

**A STUDY OF PROBLEMS FACED BY LIBYAN
GOVERNMENT AND PRIVATE CONSTRUCTION
INDUSTRY TO PENETRATE THE CONSTRUCTION
MARKET**

By

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DECLARATION

"I hereby declare this dissertation is the result of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degree at USM or other institutions."

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DEDICATION

This thesis is especially dedicated to:

My Father, Alsanousi Alnaas Altaher and my mother,

And my brothers and sisters.

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Praised to Allah. The long awaited moment has finally arrived. This thesis has been successfully completed. My endless praise to the Al-Mighty Allah, by his grace and blessing this momentous journey in the pursuit of educational excellence has reached its end. Never could I have done alone without those people around me who have provided considerable support. I would like to take this opportunity to acknowledge the help of the people around me, their effort and time, in completing this thesis. My supervisors, family and friends especially my father, mother, brothers and sisters who have taken care of me and given me the time and endless support along the way.

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ABSTRACT

This research is conducted to analyze the various problems faced by Libyan government and private construction industry to penetrate the construction market. The various problems focused for this study the difference between the qualities of construction, the level of satisfaction among the people and the performance measure in term of time, cost, resources and other relevant matters. The objective of this study is identify the factors that effect cost of housing in Libyan government and private sectors and the level of satisfaction among the people from these construction projects given by Libyan government and private sectors. The data which conducted and processed through SPSS software version. The summary calculated and showed in the shape of row fact and figures. All the analysis constructed in a frame which will be calculating all the demographic variables as well as other testable variable in kontras with planning and policies influenced private as well as government construction industry.

The result of this study shows that government policies and pricing of the houses has impact on the market penetration. Despite, this study shows that pricing is the major determinant that contributes to customer satisfaction in construction industries. This research enables the government and private companies to identify the effective method to penetrate the market.

ABBREVIATION

SPSS:	Statistical Package for Social Sciences
LCI:	Libyan Construction Industry
ISH:	International Standard Housing
GP:	Government Planning
PH:	Price of Housing
CS:	Customer Satisfaction

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CHAPTER ONE: INTRODUCTION

1.0 Introduction

The construction industry all around the world is getting modern, advance and growing day by day with the help of information technology age. As the construction industry is one of the important industry to support the economy of any country. There is a difference between the private constructions the fact is that is more expensive and in term of quality it is far better then the government. Libya has a very big covered land and accordingly the requirement of the people is to develop big and better facility in the houses as well as in the housing society. One of the competition which government is facing is people want to pay more to buy better quality houses for the better living. To build affordable and good quality housing schemes government have to use the strategic Planning to over come this issue. Another important aspect of the construction industry is the residential part, the planning and development of residential properties which hold special interest for estate management surveyors, most of whom are concerned one way or another with the housing market. Increasing demand of urban population in Libya is developing a good market place for quality housing (Al-Qaziri, 1994).

It is matter of fact how to tackle the construction project and that is not a new job as according to (Eric 1999), "Project Management is never a new task for managers. The pyramids and aqueducts of antiquity certainly required the coordination and planning skills of a project manager. While supervising the building of St. Peter's Basilica in Rome, Michelangelo experienced all the torments of a modern day project manager: incomplete specifications, insufficient labor, unsure funding, and a powerful customer. But only in the twentieth century did the title and the discipline emerges".

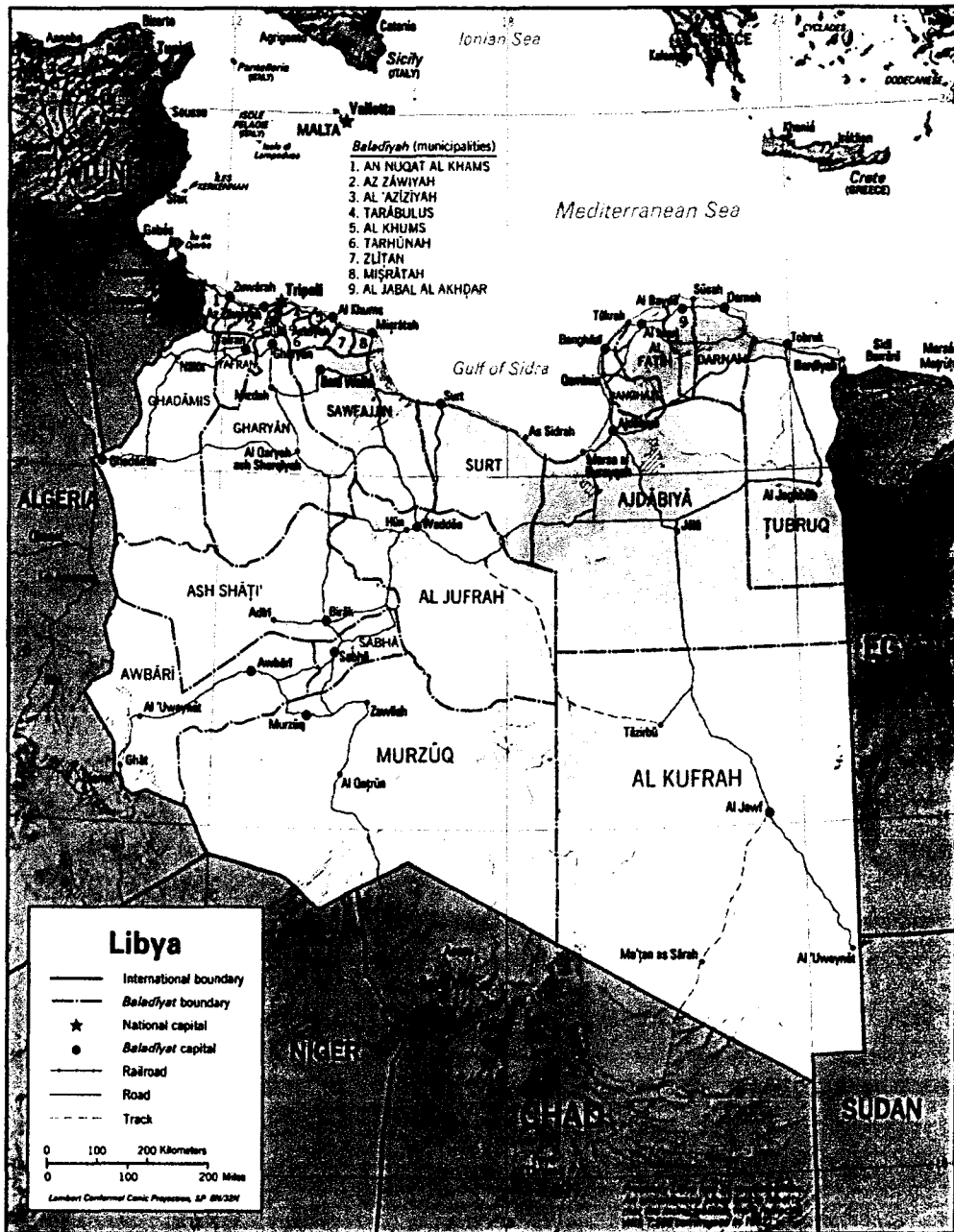
The modern project management was already defined in early 1950's, as strategy in major cold war defense programs. In the recent day project management has unlimitize its traditional restrictions of large construction and aerospace projects. It is a revolution in every industry, from health care to manufacturing, software to natural resources. To understand the construction projects and implement the whole process efficiently and effectively is art where many things are concerned specially environments and in the government & private construction companies the environment is different form other traditional organizational environment. An environment coordinates the whole process, and investigates the organizational challenges posed by that construction project. This study will be investigating the whole strategy for accomplishment these projects among Libyan private and government construction industry.

1.1 Geographical Location of Libya

Libya is situated in North Africa on the shore of the Mediterranean Sea. It is surrounded on the east by Egypt, on the south by Sudan, Chad, and Niger; and on the west by Algeria and Tunisia. It's total area is 1,759,540 square kilometers of landmass, which is slightly larger than Alaska or approximately three times the size of France.

1.1.1 Land Boundaries

Libya is bounded by Algeria (982 kilometers), Chad (1,055 kilometers), Egypt (1,115 kilometers), Niger (354 kilometers), Sudan (383 kilometers), and Tunisia (459 kilometers).



Source: www.washingtoninstitute.org

Length of Coastline: Libya's coastline totals 1,770 kilometers on the Mediterranean Sea.

Maritime Claims: Libya's territorial sea extends 12 nautical miles and to the Gulf of Sidra closing line of 32° 30' north.

Topography: Libya has narrow enclaves of fertile lowlands along its Mediterranean coast and a vast expanse of arid, rocky plains and sand seas to the south. Coastal lowlands are

Topography: Libya has narrow enclaves of fertile lowlands along its Mediterranean coast and a vast expanse of arid, rocky plains and sand seas to the south. Coastal lowlands are separated from one another by a pre-desert zone and backed by plateaus with steep, north-facing scarps.

Libya's only true mountains, the Tibesti, rise in the southern desert. Less than 5 percent of Libya's territory is economically useful.

Principal Rivers: Libya has several perennial saline lakes but no significant perennial watercourses. The only permanently flowing river is the two-kilometer-long Wadi Kim (Al-Qaziri, 1994).

1.2 Problem Statement

In this study target is Libyan government and private resident or people who have experienced living in both the accommodations. To ensure that quality measure of construction and the management point of view. This is very important in order to take that feedback in future consideration by Libyan government and private constructors. There are several of reason to conduct this study, one of them there is a difference between the quality of construction. Secondly the level of satisfaction among the people. Thirdly the performance measure in term of time, cost, resources and other relevant matters. The results of this study will enable to develop a updated knowledge, perception and practice between the local Libyan people and Libyan government and private construction professionals.

There is a measure aspect of every society one of the factors is measured through life style. Life style is measured by the standard of living. As you can see the living standard is comparatively higher in England vs India. And the government keeps on focusing to increase per capita income of people and accordingly it will affect the living standard. The problem in Libya is people over there are highly paid but still there living

standard is not that high as compare to countries in middle east such as Kuwait, Qatar, UAE, Dubai and it seem to have declining standard of life. There can be number of reasons this study will find out in this research. In order to achive the required results this study must find out the construction problems among Libyan government and private construction industry and what the factors which are effecting are these industries.

1.3 Research Objective

This study is aimed to accomplish two main objectives, which are as follows:

- 1) To examine the factors that effect cost of housing in Libyan government and private sectors.
- 2) To examine the level of satisfaction among the people from these construction projects given by Libyan government and private sectors.

1.4 Research Question

This study will be a positive effort to explore the above objectives. The research questions are:

- 1) What are the requirements of current projects in term of cost to attract Libyan people for Libyan government and private housing schemes?
- 2) What are the factors to bring the satisfaction from Libyan government and private housing schemes?

1.5 Significant of Study

This study is to investigate the factor and problems face by government and private sector, the competition, market segment, government policy, private contactors policy, and other factors like inadequate financial planning and underestimation of cost,

government funding, allocation of land, the quality according to the public expectation will be the main concerns of this study. What will be strategies the government and the private constructor do to avoid any misunderstanding or any unpleasant atmosphere face by government as well as private constructors. What are the facilities government is offering to the public to control the cost and maintain the quality will be discuss in this study.

1.6 Summary

This study is prepared to accomplish certain understanding with the project carried out in Libyan government as well as Libyan private constructions from Libyan local people. The entire chapters have its own value and importance according to the topic, Chapter one is organized to overview the need and the background of the study, the problem statement, objectives and significance of study will be discussed in chapter 2. Literature review will be based on the research question, and objective. The way to collect the data and questionnaire development will be discussed in chapter 3 that is methodology. The statistical analysis and hypothesis testing and other data related problems are specially targeted in chapter 4. Chapter 5 will be discussing the finding, implications, limitation of study and at the end conclusion and future recommendation will be added.

2.0 Introduction

The competition in the private construction has always been high and private construction firms previously obtain high returns for relatively little efforts but now the time has changed and for the better satisfaction and comfort of Libyan people they have to more concentrate on the quality and service. Libyan Government as well as Libyan Private Construction has high aspect to compete each other which can be the performance measure, cost effective measure, effectiveness and efficient measure, competition measure, quality measure, service measures, maintenance after the completion of the project, relatively other problems and difficulties face by both industries will be discussed in this chapter.

According to (Moore 2006) "the project managers that juggle multiple projects reach a limit of usefulness, not to mention what happens if that project manager leaves the business. A good contractor creates a succession plan that will take 8 to 10 years to implement, but when the time comes to implement it, the successor is ready to take over without loss of momentum, allowing the owner to take your leave with sufficient resources to enjoy life after construction. High turnover in accounting department personnel may be attributed to individual challenges, while high turnover in field managers may be qualified to competitors' recruiting methods"

2.1 Time and Cost Aspect of Projects

As according to (Stephen 2001), "The management of large scale projects, the disappointment to achieve the listed achievement date. When projects are planned with the objective of time accomplishment, the initial planning plays a vital role in the successful achievement of project deadlines. Time, cost, and quality are the leading objectives of any project. Achieving the finishing point schedule of a project is measured to be an important objective during the planning stage. And further added by (YueJ 2002), "Construction time performance (CTP) and flexibility in approaches to project time planning have been shown to be considerably associated. This raises appealing questions about how effective planning and control to facilitate flexibility in overcoming unexpected harms may be achieved. Case study data were used to explore links between planning and flexibility. Planning elasticity was investigated using a structure of project team considerate and knowledge transfer to provide a model that contributes to an understanding of mechanisms and drivers that delivers flexible behavior that may affect CTP. It is concluded that both ability, supported by organizational and team competence and commitment to explore construction method options in a flexible manner, i.e. responding to unanticipated problems, are necessary to facilitate good construction time performance.

2.2 Comparing from Planning Perspective

"The review also draws out some of the external constraints affecting the delivery of new housing. In the South East United Kingdom, for example, more than 40,000 homes with planning permission are being delayed by infrastructure shortcomings. The agencies accountable for transport and social communications come under attack for

their focus on maintaining existing services rather than planning for growth" (Winkley 2003).

In another Campaign to Protect Rural England head of planning Henry Oliver says that the report raises concerns. "The figure of 145,000 extra homes a year is unrealistic and would lead to a demoralizing loss of countryside," he argues. Oliver insists that Barker is mistaken to propose that local authorities' lack of sanctions and incentives somehow hampers housing supply. He says that councils can and do play a major role in identifying housing sites. But since central government took its direct provision role away, local government has had no role in creating homes. This view is echoed by Liberal Democrat shadow minister Edward Davey, who says that with the Commons effectively rubber-stamping the Planning and Compulsory Purchase Bill just 24 hours earlier, the Treasury review is "effectively calling for different planning reforms" (Winkley 2003).

2.3 Promotions, Discounts and Rebates to attract the Buyer

According to Morrissey (2006), discussing the topic on the nation's home builders struggle with big inventories, a surge in cancellations and a pullback in demand, many are aggressively offering discounts in high-profile promotion campaigns aimed at getting a dwindling number of home buyers into their sales centers. He further added that to attract the public you should be give some complementary promotion or rebates to meet the competition in the construction. He further added that Hovnanian Treasurer Kevin Hake says that "the company's sales managers are always monitoring the competition and making adjustments depending on market conditions. While he said he couldn't comment on South Fork in particular, he says the company has been under

competitive pressure to offer incentives in the same construction Area (Morrissey ,2006)

2.4 History of Libyan construction

Growth in Libyan industrial capacity began in force only after 1969. The construction industry has played a prominent role in economic expansion, as one would expect in a country chiefly devoid of road and rail network before the mid-1960s. The construction industry got its start as a result of foreign oil company investment during the 1960s, but since 1969 it has grown in agreement with the government construction projects called for in the successive five-year plans (Libya Manufacturing & Construction, 1987).

In 1975 the government began to reorder the construction industry to make it more efficient. At that occasion, there were about 2,000 contractors, a lot of them small proprietorships or partnerships. The minister of housing was given the authority to merge contracting firms into a smaller number of larger firms capable of carrying out large building projects. Firms with capital in excess of LD (Libyan Dinar) 30,000 were converted into corporation, and the greater part shares were sold to the public or the government. Previously, the government had set up several state-owned construction companies to build factories and to carry out civil engineering projects. Among the firms were the National Industrial Contracting Company, the General Corporation for the Construction and Maintenance of Roads, and the General Corporation for Civil Works (Libya Manufacturing and Construction, 1987).

2.4.1 Libyan Construction in a booming Age

The many government-supported construction projects of the 1970s created a booming industry, so much so that by the end of the decade Libya had become the world's top per

capita consumer of cement. This was a significant economic achievement, particularly because the 1978 housing law effectively had eliminated private residential construction. In 1986 construction supplied about 11 percent of GDP, second only to public services in the nonpetroleum sector. The construction industry, on the other hand, was hurt more than any other sector by the severe cutback in the number of foreign workers in Libya in the mid-1980s. Linking mid-1983 and mid-1984, the number of construction human resources dropped from 371,000 to 197,000, mainly because of the leaving of foreign workers. However, construction remains the top employer throughout 1984. The cutbacks in progress spending, together with the overseas worker migration, led to a turn down in overall construction. As an illustration, in 1985 the cement industry, which had been expanded during the construction boom, was competent of producing 6 million tons a year, but home demand had dwindled to only 4.5 million tons (Libya Manufacturing and Construction,1987).

In addition to the construction decline, there has been a rapid decline in one more economic area, that of traditional handicrafts. Rural artisans have taken up more lucrative employment, and utilitarian handmade products have been replaced by factory-made goods. In an effort to provide continuous employment for those artisans who desire to continue their trades, the government has set up several training centers and provided subsidies for raw materials. Most artisan production is purchased by the government for resale or export. The more popular craft items are carpets, pottery, leather goods, fabrics, and copperware (Libya Manufacturing and Construction, 1987).

2.5 Policies Implementation by Government

The term policy can be defined as a program of action adopted by a person, group of people, or government, or the set of principles on which they are based. In other words

it could be said that it is the way how people should react on certain jobs. In term of long run, the parameter to look the project in wide direction is a strategy for the industries as discussed by (Maureen, 2002) “In the long run, market forces and government intervention are instrumental in determining the specific size of each of the housing tenures, the socio-political system that is operation provides the arena, in the shorter term, in which the relationship between the market and policy develops”. And at another level it is about the way in which the location of housing influences access to other things, such as jobs, shops, schools, and sports facilities (Stewart, 1979). The management of housing policy is one of the important tasks which reflects and generate of social inequality. The house which people acquire to live is not just simply a house but for them its home, it is an address, and address are indicators of social position (Peter & Alan, 1994). Housing studies also elaborate range of institutions responsible for the construction, financing and management of housing (Peter & Alan, 1993).

A significant component of housing policy in the twentieth century has necessarily been a response to the stock of dwellings bequeathed by nineteenth century builders. Third, and of greatest relevance in the present context, is the fact that it is not just dwellings but also it is a policy mechanisms and institutional traditions which have been inherited from the past. Among all the factors to be considered are the need for a clear understanding of that problem as a prerequisite for policy, the resistance of vested interests and the nature of the institutions of the state at the time (Peter & Alan, 1994; Peter & Alan, 1993).

The basic aim is to improve the housing policy which helps to enable every house hold to be very affordable housing scheme. As the demand is rising in term of quality which should be suited to the required needs, in a good living environment. While looking all

the other aspect we must not forget the customer has the right to choose. The common rule to be followed is to achieve the affordable accommodation on the basis of lower price and comparatively better quality (Stewart, 1979).

The first strategy is to see the top view and accomplish to maintain an efficient and effective housing market by implementing a multi-standard approach to address housing needs. Associated a detailed strategy which is related to number of other complications and issues. All these interventions and support is only given to the private and public housing platform to market social inclusion and to facilitate appropriate standards of housing provision through the promotion of housing that is sustainable, affordable, energy efficient, architecturally appropriate, uses best available construction technique and is flexible to changing needs over its lifetime. The time is one of the most significant factor which affect the construction project management as you can see in the demographic and societal changing environment which facilities and the easy availability of a wide range of housing options which includes the modern technology and developmental factor in private as well as in the government construction projects (Peter & Alan, 1994).

2.6 Law in development Policies

2.6.1 Legislative Aspect of Polices

As we are going the modern age in the housing legislation modern techniques are coming to enhance the Law to make understand all the Law and enforcement people with the help of high qualified construction engineers. As according to the Act,2004 Two important pieces of housing legislation were passed in 2004. The Residential Tenancies Act 2004, and Housing (Miscellaneous Provisions) Act, 2004.

2.6.2 Residential Tenancies Acts

Residential Tenancies Act 2004 was introduced for huge reform of landlord/Tenant law. The Act, was came under practice in the construction operations on 6 December 2004, provides for important changes to the private rented sector including a four year security of tenure measure, new procedures for the termination of tenancies, provisions relating to rents, the specification of minimum landlord and tenant obligations and the establishment of a statutory body (Residential Tenancies Act 2004) & Housing (Miscellaneous Provisions Act, 2004).

2.6.3 Private Residential Tenancies Board (PRTB)

The functions of Private Residential Tenancies Board include the resolution of disputes coming up in the sector, the operation of a new system of tenancy registration, the carrying out of research and the provision of information and policy advice in relation to the private rented sector. Residential Tenancies Act 2004, and Housing (Miscellaneous Provisions) Act, 2004.

2.6.4 Miscellaneous Provisions or Housing Act

The bill was passed at the end of 2004 to enable the lending institutions to provide mortgage finance to affordable housing beneficiaries. This the policy that can change those ways for direct sale and distribution channels by developers of affordable housing under Part V arrangements Miscellaneous Provisions Act, 2004. Both of these measures are considered important to the delivery of affordable housing Residential, (Tenancies Act 2004) & Housing (Miscellaneous Provisions Act, 2004).

2.6.5 Rental Accommodation Scheme in Libyan construction industry

As these properties are being implemented and due to these local authorities will, over a four-year period, progressively and for the welfare of allowance rent supplement

recipients should produce for eighteen month in advance in order to continuous duration with a long term housing need. The main objective is to fellow the new scheme under the reference of good quality rented accommodation for eligible persons, a reduction in long authorities in meeting long-term housing needs. (Residential Tenancies Act, 2004).

2.6 Libyan Action Plans for Social and Affordable Housing

There are new arrangement are going on for the planning and development of all the cities in term of social and affordable housing programmed. With the initiation of five-year action plans for social and affordable housing. That will help the foreign contractor as well as local contractors to come and participate in the development of infrastructure. These strategies are implemented to give a regular and incorporated approach to the deliverance of housing schemes. The plans are an important new planning tool, providing a practical implementation to the social and affordable housing segment of Libyan local authority Housing. Strategies. Over here the aim is to ensure that investment achieves the desired effect in the long-run by understanding the real need people and for housing need in coming 20 years (Residential Tenancies Act, 2004).

2.7.1 Public Private Partnerships

There are Partnerships among the public and government sector which help the government and the local people to initiate and integrate the policies .The department are made to actively encourage the use of Public Private Partnership arrangements to bring forward integrated housing developments of private, social and affordable housing units. These arrangements also help to finance project and lend money form government for the sake to people. and as an important part of the affordable housing Initiative under the sustaining Progress agreement and the new rental accommodation

scheme. It really help the people to buy and sell their property and then they can comparative shift to he better and newer one (Boelhouwer, 1991)

2.7.2 Development in Housing Policies

As we are moving toward the modern age which is influenced by advanced technology, high tech machinery and other computer automated tools the things are getting more easier and before it was hard to design the difficult task in construction but now it is no more a difficult task. Evidence suggests that there have been four major stages in the development of housing policy in Britain since the World War although, from time to time, different stages overlapped (Boelhouwer, 1991). As mentioned by (Jamie, 2006) the during the last decade has given a lot of rise to a wealth of literature on the ethical point of view of British Foreign policy. Irrespective of all now the focus is only on few narrow aspects which are based on particular policy actions (Jamie, 2006)

2.8 The Objectives of Housing Policy

The objectives of the housing Policy varies from task to task as there is no simple answer to the question that what are the objectives of housing policy? The prime objective to distinguish the underlying reason for state intervention in housing from the ends and means of particular individuals or groups such as political parties. Society is seen as having a temperament towards equilibrium, so that events or circumstances that are managing or destabilizing stimulate a response to restore the health of the social system. In the case of state housing policy, functional theories explain intervention in terms of the need to eliminate dysfunctional feature of industrial society, such as unhealthy and overcrowded dwellings. On the other hand, Marxist theory based on the notion of class domination and conflict suggests that phenomena such as housing policy

should be seen as the product of class struggle. Here the state is not seen as a benevolent agent of welfare improvement for all but as an arena for class struggle. In general the struggle is result oriented in most of the state policies which gives the interest of the dominant class, but the subordinate class may win occasional battles and wrest certain concessions to its interests.

The main objective of the housing policy is to facilitate and provide every household an affordable accommodation of good quality in terms suited to its needs, in a good living environment and as far as possible at the tenure of its choice.

2.9 Economic Perspective of Construction Industry

The Libyan economic environments have not given the industry the opportunity to develop and play a significant leading role in economic and development processes. Nevertheless, the strengths of the industry lie in its educated and experienced staff, the construction industry (CI) is seen as a profitable business, and because demand for construction will flourish in the coming decades. Thus, opportunity to develop the LCI does exist. According to the latest research conducted by M Grifa taken in one of the cities in Tripoli it concerned with the Libyan construction industry (LCI), which has not been investigated before. Despite the strong obligation of the state to control the CI in accordance with formal construction standards, informality is one of the key features of its operations. The informal sector has a key role in production processes and the delivery of construction materials and labor. In addition, Libya is a country which suffers from keen shortages in water supplies, and yet the current operations of the LCI are cement based and designed around mixing methods on construction sites in which water is a significant issue in terms of quantity, quality and management. On the other hand, without improving management capability of the LCI, the industry will not be capable to cope with prospective challenges, and no significant advance can be prepared in its

operations. Furthermore, the implications of the study's findings and recommendations for expected research are suggested, including the water issue and the informal construction industry in Libya (M Grifa, 2006)

2.9.1 Policies for financial support

The services which provide housing is responsible number of virtually all delivered through the organizational strategies. These services, for which the organizations provides the governmental basis and, as appropriate, financial support, As referenced in the Department of the Environment, Heritage & Local Government. By An Roinn Comhshaoil, Oidherachta Agus rialtats Attiuil. include:

1. Provision, maintenance, and management of local authority housing and traveller accommodation,
2. Delivery of accommodation services for homeless people,
3. Support for the provision of social housing projects by voluntary housing bodies under the Capital Assistance and Rental Subsidy schemes,
4. Improvement works to privately owned houses in lieu of local authority housing,
5. Shared ownership,
6. Affordable housing,
7. Sale of local authority houses to tenants.
8. Loans for house purchase and improvement,
9. Low cost housing sites,
10. Mortgage allowance scheme for tenants surrendering local authority or rental subsidy accommodation and purchasing or building a house for their own occupation,
11. Enforcement of rent books, standards and registration of rented houses regulations,

12. Disabled persons grants,
13. Rental accommodation scheme and
14. Essential repairs grants.

The government and private policy making units provides a limited range of services directly to the public, mainly in relation to private housing, as in he Department of the Environment, Heritage & Local Government. By An Roinn Comhshaoil, Oidherachta Agus rialtats Attiuil. Follows:

1. Grants towards the renovation and repair of thatched roofs, and
2. Certification for the purposes of the urban renewal scheme.

2.10 Comparison between Libyan Government and Private Construction Schemes

There is a difference between the private constructions the fact is that is more expensive and in term of quality it is far more better then the government. Libya has a very big covered land and for that reason the necessity of the people is to develop big and better competence in the houses as well as in the housing society. One of the competition which government is facing is people want to pay more to buy better quality houses for the better living. The government has an important role to play in this transition, especially in light of the industry. The Libya building industry benefits from the economic development and the inflow of foreign resources and is regarded as a very talented market. It is growing rapidly, and numerous projects in the field of road construction, house building and the construction of office premises are planned. The construction industries combine to make research and development complicated. The

state governments play a major role. In contrast to the dissemination of construction markets in western countries and the recent shrinkage of most Libyan economics and which is a major sector in the Libyan economy. The construction industry has a soaring political and social profile, as a result of its key role in providing housing, its impact on the environment and its part as a major employer. As discussed by (Wills, 2006). Government is pushing housing growth; it is also providing a clear momentum towards improved environmental standards in new homes. Progress is being made in the planning policy arena and in developers' attitudes.

If you see the over all development is tends to push in a long run by an impatient government or the private sector. Neither planning policy nor developers are ready. The attitude to be visible which appears to be a minority view among house builders and consumer demand that has not yet developed. The government needs to close the gap between growth and sustainable development policies. But it will take time for a framework to develop that would ensure that the sustainable communities plan delivers (Wills, 2006).

2.11 The Market Segmentation of Libyan construction Industry

In this Market of construction industry is very crucial and analyzed in terms of five sectors:

- 1) House building.
- 2) Infrastructure.
- 3) Industrial construction.
- 4) Commercial construction.
- 5) Building materials.

An impression examination of the whole industry is also included. By value, the most significant sector is commercial work, followed by house building (excluding repair and maintenance), whereas the infrastructure and industrial sectors are far smaller. Between them, commercial construction and house building (excluding repair and maintenance) account for around 45% of total construction industry output. Details of output are given for sub sectors in each main type of work, i.e.: house building (private and public); infrastructure (roads; water; gas, air and communications; railways; sewerage; electricity; and harbors); industrial construction (factories, warehouses, and oil, steel and coal); and commercial construction (offices, schools and colleges, universities, entertainment, health, garages, shops, agriculture and miscellaneous), (Wills, 2006).

2.12 The requirement of construction projects in Libya

The aim of this study is to develop a cost index to serve as a price indicator for the Libyan construction industry. The private and government industry should be focusing on design, methodology and approach with in the industry to attract the local residents. The development for building index in this study will be based on the modification to better suit the Libyan construction market. Originality this study has the potential to introduce the use of construction cost index and to put these into practice. This should help aid contractors and other construction parties operating in Libya with a sufficient tool for pricing and estimation of projects. *Libya Structure of society (1987)*.

2.13 Government Policies on Housing

Libyan government was not habitual to give these type of opportunies to the local people but since few year the government is not only give loans to build the housing on leasing through house building loans for those who have land and wanted to build.

Accordingly the government policy is changing and the demand on private housing is rising .The is reason government is giving 60.000 housings which has already started construction in the starting of 2006. And along with that the government is giving a rebate to foreign companies to invest in Libyan infrastructure. The government is giving a wide opportunities for international companies to invest in Libyan infrastructure major share hold of companies are coming form countries like America, Koera , Italy ,Holland, UAE, China ,Tunisia ,Germany and many other countries are invited to come and contribute in the development of Libya. There are many reason why government in inviting all the international companies the reason is all these local Libyan construction company are not professional like these companies which are coming form these developed countries. *Libya Structure of society.*

2.14 The Local attraction in housing scheme in Libya.

The recent trend in diplomatic relations with Libya, coinciding with changes in property ownership laws, has seen a number of foreign developers enter negotiations with Colonel Mouammar Gadaffy's government over tourism and housing schemes. But the new market is not without risk, the concept of property ownership is relatively new, the associated laws are constantly changing, and obtaining a visa can still be difficult. A taster for what is to come is the planned development at Tripole City. It is also giving chances to neighboring countries to enter in the Libyan construction market such as Tunisia. Following the first non-oil-related contract between the Libyan government and a foreign firm since the diplomatic thaw, Italian property company Gruppo Norman will start work in 2007 on a holiday resorts with 1,770 hotel rooms and 50 villas available to buy outright. It seems a positive step in the construction age of Libyan development. *Libya Structure of society.*

2.2 Factor that Affect Cost of Houses

There has been number of factors which could affect the prices of housing some of them are given below in the chat. This study will be a attempt to contribute in that portion where the customer could identify key dimension used by customer to make housing choices, and showing how these dimension are perceived in the making choices for houses. There process by which house buyer sees the cost and different tenure and socioeconomic status of houses.

No	Factor Affecting Cost of Housing
1	Age of Houses
2	Bus Service
3	Construction quality
4	Nearness of friends
5	Amount of living space
6	Backgrounds of neighbor
7	Nearby parks
8	Property Taxes
9	Neighborhood shopping quality
10	Quality of schools near to houses
11	Nearness of shopping areas from housing
12	Safety from crime
13	Amount of storage space
14	Traffic noise
15	Property Values
16	Nearness of work place
17	Yard size

Source : Jon B Freiden & Douglas S Bible, (1986)

As the way of living has a magnificant difference between owners and renters. Many of the differences involved owners were more likely than renters one of the core reason could be they use their house with more care (Spear, et al., 1976). There will many other reasons when the dimension of property taxes was paired with other dimensions, it influence the buying power. There are lot of people who are really concerned about property taxes . As discussed by Brown (1994), that housing choices are affected by socioeconomic characteristics of home buyers.

2.3 Satisfaction among People about Libyan Houses

Where as the satisfaction is concern several implication which pertain to the marketing of homes. The people could be satisfied by the facilities available to them added features to their homes which would help insure safety from crime, such as security gates or guards, improved streeel lighting, cleanness and other relevant matters. New residential development should be located in low-crime areas or areas that have high-quality police protection can be one of the reason to affect the satisfaction of Libyan People. Then the buyer look at the construction quality aspects which promoting the housing society. If construction quality is judged as the basis of exterior coverings (e.g., Brick versus plywood veneer), interior finishings (e.g. solid versus hollow core doors), or insulation level (e.g., R-values), houses marketers should communicate these factors to prospective buyers. Other influencing thing like public transportation (e.g., bus service) also influence the satisfaction level.. The cost of housing is accordingly benchmarked and pointed by buyer, weather this house is better in this price or not (Jon B Freiden & Douglas S Bible, 1986).