Boukadi points out that Tunis has suggested a "harmonisation" of Libyan and Tunisian investment legislation, to allow each country to enjoy the same privileges.

Encouraging integration

Boukadi stresses the importance of "creating correspondence" between Tunisian and Libyan institutions, legislation and officials. "This is paramount for a successful integration," he explains." It can include social coverage and financial transactions in both countries."

The ambassador has no doubt about the advantages of the two countries coming closer: "It will make us more able to face challenges, be they economic, social, security or political. We are in what we call a period of coalitions: the more you succeed in finding coalitions, the more you avoid surrounding threats." Boukadi cites the recent events in the region with the Malian crisis, where security cooperation between Tunisia and Libya could have been beneficial especially in fighting terrorism.

> Tunis has suggested a "harmonisation" of Libyan and Tunisian investment legislation, to allow each country to enjoy the same privileges.

Investing in education and health

Boukadi believes that Tunisia has much to offer other North African states: "We want to share our experience of development with our neighbours. Post-independence Tunisia adopted the development of human resources, by allocating 37 percent of the state budget to education and training of human resources." He continues: "This is what we can refer to as human security, where education and health became the priority for the development of the nascent modern Tunisian state."

He sees particular potential in education and training. "Developing a common educational system between Tunisia and Libya, where Libya witnessed the destruction of its educational system in the last four decades, is a long-term project," he argues.

It is his view that by establishing common teaching curricula and putting in place mutual recognition of diplomas, much could be achieved. Moreover, he maintains there is ample opportunity for Libyan and Tunisian scientific institutions to work together on projects, as well as unifying training and research. He cites the project to establish a medical college in Medenine (south-eastern Tunisia) as an important step towards cooperation between Tunisia and Libya in the fields of health and education.

Developing border regions

There are also, he believes, considerable opportunities to develop jointly regions on each side of the frontier which historically have been neglected by governments in both Tripoli and Tunis. One initiative, already put on the table by Tunisia, is the development of a free trade zone at Ben Guerdane, on the Tunisian side of the border, near the Ras-Jedir crossing.

"Through our common effort," asserts Boukadi, "we can ease tension between border area populations and Libyans who visit Tunisia and who often are subject to violence by some living in these areas." He cites sadly the adverse consequences of closures of the RasJedir frontier post. As a result an alternative maritime route had to be established between the Libyan port of Khoms and Tunis.

South Korea ready to help Libya face tough environmental challenges

By Houda Mzioudet

Libya faces pressing challenges over water supplies, sewage treatment and garbage disposal according to the Korea-Libya Environmental Cooperation forum, held in Tripoli in June. The event was organised by the South Korean Ministry of Foreign Affairs in conjunction with the Korean Ministry of Environment, the Korea Environmental Industry and Technology Institute (KEITI) and Korean Trade Investment Promotion Agency (KOTRA).

Opportunity to cooperate

The forum provided an opportunity for CEOs and decision-makers from seven South Korean companies, and 18 Libyan organisations to network and discuss prospective cooperation on environmental issues.

South Korea's ambassador to Libya, Lee Jong-kook warned: "Environmental issues need to be tackled and solved urgently, particularly in the water resources, solid garbage and sewage treatment". He also stressed the importance of sharing values of economic development and democracy between Libya and Korea for "a better cooperation".

The ambassador later told the *Libya Herald* that "with Korea's accumulated high standard of know-how and technology, we can cooperate in capacity-building and provide training and education opportunities in this sector".

KEITI's executive director, Jae-Sung Park, highlighted Libya's lack of infrastructure, saying "The Libyan government has got a lot of things to build. Many things are under planning. It will take time."

KEITI will be inviting Libyan officials from the Housing and Infrastructure Board and the environment sector to visit South Korea to see its achievements in its environmental work. "Based on this cooperation, we can upgrade bilateral relations," Park stressed.

In the same vein, KOTRA's director, Sukwoo Han, emphasised the South Korean government's willingness to work directly with Libya. "We want to help build new Libya. We do not do it to gain money but to find new ways of cooperating with Libya in the environment sector. Korea is involved in all sectors in Libya and we want to act as a bridge between Korean and Libyan companies."

☐ *South Korea's Ambassador to Libya, Lee Jong-kook*

> "Environmental issues need to be tackled and solved urgently, particularly in the water resources, solid garbage and sewage treatment"

Dutch-Libyan business conference held in The Hague

By Sami Zaptia

Over 40 individuals representing 30 companies and organisations either interested or already working in Libya, met in the Dutch capital, The Hague, on 25 June for a roundtable conference, chaired by former Dutch Deputy Prime Minister, Laurens Jan Brinkhorst. Also present were the Dutch Ambassador to Libya, A.H.M. Lansink, the Libyan Chargé d'Affaires to the Netherlands and representatives from the Dutch Foreign Ministry.

The conference was organised by Herman Klijnsma, head of the Dutch Libyan Cooperation Council (DLCC), and was the third meeting since 2011.

The companies and organisations attending represented a wide range of business sectors including; shipping, transport, logistics, medical, water, engineering, construction, agricultural, oil and gas, education, training, security and environmental specialists. Also present were representatives of the Netherlands-based Libyan investment company Lafitrade Holdings BV and its parent company LFICO, a subsidiary of the LIA, Libya's sovereign wealth fund. The event was an opportunity for all to discuss the situation in Libya, introduce their companies and share experiences of working in Libya.

It was agreed that another roundtable conference in the near future would be useful. The organisation of a business delegation to Libya was considered for 2013 or 2014. Some Libyan speakers urged Dutch companies to invest in building relationships and rapport with Libya now, as companies from other nations have been doing. Some recently signed contracts between non-Dutch companies and Libya were highlighted as examples.

Against this background, talks are also underway between the DLCC and possibly the Libyan General Union Chambers of Commerce, Industry and Agriculture to enter into a partnership agreement.

DLCC
DUTCH LIBYAN COOPERATION COUNCIL

FDI Libya engages US government and private sector in preparation for London September conference

Representatives from the US and Libya came together on 2 August in Washington DC to discuss the future of Libya's economic progress. The meeting was called by the organisers of the Foreign Direct Investment (FDI) Libya initiative, Pace Group and Dar al Arab, who have worked for over a year to focus the international community on investment in Libya's development projects.

FDI Libya, which hopes to act as a key platform to promote the Libyan government's development agenda in all sectors from infrastructure, energy and education to healthcare. There have been three launch events: in Tripoli, London and Dubai and also two high-level roundtables to discuss issues pertinent to Libya's development and the growth of international partnerships. These took place at the Tripoli Chamber of Commerce in Libya and the House of Lords in London.

Investment opportunities

The most significant part of the Washington meeting was a panel discussion involving Deputy Oil and Gas Minister Omar Shakmak, National Oil Corporation executive board member Mustafa Sanalla, Karim Mezran (Senior Fellow at the Atlantic Council's Rafik Hariri Center for the Middle East), Chuck Dittrich (Executive Director, US-Libya Business Association), Hoda Atia Moustafa (Senior Counsel, Legal and Claims Group, MIGA, World Bank Group) as well as representatives from the FDI Libya team including the Director of Projects, Tariq Mohammed from the Pace Group. The meeting was held as a precursor to the FDI Libya conference that will take place in London on 17-18 September 2013.

Deputy Minister Shakmak briefed the audience on the Oil and Gas Ministry's current priorities and future direction. He also discussed the need and opportunity for investment throughout Libya. "The opportunity for investment in Libya includes all major sectors throughout Libyan society whether it be private or public. This means that Libyans and the international community have to work hand in hand to see a prosperous Libya," said Shakmak. "Companies who do decide to invest in Libya will find people who are ready to develop their country, excited to see foreign investment and modernisation and a commitment to realise a long awaited New Libya." Shakmak was also invited to meet with officials from the US State Department and the Department of Energy where he extended invitations to the upcoming FDI Libya conference.

International interest

The attendees included a range of US business leaders and experts from a variety of international multi-sector organisations while discussions covered a wide spectrum of issues surrounding the current political and economic development of the new Libya. Participants included CEOs, directors and executives of companies and organisations such as the World Bank, the IMF, Marathon Oil, ConocoPhillips, Patton Boggs, Citigroup and C. Davis & Associates. Discussion topics ranged from the current security landscape in Libya to what that means for investors. The FDI Libya initiative has been assisting the new administration with these goals.

Libyan ministers and government officials as well as their US and international counterparts were said to be greatly appreciative of the work done so far by the FDI Libya team in putting the need for foreign investment into Libya on the agenda and expressed their support for the September conference.

For more information see www.fdilibya.com

FDI Libya panel in Washington

"Companies who do decide to invest in Libya will find people who are ready to develop their country, excited to see foreign investment and modernisation and a commitment to realise a long awaited New Libya."

Libya Holdings launches fundraising

By Sami Zaptia

Libya Holdings Group Ltd. (LHG), an investment partner for leading international companies wishing to serve the Libyan market, has launched a fundraising to support "the fast growth of its operations".

LHG was established during the Libyan revolution in 2011 by Ahmed Ben Halim, the son of the only living former premier of the Kingdom of Libya and an active participant in the rebuilding of post-revolution Libya, and Ali Ojjeh, a former energy investment banker at Goldman Sachs.

They had previously co-founded The Capital Partnership in 1998, creating a leading asset management firm investing in venture capital, private equity and public securities. Commenting on LHG's announcement, Ben Halim said that "the Libyan economy is moving steadily through a stabilization phase that is seeing civil security and basic trade ever more deeply embedded."

"The country has vast natural resources and during this first phase of its emergence we believe that it will need to invest particularly in its oil and gas sector and in its housing, power and transportation infrastructure." He continued: "International partners will be essential in providing expertise to help the country and we are working closely with such companies to invest in Libya. The combination of access to new funding together with the experience and connectivity of our local and international operations will help us to move even faster."

Ben Halim believes that combining access for international firms with an ability to co-invest with local entities will boost the country's economic evolution through future rebuilding and growth phases.

LHG says that it aims to provide commercial partners with local knowledge, a network of contacts, on-the-ground operational support and capital, "all of which are required to create and grow successful enterprises in Libya". It also maintains that it is an active strategic advisor to both local and international companies. LHG says that it is actively engaged with numerous leading international partners to develop large infrastructure projects and strategic investments.

The new fundraising, by way of a private placement, "will allow LHG to broaden its resource base to provide access to international firms, principally in the oil and gas, financial services and construction sectors". LHG says that it has already benefited from investments made by individuals and institutions from the GCC, most notably Saudi Arabia. "Discussions with a number of new investors" to support its growth are now underway throughout the region and more widely, LHG says.

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