

**OPPORTUNITIES, CHALLENGES AND KENYA'S ROLE IN THE  
RECONSTRUCTION OF LIBYA**

**BY**

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**UNITED STATES INTERNATIONAL UNIVERSITY, NAIROBI**

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RECONSTRUCTION OF LIBYA**

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**UNITED STATES INTERNATIONAL UNIVERSITY**

**SUMMER 2013**

## STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed ..... Date.....

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Dr. Peter Kiriri

Signed..... Date.....

Prof George Achoki

Dean, Chandaria School of Business

## ABSTRACT

The main objective of this study was to identify opportunities, challenges and the role Kenya could play in the democratic political transition and economic reconstruction of Libya. The study was guided by the following research objectives: What are Kenya's strategic opportunities in the reconstruction of Libya?; What are the anticipated challenges for Kenya's participation in the reconstruction of Libya?; How should Kenya engage itself in the democratic political transition and economic reconstruction of Libya?.

Descriptive research design was used in this study. The total population was estimated at 46 million and the sample size was 20 target key informants, 10 each from both Kenya and Libya respectively. The sampling frame was drawn from among government officials, businesspeople, members of the Diaspora and ordinary workers. Non probability (purposive) sampling technique where the researcher uses his own expert judgment to identify key informants was used. Both primary and secondary sources of data were utilized during the data collection stage. Primary data was obtained from key informant interviews while secondary data was sourced from publications from government, research institutions and intergovernmental institutions like the IMF and AfDB. The researcher also made his observations on developments and events in Libya, where the researcher is based, and Kenya. In doing the data analysis, the researcher assessed the information from documents and in-depth interviews and related them to the assumptions made before, in the literature review as well as during the data collection stage, in order to test their validity.

The findings of this study established that the New Libya is strategic to Kenya's geo-political and economic interests. The end of the conflict in Libya has generated prospects for the reconstruction of a new Libya that offers myriad of opportunities both economically and politically. These may include greater

cooperation in the fields of health, education, trade and possible bilateral and multilateral cooperation on various domains. More so, Kenya and Libya enjoy resource complementarity. However, the study revealed that currently there was very little going on in terms of economic activity between the two countries and these opportunities remain largely untapped. Little is known about Libya and Kenyan businesspeople and job seekers are pessimistic about opportunities in the country. As such, Libya represents a potential growth area where Kenya needs to pay more attention. The benefits of establishing the basis for a new mutually beneficial relationship with the New Libya, away from the largely superficial model of Gaddafi, cannot be overemphasized.

While opportunities exist, Libya remains a difficult place for business and investment. Insecurity remains the biggest challenge to Kenya's entry into Libya. The government in Tripoli is weak and the country is virtually controlled by unruly militia groups. There are also many obstacles including rigid residence and work permits regulations, bureaucratic red-tape and challenges related to regulatory systems. Libya is not a member of the WTO and as such not fully integrated into the global trading system.

The findings appeared to contradict general perceptions in Africa, including Kenya, that Libya is hostile to doing business with African countries and to black people. This view was negated by Libya's continued participation in continental global and regional bodies like the AU and CENSAD, the ever increasing number of black African migrants in Libya and the retention of Libyan investments in African capitals. Whereas sections of the Libyan people are hostile to Africa, this should in no way be misconstrued to be the official position of the government or the majority of the people of Libya.

Both bilateral and multilateral strategies are available to Kenya in order to fully

engage itself with the political transition and reconstruction of Libya. The Kenya Embassy in Tripoli is crucial in coordinating bilateral strategies like the holding of the inaugural session of the Joint Commission for Cooperation and facilitating the full implementation of various existing agreements.

The United Nations Support Mission in Libya (UNSMIL) was identified as a valuable partner in the multilateral arena to coordinate Kenya's provision of technical support to Libyan authorities during the reconstruction period. Libya was found to be inactive in COMESA and as such provides little in terms of opportunities for economic integration.

Of utmost urgency, the study recommended a political reengagement with Libya at the highest possible level in order to smoothen the way for an economic partnership. This should involve a visit by the Cabinet Secretary for Foreign Affairs in the very near future to lay the ground for a State Visit at a later date.

The Government of Kenya should focus attention in developing a structured and detailed programme aimed at sensitizing Kenyan businesses and business umbrella groups on the need to engage with this economy so as to change perceptions about Libya as a low key market for Kenya. The Kenya Embassy in Libya should also step up its promotional campaign.

The study also recommended for a comprehensive market survey on the Libyan market aimed at revealing issues touching on market access requirements for potential products, including tariff and non-tariff barriers, consumer preference, packaging & labeling requirements and suitable distribution channels

## ACKNOWLEDGEMENT

The greatest sacrifice of all is putting everything important-the challenges, the needs, your own ideals and sense of responsibility ahead of you. Once I made this realization, a journey across the African continent, between two countries five thousand kilometers apart with different cultures, ideologies and economies commenced. I wish to thank all those who made this journey possible. Special acknowledgment goes to my research assistant Mr. Mustafa Ibrahim, my supervisor, Dr. Peter Kiriri and to Dr. George Achoki, the Dean of the Chandaria School of Business whose encouragement made it worthwhile to scale a monumental mountain.

## DEDICATION

This project is dedicated to my spouse and bedrock of my life Olive Wanjiru who has always encouraged and sojourned with me through life's perilous journey, to my three sons who always give me the strength to swim effortlessly in turbulent waters, to my late father who gave me the space to own my dreams and to my mother who keeps the flame burning.

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## ABBREVIATIONS/ACRONYMS

ADB –	African Development Bank
AEO –	Africa Economic Outlook
AMISOM –	African Union Mission in Somalia
ANC –	African National Congress
AU –	African Union
BBC –	British Broadcasting Corporation
BISC –	Sahel Saharan Investment and Trade Bank
CENSAD –	Community of Sahel Saharan States
CIA –	Central Intelligence Agency
COMESA –	Common Market for Eastern and Southern Africa
CPI –	Consumer Price Index
EAC –	East African Community
EPC –	Export Promotion Council
FDI –	Foreign Direct Investment
FTA –	Free Trade Area
GDP –	Gross Domestic Product
HRW –	Human Rights Watch
IGAD –	Intergovernmental Authority on Development
IMF –	International Monetary Fund
ISS –	Institute for Security Studies
JCC –	Joint Commission for Cooperation
LAICO –	Libya Africa Investment Company
LAP –	Libya African Portfolio
MFA, Kenya –	Ministry of Foreign Affairs of Kenya
MFA, Libya –	Ministry of Foreign affairs of Libya
MOU –	Memorandum of Understanding
NARC –	National Rainbow Coalition
NATO –	North Atlantic Treaty Organization
NOC –	National Oil Corporation

NTC –	National Transitional Council
ODA –	Official Development Assistance
REC –	Regional Economic Community
UN –	United Nations
UNSC-	United Nations Security Council
UNSMIL –	United Nations Support Mission in Libya

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