

# BTI 2016 | Libya Country Report

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This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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**Key Indicators**

Population	M	6.3	HDI	0.784	GDP p.c., PPP \$	15590.8
Pop. growth <sup>1</sup>	% p.a.	-0.1	HDI rank of 187	55	Gini Index	-
Life expectancy	years	75.4	UN Education Index	0.698	Poverty <sup>3</sup>	% -
Urban population	%	78.4	Gender inequality <sup>2</sup>	0.215	Aid per capita \$	20.7

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

## Executive Summary

Libya has been in the throes of a civil war since the launch of the 17 February 2011 revolution which overthrew Colonel Muammar al-Qadhafi after 42 years in power. In 2014, however, shifts in the configuration of power established two new alliances. “Operation Dignity” is generally held to represent the anti-Islamist camp, though such one-sided descriptions do not hold true in the Libya of our days. Located in the western town of Tobruk, it is supported by the national army under the leadership of General Khalifa Haftar; its House of Representatives (HoR) is the succeeding parliament of the General National Congress (GNC) that had been tasked to elaborate Libya’s new constitution, and enjoys wide recognition by the international community als Libya’s democratically elected authority.

The opposing bloc is that of “Libya Dawn”, the Islamist camp located in the northwestern town of Tripoli. Its General National Congress (GNC), elected in August 2014, claims legitimacy as extension of the previous GNC as well. Most of its members belong to the Libyan Muslim Brotherhood, and local alliances include the Misratan-led alliance, Jihadists of regional and international linkages as well as former rebels (thuwwar) who opposed the Qadhafi regime. It is militarily supported by the Libya Revolutionaries Operations Room (LROR) and the Central Shield. Turkey, Sudan and Qatar are believed to be among its logistical and financial supporters.

Torn between these two camps, Libya has undergone an unprecedented process of state collapse and violent disintegration. According to UNSMIL, between late August and early October 2014, ongoing fighting in the western region resulted in a power vacuum and a humanitarian crisis with “at least 120,000 people forced to flee their homes” as well as “shortages in both food and medical supplies.” The situation appears to be more serious in the eastern region where the escalation of violence in Benghazi has resulted in “450 people killed since October” and over “15,000 families” and “90,000 people” displaced. The rise of the “Islamic State” (IS) has further worsened the situation in many parts of the country, which developed after its hopeful start in 2011 into a nightmarish disaster. The abundance of oil, Libya’s natural wealth, is reason for grievance among

the various tribes and militias; however, due to the devastating security situation, Libya's output went down from 1.6 million barrels per day before 2011 to 380,000 barrels per day now. Combined with the rapidly fallen global oil price and the overall destruction of facilities and infrastructure, the Libyan economy is in a devastating state as well, and as oil is also used for electricity production, power cuts have become a frequent phenomenon all over the country.

## History and Characteristics of Transformation

The ongoing civil war finds its origin in a number of challenges to nation and state formation rooted in Libya's past. Common denominators in Libya's historical narrative(s) in the twentieth century include the following: regionalism, ethnic and tribal diversity, competition over natural resources (primarily oil) as well as regional and international influence. Tensions among those interconnected factors have resulted in the creation of volatile coalitions of interest and prevented a successful democratic transformation from taking place.

The more recent history of Libya features four decades of turbulence, starting with the coup d'état of the Free Officers under the direction of Qadhafi against King Idris on 1 September 1969 and ending with Qadhafi's death on 20 October 2011. The 1969 coup brought about a reorientation of Libyan nationalism – heavily influenced by resistance to colonialism – within an Arab and African context. Qadhafi's version of Libyan nationalism, however, failed to create a nation and damaged whatever beginnings of statehood there were. Based on the Egyptian Nasserite constitutional model, the Arab Socialist Union was established in 1971 as Libya's sole political party. It was replaced from 1975 on by a vertically organized system of "direct democracy," based on elected executive people's committees responsible to legislative people's congresses at the national, regional and local levels. This system, elaborated by Qadhafi's (in)famous "Green Book," was grounded in resolutions passed by "the masses" ("Jamahir" in Arabic). Thus, in Libya, the state was referred to as the "Jamahiriyya," or "state of the masses" (though this was often translated as "republic").

Libya is mainly desert (only 5% of the territory is fit for cultivation), without rivers and other interconnections between regions. This geographic limitation exacerbated Qadhafi's failure to create a nation: regional identities superseding allegiance to a unified national identity. In addition, the population is composed of diverse ethnic and tribal groups. Not all Libyans are Arab, even though this was the discourse of Qadhafi's government. In Cyrenaica, the population is mostly Arab with strong cultural and societal affinities to Egypt. However, in Tripolitania, the population is a mix of Berbers and Arabs, and prior to 1967, Jews. According to Chia-Lin Pan, the people of Libya are of nomadic Berber origin since pre-historic times but the Arab conquests of Libya during the 5th and 7th centuries resulted in "extensive admixtures of Arab and Berber stock." Libya today contains around 140 tribes and Arab-Berbers account for 90% of the population. In Tripolitania, there are eight tribes belonging to Banu Hilal and Banu Sulayman. In Cyrenaica, there are two branches of the Banu Hilal tribe. In Fezzan, there are Tebou and Touareg tribes, and Berbers

inhabit the Nafusa Mountains in western Libya. Tebu and Touareg tribes are currently divided between the Tobruk camp and the Tripoli camp; clashes were repeatedly reported throughout December 2014 and January 2015.

A third set of tensions are spawned by regional and international actors. This was particularly clear around November 2014 when the Supreme Court declared the House of Representatives (HoR) unconstitutional. Egypt stated its continued support for the HoR. The United States, Canada and six EU states declined to take a clear position. In October 2014, Egyptian airstrikes against Islamist forces in Benghazi were reported, though these reports were denied by the Egyptian government. HoR member Tariq al-Garrouchi alleged that the planes were Egyptian and the pilots Libyan. In November 2014, car bombs exploded outside Egyptian and UAE embassies because of reports that the two countries were conducting airstrikes in Libya. In September 2014, a United Nations-sponsored Libyan political dialogue started in Ghadamis. On 27 January 2015, the dialogue concluded in Geneva without clear outcomes. The U.N. Special Representative of the Secretary General for Libya, Bernardino Leon, emphasized the positive spirit of the dialogue but warned that quick results must not be expected.

A fourth set of tensions relate to the rise of the Islamist insurgency as well as the proliferation of arms. During the revolution, 30,000 combatants fought the forces of Muammar Qadhafi. Today, there are around 250,000 armed fighters in Libya. This expansion is the result of enormous payments made in 2011 by the National Transitional Council Chairman Mustafa Abduljalil. These payments essentially put huge numbers of combatants on the government's payroll. However, because these combatants remained divided along regional and tribal lines, these payments actually created incentives to extend, rather than contain, the conflict. The Islamist insurgency is considered to be responsible for the 11 September 2012 attack on the United States' diplomatic mission in Benghazi and the killing of Ambassador Christopher Stevens as well as the April 2013 car bomb that destroyed half of the French embassy in Tripoli. Local as well as transnational linkages of the insurgency to Mali, "Islamic State" (IS) and al-Qaeda have been alleged. The Libyan Islamic Fighting Group (LIFG), established in 1995 by Libyans who fought against the Soviet forces in Afghanistan, is now part of the Libya Shield Force allied with the Libya Dawn camp, as reported by the Guardian in September 2011.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

Given the fragmentation within Libya and uncertain local, regional and international alliances, a state monopoly on the use of force which covers the entire territory is impossible. The ongoing civil war and sharp polarization between Islamist and anti-Islamist coalitions, which are not homogenous monoliths but rather alliances based on economic, political, ideological and even territorial interests, have put this monopoly into a state of continuous contestation. The territorial divisions between the eastern (Cyrenaica) and western (Tripolitania) regions of Libya are far from absolute; there are divisions of power within each territory, and monopoly of force within each area is challenged. This challenge has also extended to the southern regions. The second division is related to the question of legitimacy, which is contested at the local as well as regional and international levels, from where each side of the conflict receives support. The ongoing battles of power and legitimacy continue to manifest themselves in expanded violence on the ground. The third contestation is over control of oil resources, which is essential to leveraging as well as sustaining power and territory. According to Richard Mallinson, an analyst with Energy Aspects, the conflict in Libya underwent a dangerous turn in autumn 2014 once control of oil became central to the battle: “There seemed to be an unwritten agreement that Dignity and Libya Dawn would not impinge on oil facilities, and would carry on the fighting with minimum disruption,” he said. “It now appears they have reached a new goal to actually take oil facilities by force,” as reported by Rebecca Murray. Fighting over Es Sider and Ras Lanuf oil ports has severely reduced Libya’s output to 380,000 barrels per day compared with 1.6 million barrels per day before the 2011 war.

Since the toppling of Qadhafi in 2011, two interdependent processes related to citizenship and identity were launched: state building and nation building – with hopes fastened on the “democratic process” as the main conduit through which both processes would be realized, as Sherine El Taraboulsi put it. With the ongoing

Question  
Score

Monopoly on the  
use of force

1

State identity

2

fighting, both processes have fallen in disarray. The idea of a unified Libya is contested by the different sides of the conflict: the Islamist camp, the anti-Islamist camp, the federalists (under Ibrahim Jathran, the leader of the Petroleum Facilities Guards) and the secessionists (such as branches of the Berber (Amazigh) movement that has started to call for an independent state). In Ubari, a desert region located at the southern borders of Libya, at the intersection of Algeria, Niger and Chad, a battle continues to unfold between the indigenous tribes, the Touareg and the Tebu. The fight is essentially over identity and who is more “Libyan” and has more legitimacy to the natural resources. Many Touareg fighters were aligned with Qadhafi while the Tebu, in general, were against him. Both sides have strong linkages to tribes outside the borders of Libya and both have interests in controlling the rich Sharara oil fields (a partnership between Libya’s national oil company and the Spanish company Repsol). The Touareg are currently aligned with the Libya Dawn camp in the western region and the Tebu are aligned with Operation Dignity.

Islam has been historically central to Libyan identity. It was through asserting Islamic identity and forging an alliance with the Berbers that the Arabs secured control of Libya. With invasions of Banu Hilal and Banu Sulayman in the 11th century, a process of Arabization was launched and consolidated the spread of Islam in the region. Later, the Ottomans ruled Libya, not as Turkish colonizers but primarily as “Muslim caliphs,” this was the source of their power and capacity to control the land.

The sway of the Islamic faith still holds true today. The 2011 interim Constitutional Declaration holds that Islam is the state religion and Shariah is the principal source for lawmaking. In this majority Sunni Muslim country, however, the struggle is not between secular and religious norms, instead it is a fight between extremist ideologies of Islam and more mainstream ones. Operation Dignity does not represent a secular camp; it is Muslim but not Islamist. At a deeper level, the fight is over power, legitimacy and territory. Faith-related discourses are used to provide legitimacy. In Benghazi, the power struggle between Operation Dignity and the Islamist militias of the Shura Council of Benghazi Revolutionaries (SCBR) continues and both sides are incriminated in what amounts to war crimes. A report released by Amnesty International called for targeted United Nations sanctions and the International Criminal Court (ICC) to intervene to end “rampant abductions, torture, summary killings and other abuses by rival forces in Libya.” The abuses have been frequent since the launch of Operation Dignity on 16 May 2014 and are carried out by forces loyal to General Khalifa Haftar’s Operation Dignity as well as by the SCBR. The SCBR is composed of members of Ansar al-Shariah and former anti-Qadhafi rebels. In Tripoli, extremist Islamist groups compromise the authority of the Tripoli government even as Libya Dawn itself is composed of Islamist groups (moderate and extreme). On 27 January 2015, a militant group attacked the Corinthia Hotel in Tripoli; a statement issued by the Tripoli Province of the Islamic State (affiliated with IS) claimed responsibility for the attack.

No interference of religious dogmas

3

Administrative structures are falling apart as the cycle of violence continues. According to the IMF, in 2014, Libya consumed \$27 billion of its reserves, which forewarns of a fiscal crisis. During the period under review, wages continued to be paid to militias and functionaries, but it is uncertain whether or not those wages will continue to be paid in 2015. Some students who were given government scholarships to study in the West have reported that they have not received the usual installments for their education.

Basic  
administration

1

There is little international presence in Libya today. Since the outbreak of the civil war in 2014, most foreign governments have pulled their diplomats out of the capital. On 5 January 2015, a warplane aligned with Operation Dignity bombed a Greek-operated oil tanker off the eastern port of Derna, killing two crewmen. The vessel had been chartered by the NOC state oil company. This act illustrates the devolving control of national companies over resources and the dismemberment of institutions as the fighting escalates. The divided authority of the Central Bank of Libya is another case in point. Its Tripoli-based, deposed governor Sadik Kabir has refused to release funds to the House of Representatives (HoR). The \$60 billion state sovereign wealth fund, the Libyan Investment Authority, has its office in Libya Dawn-controlled Tripoli, while its management committee reports to the HoR in Tobruk.

The hundreds of thousand internally displaced persons have little access to schools, food, water or shelter. The hardest hit areas include Benghazi and Derna in the east, Tripoli in the west and the southwestern town of Obari. Here, public administration has almost completely vanished.

## 2 | Political Participation

A key party that remains relatively out of the current polarization between Operation Dignity in the east and Libya Dawn in the west is the Constitutional Drafting Assembly (CDA) headed by Ali Tarhuni. The process of putting together the CDA, however, was not a complete success. Elections for the constitutional assembly were held on 20 February 2014 and, according to a report by the Carter Center, the elections “were soundly administered but failed to achieve the desired inclusiveness to have a truly representative body.” Due to the uncertain security situation as well as political divisions, 13 posts in the 60-member CDA remained unelected, which affected particularly the Berber (Amazigh), Touareg, and Tebu communities who held only one instead of six seats; also, one of the six seats reserved for women remained empty.

Free and fair  
elections

4

On 25 June 2014, the election of the House of Representatives (HoR) took place in an uncertain climate of violence. Candidates ran as independents and not as representatives of political parties. According to the High National Election Commission (HNEC), 1,734 candidates competed for 200 seats. The HoR’s mandate,

in accordance with Amendment 7 to the Constitutional Declaration of 3 August 2011 (passed on 11 March 2014), was to replace the General National Congress (GNC) as an interim legislative authority and to issue the new constitution. Voter turnout was 18% (630,000 persons), compared to a 60% (3 million person) turnout for the first post-Qadhafi elections in 2012. In addition, less than half of the eligible voters even registered to cast their ballots. This low turnout has compromised the legitimacy of the HoR. During the elections, Derna was not included in the voting because of threats of violence and several other polling stations did not operate. Human rights activist Salwa Bughaighis was killed following her return home from voting. The Supreme Court, however, has annulled the process that led to the election of the HoR in November 2014. Under the current circumstances of heightened polarization, the likelihood of holding another round of free and fair elections is very unlikely.

The Supreme Court's decision to annul the process that led to the 25 June 2014 elections has landed the country in a crisis with two elected parliamentary bodies: the New General National Congress based in Tripoli (under Nouri Abusahmain as president and Omar al-Hasi as prime minister of the National Salvation Government) and Abdullah al-Thani's government and its parliament in Tobruk. Both argue for their legitimacy to govern and both claim a particular territory, while seeking to extend control to include the entire country. The mushrooming militias within the three main regions of the country constitute the veto players that are able to undermine the governing capacity of either of the two elected powers. In Tripoli, for instance, the recent attack on the Corinthia Hotel has demonstrated how Islamist terrorist groups can compromise the control of the New General National Congress representing the Islamist camp in the western part of the country.

The instability on the ground, including the power vacuum, are preventing the completion of important projects meant to put Libya on a path towards democratization. Laws on freedom of association have yet to be adopted. A draft law was presented by Libya's National Transitional Council in 2012. However, due to the country's instability, the draft has never been completed. This leaves Libya's civil society sector without a clear legal framework. Nevertheless, civic and political groups continue to operate, within very tense circumstances, to address urgent humanitarian needs. Nevertheless, these civic and political groups, with the exception of the CDA, continue to be affected and driven by the ongoing polarization in Libya.

As a result of the critical security situation and the failure to sustain momentum on the constitutional drafting process, freedom of expression has come under attack in Libya. Recent court sentences as well as violence have severely curtailed the freedom of expression that was partly won after the 17 February 2011 revolution. Abductions and assassinations of reporters and bloggers have been reported, as, for example, was the case of Tawfiq Bensaud, who was assassinated in Benghazi in September 2014. According to Reporters without Borders, at least 93 journalists were targeted in the first nine months of 2014. Reporters without Borders recently expressed outrage at a

Effective power to govern

1

Association / assembly rights

4

Freedom of expression

6



Tripoli court sentence that ruled against Amara Abdallah al-Khitabi, the editor of the privately-owned newspaper al-Umma, in absentia and sentenced him to five years in prison, in addition to fining him 250,000 dinars in damages for allegedly defaming judicial officials by publishing a list of judges accused of corruption. Regarding existing laws on freedom of expression, the General National Congress passed an amendment to the Qadhafi-era criminal code (particularly amending article 195), but no guarantees for freedom of expression were provided. In 2012, what Human Rights Watch called a “draconian law” was passed that “bans insults against the people of Libya or its institutions.” This law also prohibits “criticism of the country’s 2011 revolution and glorification of the deposed former leader Muammar Gaddafi.”

### 3 | Rule of Law

The separation of powers has become considerably opaque. The political divisions between the two camps, Libya Dawn and Operation Dignity, each not recognizing the other and both vying for legitimacy and territorial control, have severely damaged systems of checks and balances. The court order that annulled the election process of the House of Representatives in 2014 is acknowledged by the government in Tripoli but is not endorsed by the government in Tobruk, which still enjoys substantial international endorsement, especially by its neighbor Egypt. It is worth mentioning that the court order is suspected of having been made under pressure from militias in Tripoli.

Separation of  
powers  
2

The judiciary in Libya faces a number of challenges: institutional dysfunctions, security threats, a lack of legitimacy and a general failure of communication among key actors. The situation has been exacerbated by the mushrooming of militias across the country (fueled by the power vacuum). Under Qadhafi, the independence of judges was formally guaranteed by the Great Green Charter of Human Rights in the Jamahiriyan Era, however, this was not the case in practice and there were several violations. According to a report by the International Legal Assistance Consortium (ILAC), there are around 8,000 people currently detained in Libya without charges or representation. Court cases are generally delayed because security measures are not provided for judges. In addition, the judiciary struggles to argue for its own legitimacy because it still includes many members of Qadhafi’s regime. The ILAC report relates how an interlocutor at the ministry of justice described the situation saying: “How can the same judges suspected of misbehaviour during the Gaddafi regime sit in judgement of alleged Gaddafi supporters?”

Independent  
judiciary  
2

The current political instability and prevalence of violence have resulted in impunity for officeholders who break the law. In 2013, the National Oil Corporation refused to release a report on its oil deals, leaving much room for suspicion about its activities. In the same year, the government under the leadership of the then prime minister, Ali Zeidan, was accused of corruption by the Petroleum Facilities Guards units in

Prosecution of  
office abuse  
2

Cyrenaica. Suspicions regarding illicit and unannounced negotiations were also levied when Ibrahim Judran offered brides to officials in the government of the General National Congress (GNC) and then exposed it at a press conference on 23 September 2013. As reported by Foreign Policy, afterwards, investigations were launched but no serious prosecution took place amidst public skepticism of the GNC's transparency. A number of other corruption scandals emerged in 2014 without clear indications of a path forward; these were mostly related to Qadhafi-era dealings with the West. In January 2014, the Libya Investment Authority (LIA) filed a lawsuit against Goldman Sachs Group saying it made about \$350 million selling LIA worthless derivatives. Goldman Sachs denied the charges.

Civil rights have been extremely compromised, both on the individual and collective levels.

Civil rights

1

Massive violence has resulted in the mass displacement of Libyans from their homes. Some Libyans have been displaced four or five times since mid-2014. In January 2015, the U.N. High Commissioner for Refugees (UNHCR) estimated that 400,000 people have been displaced across Libya as a result of the fighting. These persons enjoy no protection of the civil rights whatsoever, particularly the citizens of Benghazi and Derna in the east, Tripoli in the west and Obari in the southwestern part of the country. The Benghazi Local Council, as reported by UNHCR on 16 January 2015, has estimated that around 90,000 people have been pushed out of their homes. A report released by Amnesty International called for targeted United Nations sanctions and the International Criminal Court to intervene to end "rampant abductions, torture, summary killings and other abuses by rival forces in Libya." The abuses have been recurring since the launch of Operation Dignity on 16 May 2014 and carried out both by forces loyal to General Khalifa Haftar's Operation Dignity as well as by the Shura Council of Benghazi Revolutionaries (SCBR). The SCBR is composed of members of Ansar al-Shariah and former anti-Qadhafi rebels. In Tripoli, extremist Islamist groups compromise the authority of the Tripoli government even as Libya Dawn itself is composed of – partly extreme – Islamist groups.

#### 4 | Stability of Democratic Institutions

There are several challenges facing the performance of democratic institutions: security threats, lack of an institutional infrastructure, territorial and political polarization. In September 2014, to escape the conflict, the House of Representatives (HoR) had its headquarters in the Elyros, a Greek car ferry docked in Tobruk. The HoR continues to work under difficult circumstances. Achieving national reconciliation is yet to be achieved, especially as different groups continue to hold conflicting visions for Libya. There are several trends divided across tribes and regions: secessionist, federalist, democratic, Islamist and non-Islamist. The election of the Constitutional Drafting Assembly (CDA) in 2014 provides an example of those

Performance of  
democratic  
institutions

2

challenges. In addition to technical hurdles, it was boycotted by the Berber (Amazigh), Touareg and Tebu communities, which undermined the legitimacy of the CDA. According to a 2014 Carter Center report on the process, this was a failure of political institutions in Libya to render themselves relevant as well as a failure to address “the concerns of the Amazigh and Tebu communities” prior to election day.

One can argue that, with the exception of radical Islamist groups like Ansar al-Shariah and the Islamic State, a commitment to a democratic process remains and the Constitutional Drafting Assembly (CDA) appears to be the only entity that transcends the polarization between the Libya Dawn and Operation Dignity camps. However, the CDA elections were boycotted by the Berber (Amazigh), Touareg and Tebu, so it does not have their buy-in. Other institutions seem to have lost their relevance to particular groups and to varying degrees. Democratic institutions born after 2011 now suffer from the polarization. One example of this is the Basic Freedoms and Human Rights Council (BFHRC) which was established by the General National Congress (GNC) by Law 5 of 2012 with the mission to investigate human rights complaints. Institutions that were established by the GNC have not been endorsed by House of Representatives (HoR) in the eastern regions of Libya, which makes the nationwide fulfillment of BFHRC’s mandate impossible. In addition, it remains unclear how much legitimacy and authority the HoR has over other institutions in the eastern region of Libya. The general perception in eastern Libya today seems to be that the militias have expanded to a point where it has become difficult for any entity to control them.

The other dimension that compromises commitment to democratic institutions is affiliation with the Qadhafi regime. The vetting process is still on-going (for instance within the judiciary) but until that is completed some institutions will not have credibility within the public space.

## 5 | Political and Social Integration

Dozens of political parties, banned under Qadhafi, were formed in the run-up to the July 2012 General National Congress (GNC) elections, with 21 of them winning seats. The National Forces Alliance (NFA), under the leadership of Mahmoud Jibril, won close to 50% of the vote, but this was translated into only 39 of the 200 parliamentary seats. The runner up was the Justice and Construction Party, affiliated with the Muslim Brotherhood, which won more than 10% of the vote, receiving 17 seats. Smaller parties gained three seats or fewer and 120 seats were filled by independent candidates.

The political representation of the Libyan people has been adversely affected by the current divisions and the presence of two camps: Libya Dawn in Tripoli aligned with the new GNC, and Operation Dignity aligned with the House of Representatives

Commitment to  
democratic  
institutions

2

Party system

3

(HoR). At present, the political polarization has reduced the existence, as well as relevance, of many parties to only two camps: the new GNC in the west, and the HoR in the east.

The period following 2011 witnessed the re-emergence of a vibrant civil society which had been suppressed for 42 years under Qadhafi. At present, CSOs continue to be present but with an emphasis on humanitarian aid and addressing the immediate needs of the people as violence escalates in different regions of the country. The reality of CSOs on the ground today is as fragmented as the political situation. While there is an effort to form alliances and to cooperate, their role is mostly reactive to the immediate needs in the country. That said, organizations run by Libyans outside of Libya such as “Lawyers for Justice in Libya,” based in London, continue to play a significant role in reaching out to CSOs in different parts of Libya and engaging them in addressing the crisis, as many Libyans have fled the country. “Lawyers for Justice in Libya,” for instance, has been participating in ICC proceedings on Saif al-Islam Qadhafi.

It is important to recognize also the key role played by CSOs during the General National Congress (GNC) and House of Representatives (HoR) elections. According to a report by the International Legal Assistance Consortium (ILAC), the draft law on transitional justice was also circulated among various CSOs. A number of organizations have, in addition, documented human rights violations during and post-Qadhafi.

Citizens’ approval of democratic norms has been diminished by their need for stability and an end to the violence. In spite of several successful elections that took place since 2011, little stability has resulted and the deterioration of the economy has become sharper than ever.

This decline in embracing democratic norms was predicted in a survey conducted in 2012. Conducted by the University of Benghazi and Oxford University, out of the 2,000 people polled in Libya, only 15% supported the implementation of a democratic system in 2013. Around 40% backed strong leadership by one person and 16% stated that they were prepared to resort to violence in order to reach political goals.

There is growing skepticism of the role institutions play in maintaining law and order, essential to a democratic system. For instance, the clashes that took place at the Tripoli airport in August 2014 were conducted by two militias that were on the ministry of defense’s payroll.

A decline in voter participation is also clear. Voter turnout in the 2012 General National Congress elections which was 60%, but only 18% in the 2014 House of Representatives elections.

Interest groups  
4

Approval of  
democracy  
n/a

Self-organization and trust are perceptible at the community level, but not at the national level and there is a very sharp sense of fragmentation. The two camps dominating the scene today are divided by geographic location, ideological leanings, political representation, militia representation, strategic alliances (local, regional and international) and funding sources. Each camp, nevertheless, is far from a monolith. Instead, each camp is heavily textured to represent a shifting and variegated set of economic, political and ideological interests. There are some civic groups, such as scout teams and youth groups, that are trying to transcend this fragmentation. In general, however, it is the power of the militias that seems to be trusted.

Social capital  
1

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Question  
Score

Libya has the largest oil reserves in Africa, nonetheless, the Libyan economy has experienced a serious decline over the last two years because of the political unrest as well as fighting over control of the oil fields. Homes in Tripoli and Benghazi faced extensive power losses in 2014, particularly as the fighting in Warshefana escalated. In addition, the ongoing instability has prevented the collection of high quality statistics on the economy.

Socioeconomic  
barriers  
3

The economic decline has been ubiquitous, affecting everyone. It has most adversely, however, affected formerly excluded groups such as youth and women (Libya has a history of social inequality, youth unemployment, gender and regional disparities). While education was compulsory and free, according to 2014 World Bank data, the literacy rate in Libya reached 89.9%, with rates higher for men (96.1%) than for women (83.7%). This illustrates that there remains a gender gap in education even though education was provided to everyone under Qadhafi.

Economically, the eastern region was always less privileged than the western part of the country. Under Qadhafi, Tripoli was the financial center and few projects were undertaken to create a solid economic infrastructure in the oil rich eastern region of the country.

According to the World Bank, fights at the oil terminals in mid-2013 have sharply reduced oil production causing a decline in the GDP by close to 10% in 2013. The 2015 Index on Economic Freedom has presented no figures for Libya, but estimates a five-year compound annual growth of -6%. In its last ranking (2012), Libya came in last in the Middle East with a score of 35.9.

The government's current account has dropped into the negative territory. Regarding the 2014 budget, it is yet to be determined and no progress has been made with two entities claiming to be the legitimate authority of Libya.

Economic indicators		2005	2010	2013	2014
GDP	\$ M	47334.7	74773.4	65509.6	<b>41119.1</b>
GDP growth	%	11.9	5.0	-13.6	<b>-24.0</b>
Inflation (CPI)	%	2.7	2.8	2.6	-
Unemployment	%	19.8	18.8	19.6	-
Foreign direct investment	% of GDP	2.2	2.4	1.1	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	14945.0	16800.7	-108.1	-
Public debt	% of GDP	2.5	1.6	3.3	<b>39.3</b>
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	11.3	-	-	-
Public expnd. on education	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	1.7	2.1	3.0	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.5	-	-	<b>8.0</b>

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

## 7 | Organization of the Market and Competition

Under the Qadhafi regime, the private sector was tightly controlled and market-based competition was relatively rare. However, since 2011, the government has been taking steps to encourage investment by foreign companies. Nevertheless, due to the political instability and fact that a majority of the Libyan population still works in the public sector, it will take time for market-based competition to take root.

Market-based  
competition  
2

According to the African Economic Outlook 2012 report, Libya's business environment has been "consistently poor" with underdeveloped financial markets. The informal sector was estimated at 30% of the economy in 2010. The situation worsened in 2014, according to the African Economic Outlook 2014, with Libya sending over 85% of its remittances to Egypt. In addition, based on information provided by the Libyan ministry of economy, the oil blockades cost the Libyan economy over \$10 billion in 2013. According to the 2015 Index of Economic Freedom, the overarching presence of state-owned enterprises has created a fragmented economy and political unrest curtails investment. Diversification and the scope of the financial sector are very much underdeveloped. On investment freedom, Libya has a score of less than 10 out of 100 (100 is the best score) in the "Investment Freedom" category. The business environment generally lacks transparency and efficiency. As the Heritage Foundation writes: "In the 2014 budget, the government committed to subsidy reform by January 2015, starting with the conversion of goods and fuel subsidies into cash subsidies." However, the current polarization will not allow this to happen.

Due to the political instability and outbreak of militia violence, prevention of economic monopolies has become a challenge, especially as laws are frozen or unenforced. In 2010, a new trademark law was introduced in Libya. According to International Law Office, the Libyan Trademarks Office (LTMO) resumed its operations in June 2013 and issued its first Official Gazette since civil unrest broke out two years earlier. This may be an indication that the 2010 law is still in effect. How and whether the law is implemented is yet to be determined.

Anti-monopoly  
policy  
3

In the period following the 2011 revolution, trade freedom was high in Libya. Nevertheless, recent violence and political instabilities have enabled attacks on important foreign investments. On 5 January 2015, for example, a warplane, aligned with Operation Dignity, bombed a Greek-operated oil tanker, suspected of smuggling oil, off the eastern port of Derna, killing two crewmen. According to the Athens-based Aegean Shipping Enterprises Co, the vessel had been chartered by the NOC state oil company. This act illustrates the devolving control of national companies over resources and the dismemberment of institutions as the fighting escalates. Airports and seaports, if not completely destroyed, have come under the control of rebel groups, so that no nationwide trade policy is enacted any more. These trends

Liberalization of  
foreign trade  
4

notwithstanding, the 2015 Index of Economic Freedom ranks Libya at position 80, “mostly free.” Libya does have a 0% average tariff rate. Libya had also applied for WTO membership in 2004, but negotiations never started.

Libya’s banking system and capital market are poorly differentiated, and both have been affected by the political turmoil. Under Qadhafi, Libya had around 16 banks, but these had few links to the global banking system. Today, the central bank owns four of the major banks that dominate the banking sector.

Banking system  
4

In January 2014, the economy minister announced that Libya would transform its banking and economic system to comply fully with Islamic law, banning interest payments. He did not, however, provide details on how this would be implemented. According to Salah Makhzoum, deputy head of the General National Congress (GNC), this was part of a growing international trend as more and more states turned to Islamic law following banking crises in the United States and Europe. This plan has not been implemented and the election of the House of Representatives (HoR) divided the country into two camps. As such, the authority of the Central Bank of Libya is also currently divided between the Islamist coalition/camp in the west and the anti-Islamist camp in the west. Its Tripoli-based, deposed governor Sadik Kabir refused to release funds to the HoR. The Libyan Investment Authority has its office in Libya Dawn-controlled Tripoli, while its management committee reports to the HoR in Tobruk. This division of allegiance has resulted in an institutional division. Before the firing of Kabir in October 2014, the Central Bank had issued a statement: “The Central Bank of Libya represents the last line of defense of Libyan institutions, and it is crucial that it remains intact for its pivotal role during these turbulent times,” as reported by Mohamed Eljahr in Foreign Policy.

## 8 | Currency and Price Stability

Inflation rates have been quite volatile since the 2011 revolution and the current political instability has rendered it difficult to control and predict 2015 inflation and exchange rates. The Central Bank of Libya is responsible for issuing the Libyan currency and maintaining its stability in Libya and abroad as well as for both regulating and supervising the foreign exchange market. The Central Bank’s policy was pegging the Libyan dinar (LD) to the U.S. dollar or to the IMF’s SDR (Special Drawing Rights), which led to the LD being overvalued internationally. Currently, the LD is equal to \$1.738.

Anti-inflation /  
forex policy  
4

According to the Libyan Statistics and Census Bureau, the highly volatile inflation rate stood at 2.4% in September 2014, after having peaked at 29.60% in September 2011. The 2004 to 2014 average inflation rate has been recorded with 4.98%. The oil sector continued to be the main foreign exchange provider.



The current situation with two polarized governments erodes macroeconomic stability for Libya. According to a 2013 IMF report, in the absence of an integrated fiscal policy for Libya, macroeconomic stability becomes difficult especially in a hydrocarbon dependent country. After 2011, the National Transitional Council (NTC) and General National Congress (GNC) embarked on investing resources in development projects without taking into account sustainability and absorptive capacities. Other challenges to macroeconomic stability include the infrastructure gap which hinders the free flow of rapid economic expansion, the high dependency on hydrocarbon earnings, and the dysfunctional communication between the Ministry of Finance and other ministries within the government. Without a comprehensive and integral fiscal policy that is ingrained within the system, macroeconomic stability is not possible. According to the CIA World Factbook, Libya's external debt in 2013 was at \$6.319 billion compared to \$5.278 billion in 2012. Its public debt was 4.8% of GDP in 2013 compared to 4.1% in 2012.

Macrostability  
4

## 9 | Private Property

Property rights in Libya are not protected nor are they defined clearly in law. Qadhafi's law 4 of 1978, declaring that "the house is the property of the one who lives in," is yet to be cancelled and/or replaced. Nevertheless, seizing property by force is illegal in Libya today.

Property rights  
2

Law 4 also prevents anyone from building a house in addition to his or her own. This has deprived many people of their right to own and sell property. The law allows people to use force and own land, homes and even cars. The land belongs to the person who seized it. Around 80,000 families lost their property under this law, according to Chaker Mohamed Dakhil, president of the Association of Owners Affected by the Rule of a Tyrant. In 2004, changes were made to allow foreigners to lease property from private citizens. Rights to land ownership were only extended to foreign companies under that updated law. For local citizens, meanwhile, these amendments did not bring any relevant changes in terms of property rights.

Post-Qadhafi Libya suffers from a legal vacuum. Few laws have been passed and Qadhafi's law 4 is still officially in force.

Qadhafi's socialist policies nationalized everything and all business sectors were heavily dominated by the state. As such, Libya does not have a long history of privatization, but after 2005, Qadhafi started adopting a privatization policy and embarked on a process of privatizing many state-owned companies. The Libyan Privatization and Investment Authority privatized 24 companies in 2009. This was a means to open up to foreign investors, which had not been possible before then. From the mid-1980s until early 2000, Libya was faced with U.S. import and export restrictions as well as United Nations-imposed sanctions.

Private enterprise  
4

The fighting since 2011 has destroyed many private enterprise assets and, hence, has tremendously hampered economic activity. In 2013, however, the government launched a process to estimate the value and performance of nine companies, which included the Misrata-based Libyan Iron and Steel Company (LISCO), with an annual capacity during normal times of 1.6 million tons. Based on assessments, the plan was to determine whether or not those companies would benefit from privatization. Further steps have not yet been undertaken.

## 10 | Welfare Regime

Social safety nets have fallen apart in the period after 2011. With the existence of two parallel governments and a civil war, basic necessities are not fully available to the public and the only social safety nets that remain are the family, community and tribe.

Social safety nets

1

According to the World Health Organization, health facilities have been experiencing serious shortages in staff and medicines, especially in Benghazi, Tripoli and Misrata. In July 2014, the main medical warehouse in Benghazi was destroyed in the conflict and many hospitals were shut down due to instabilities in the security situation. Universities and schools have been disrupted since 2011. In 2015, Hisham Matar quoted a teacher from Benghazi stating that “every single educational facility I have ever taught at is now either bombed, burned, or destroyed.”

In 2014, the United Nations warned of an impending humanitarian crisis in Libya. The U.N. High Commissioner for Refugees (UNHCR) warned that the ongoing fighting had forced up to 100,000 people to leave their homes. Some 55,000 residents from the western city of Benghazi are now considered internally displaced persons by the UNHCR. According to U.N. spokesperson Adrian Edwards: “In all, we estimate that more than 393,420 people have become internally displaced in Libya since violence escalated in May. They are scattered across 35 towns and cities and are in dire need of shelter, health care, food, water and other basic commodities.” The WHO estimated in 2015 that 2.5 million people (more than one-third of the total population of around 6 million) were in need of urgent assistance.

Current political and ideological divisions have curtailed equality of opportunity in Libya. Access to opportunities is contingent upon use of force, geographic location and affiliation with one of the two political camps. The situation of women in Libya is a case in point. Educational empowerment for women has failed to create equality of opportunities for women in the workplace. Recent figures suggest that only 20% of Libyan women are involved in civic or political activities. Of Libya’s working women, 73% choose careers in education or medicine, according to “Women for Democratic Transformation” (WDT), a Tripoli-based network that encourages prospective female politicians.

Equal opportunity

3

## 11 | Economic Performance

Libya witnessed a sharp economic decline between 2013 and 2015 due to political instability. GDP was \$74,200 million in 2013 (\$21,046 per capita, PPP), but GDP growth landed in the negative at -9.4%, according to the 2015 Index of Economic Freedom. Inflation was at 2.6%, and unemployment at 9.0%. The current account balance was negative with -\$108 million in 2013. Statistics on Foreign Direct Investments are not available, but investment freedom and climate must be perceived as extremely repressed. According to Forbes, trade balance was at 3.8% in 2013. Tax burden was at 123, which means substantial deterioration. However, all data from Libya must be perceived with a great degree of suspicion, given the unstable circumstances and the lack of sound on-the-ground statistical offices.

Output strength  
2

## 12 | Sustainability

There has been no announced overall strategy nor are there particular incentives for environmentally sound consumption. The Environmental General Authority was established in accordance with resolution No. 263 for the Islamic year 1429 (2008). Recent U.N. projects have sought to collaborate with the Environmental General Authority in order to develop a unified policy to implement environmental regulations, but these efforts have been delayed because of the civil war.

Environmental  
policy  
3

Leaked diplomatic cables from 2008 hinted at specific environmental concerns regarding Libya's vast oil and gas industries, spoiling land, polluting water and mishandling toxic wastes and naturally occurring radioactive materials. Ecologically disastrous exploitation methods have certainly not improved during the current political fights and clashes.

The problem with the education system in Libya has not been its availability but rather its quality and capacity to prepare graduates for the local and international labor markets. In the period preceding the revolution, there were around 5 million foreign workers in the country. Public expenditure on education was below average among MENA countries with only 4% of GDP.

Education policy /  
R&D  
3

Public education in Libya is free, and primary education is compulsory. Basic education covers grades 1 through 9 and includes primary school (grades 1 through 6) and preparatory school (grades 7 through 9). Since the 1980s, Libya's New Educational Structure provided the policy framework for education. It allowed students to enroll in vocational and technical centers if they performed below expectation at school. However, other reforms isolated the Libyan educational system from the world. The removal of the English language, for instance, from the curricula

in the 1980s prevented Libyan graduates from having means of communication with the outside world.

There are 17 universities and more than a hundred technical and vocational institutions operating in Libya. The majority of students, roughly 90% according to the British Council, are enrolled in public universities that are straining to meet the demand. Government scholarships have been available to Libyan students and, while detailed statistics are not available, estimates put the current number of government-funded students abroad as high as 20,000; these students are studying in, among others, the United Kingdom, the United States, Canada, Egypt and Malaysia. However, payments occur only very erratically, due to the messy political situation back home.

UNESCO determined that since the revolution in 2011, Libya's education system has been facing immense challenges and is in need of serious reforms. The two new ministries of Education and of Higher Education and Scientific Research prepared a half-year strategy (December 2011 to June 2012) for the most urgent short-term objectives: repairing schools damaged in 2011, re-accommodating displaced children in schools in their home region, and reviewing curricula and textbooks.

In 2011, a revision and rewriting of national curricula was undertaken under the leadership of Mohammed Sawi, Director of the National Curriculum Reform Office, who was based in Tripoli. The plan was to remove Qadhafi's influence from school and university curricula, especially the teaching of the "Green Book" which was considered a fixture of the Libyan educational system. Collaboration and linkages with international institutions such as the British Council were underway but their progress has been hampered by the current unrest.

With the ongoing political instabilities, the capacity of those institutions to function and communicate with one another has been completely impeded. The campus of the University of Benghazi was destroyed in the conflict in 2014.

## Transformation Management

### I. Level of Difficulty

The current political leadership is fragmented into alliances that are based on territorial, political and ideological interests. The ongoing battle between the Libya Dawn and Operation Dignity camps has diffused the political leadership. The other serious challenge is that each of these political camps administers, and is supported by, its own militias and/or military. Some of those militias were put on the government payroll in 2011 by the National Transitional Council (NTC) and continue to be funded. The civilian population has resorted to arms in order to survive in these circumstances. According to an Amnesty International report from October 2014, it is the “law of the gun” that rules Libya today. It reported that between July and October 2014, at least 287,000 people have been internally displaced as a result of politically-motivated attacks. UNHCR had reported that another 100,000 have been forced to flee the country. Fearing for their lives, journalists, civil society activists and human rights defenders have fled as well.

Structural  
constraints  
10

Other structural constraints are embedded in historical as well as geographic limitations. Libya’s institutional history has been fragmented and Qadhafi’s years consistently sought to weaken whatever structures were in place. The brain drain has always been centripetal and the return of educated Libyans to their homeland continues to be impeded. According to ICEF Monitor, government scholarships were available to Libyan students for decades and estimates put the current number of government-funded students abroad as high as 20,000, mostly to the United Kingdom, the United States, Canada, Egypt, and Malaysia. Under the current instabilities, funding these students can no longer be guaranteed and delays in the payment of tuition fees have been reported.

Traditions of civil society in the period preceding Qadhafi were relatively strong with a key role played by scout clubs, associations and waqf (Islamic charitable trusts). During Qadhafi’s rule, civil society’s presence was severely controlled by the state. However, social capital and the central role of the family remained strong. The emergence of foundations and associations was meant to support the image of Qadhafi’s regime in the region and beyond. Non-profit organizations established by the regime readily incorporated the term “human rights” in their mission statement even as the 1996 massacre of Abu Salim prison remained unresolved. Qadhafi also

Civil society  
traditions  
8

started calling for Jihad to liberate oppressed people of the world and particularly those in Palestine. The Jihad Fund was established to support the armed struggle for liberation.

Saif al-Islam's emergence came hand in hand with the establishment of the Gaddafi International Foundation for Charitable Associations (GIFCA), a foundation that was primarily funded by the state and under its umbrella, many other civil society organizations were born. In 2009, Saif al-Islam also established a human rights organization that spun off GIFCA called the Arab Alliance for Democracy, Development and Human Rights with a mandate that consisted of "tracking human rights abuses in the Middle East;" Saif al-Islam served as its chairman.

In the period following the 2011 revolution, a perceptible emergence of different forms of citizen mobilization took place, which later started developing into more structured civil society organizations. For example, around 250 new organizations were established in the period during and immediately after the revolution in the east, those numbers increased further one year after the revolution. The main focus of those organizations was initially humanitarian aid to provide food and shelter as well as medical aid during the war against Qadhafi's forces, but those organizations later explored ways to their shift strategy towards a more sustainable presence. At the moment, organizations such as the Libyan Women Forum and the Citizenship Forum for Democracy and Human Development are seeking to gain momentum despite the instability. A perceptible role is beginning to be played by Libyan organizations outside Libya such as Lawyers for Justice in Libya, which is based in London. The Red Crescent has one school in Libya and is trying to meet the needs of students whose education was disrupted because of the violence.

Media has a very important role to play in raising funds as well as awareness; radio stations are particularly popular. In the east, there are many radio stations, in areas that have a population as small as 1,000 people. Hisham Matar reports, however, that the "violence has killed off the local media that flourished after the overthrow of Qaddafi" and that local publications in Benghazi "have disappeared, and all foreign human-rights groups have had to leave the country."

Libya has been in the throes of a civil war since the launch of the 17 February 2011 revolution which overthrew, after 42 years in power, Colonel Muammar Qadhafi. In 2014, however, shifts in the configuration of power established new alliances. Two distinct camps can be distinguished from one another based on the following: geographic location, ideological leanings, political representation, militia representation, strategic alliances (local, regional and international) and funding sources. Each camp, nevertheless, is far from a monolith. Instead, each camp is heavily textured to represent a shifting and variegated set of economic, political and ideological interests.

Conflict intensity

10

The first camp is that of Operation Dignity. Located in Tobruk, a port city on Libya's eastern Mediterranean coast and close to the Egyptian border, it is generally held to represent the anti-Islamist camp. Its opposition to the Islamists, however, is more tied to political, economic and territorial interests than to ideological bearings. Its "ideological commonality," according to Jason Pack, is "its opposition to the Political Isolation Law and desire to continue market-driven economic policies as pursued in the latter Gaddafi years." It is politically represented by the House of Representatives (HoR) which took power in August 2014 to replace the General National Congress (GNC) following an election on 25 June 2014. It is supported by the Libyan National Army under the leadership of General Khalifa Haftar. Its local alliances include the government-funded Zintan brigades and the federalists under the command of Ibrahim Jathran, leader of the Petroleum Facilities Guards. Its main ally in the region is Egypt, with support coming directly from the Egyptian president and former minister of defense, Abdel Fattah al-Sisi. The HoR was internationally recognized as Libya's democratically elected authority but a court ruling in November 2014 declared it unconstitutional.

The opposing bloc is that of Libya Dawn. Located in Tripoli, northwestern Libya, it is generally held to represent the Islamist camp. Its political representation is the new General National Congress (GNC) under the leadership of Omar al-Hasi, who was elected in August 2014. The new GNC's claim to legitimacy is that it represents an extension of the previous GNC, which was elected in July 2012 to replace the National Transitional Council and draft a democratic constitution. When the 18-month deadline it set for itself passed, elections for the HoR were held. The new GNC is mainly composed of members of the Libyan Muslim Brotherhood and its Justice and Construction Party. Its local alliances include the following: the Misratan-led alliance, Jihadists of regional and international linkages as well as former rebels (thuwwar) who opposed the Qadhafi regime. The new GNC is endorsed by the Grand Mufti of Libya, Sheikh Sadiq al-Ghariani. It is militarily supported by the Libya Revolutionaries Operations Room (LROR) and the Central Shield. Its regional allies, and funding sources, include Turkey, Sudan and Qatar.

In November 2014, UNHCR reported that in Benghazi alone, around 56,500 people fled the city within the span of a few weeks. Those included around 2,500 internally displaced people from Tawergha. In addition, local crisis groups in the southeast related that 11,280 people escaped the conflict in Ubari. Layers of displacement continue to escalate, which –compounded with food, medical, electricity and fuel shortages – hark of a humanitarian crisis underway.

## II. Management Performance

### 14 | Steering Capability

Government priorities are clearly articulated but fail to be implemented. In May 2014, for instance, Ahmed Mitig, elected General National Congress (GNC) premier, located in the west, announced the following priorities: building military and security institutions, strengthening the judiciary, national reconciliation, providing work opportunities and addressing problems with public service provision. In October 2014, the government in the east announced the following priorities: security and decentralization. In spite of the existence of two similar agendas with an emphasis on security, implementation under the current fragmentation and mushrooming of militias has become challenging. Interestingly, Ansar al-Shariah forces are working to set up a police force and Islamist court system in Benghazi. If true, this would challenge the governments both in the east and the west of Libya. Until the fighting stops, stability is restored and one identifiable authority wins legitimacy in Libya and abroad, political and strategic priorities will continue to exist only on paper.

With the current polarization and political instability manifested in Libya and in modes of regional and international engagement, implementation of policies has become very difficult except in very rare instances. In 2013, for instance, 1,000 new officers graduated from the police academy in Tripoli. Achievements on the security and development fronts, however, receded in 2014 because of the civil war and the outbreak of assassinations. In August 2014, a number of policemen were assassinated in Tripoli as the fighting between Libya Dawn and the anti-Islamist Zintan brigades raged over control of Tripoli International Airport. Libya Dawn later secured control of the airport and Tripoli.

In addition to the existence of two political camps, the cost of the civil war has amounted to a humanitarian crisis. UNHCR spokesperson Adrian Edwards stated in November 2014 that “more than 393,420 people have become internally displaced in Libya since violence escalated in May. They are scattered across 35 towns and cities and are in dire need of shelter, health care, food, water and other basic commodities.”

Since 2011, Libyan authorities have made considerable efforts to learn from other countries, particularly from the EU as well as from successful experiences of transition within the Arab region (i.e., Tunisia). Libya has no Association Agreement with the EU. However, EU programs have invested €130 million in Libya with a focus on the following: public administration, security, democratic transition, civil society, health, vocational training and education. In May 2013, the EU Border

Question  
Score

Prioritization  
3

Implementation  
1

Policy learning  
5



Assistance Mission in Libya launched its mission to support the Libyan authorities in controlling its borders. In addition, initiatives were launched by a number of regional as well as international think tanks and civil society organizations that focused on knowledge exchange (i.e., lessons learned within transitioning Arab countries). This includes the Program on Arab Reform and Democracy at the Center on Democracy, Development, and the Rule of Law at Stanford University, which held a number of conferences to facilitate an exchange between Egypt, Tunisia and Libya. The Foundation for the Future held a number of symposiums and discussions to promote exchange until it terminated its activities in October 2014.

## 15 | Resource Efficiency

After 2011, the Libyan government sought to expand its human, financial and organizational resources by developing linkages and partnerships with regional and international partners as well as by attracting educated and successful Libyans who had fled the country under Qadhafi to come and invest in their homeland. Nevertheless, it mismanaged its financial resources by resorting to the dispensing of handouts (in a fashion similar to the Qadhafi regime) and failed to address key concerns about corruption.

Economic planning was almost impossible, given the erratic development of GDP growth. According to the World Bank, the country's GDP more than doubled (+104.5%) in 2012, after a sharp decline the year before (-62.1%); GDP again contracted in 2013 by -10.9%.

Unemployment was high at 19.5% in 2012 and can be seen as reason for the National Transitional Council's decision in 2011 to fund militias. This decision, however, is one of main causes of the spread of arms and the current crisis. Instead of investing resources in disarmament, it indirectly expanded the violence on the ground. Government funding of militias made it an attractive and lucrative job for many disenfranchised youth. This situation has recently been compounded by on-going polarization and political divisions.

On developing partnerships, in 2014, the African Development Bank, for instance, approved a Country Reengagement Note (from 2014 to 2016) allowing the bank to reengage with Libya. It launched the Libya Africa Engagement Portfolio (LAP) which focused on human resources. According to LAP officials, in 2013, four interns were sent to Tunisia for six months to train in different fields such as agriculture and infrastructure. They also engaged with the African Legal Support Facility.

Efficient use of  
assets

2

Since 2011, the government had a number of challenges that thwarted the development of a collective vision and policy. First, dislodging the old regime from various institutions such as the education system and bureaucracy. Second, establishing new constituencies that would solidify state and nation-building efforts within a highly unstable security situation. Third, addressing the accumulated historical baggage of regionalism, tribalism, and ethnic conflict between the Berber (Amazigh), Tebu and Touareg, and Arab Libyans (each of which was vying for its own interests in the new Libya). In addition, there emerged an Islamist camp, which sought political control. At present, the two parallel governments have diffused any hopes of a coherent national policy. As a result, conflicting objectives have often been resolved not through diplomatic efforts, but through militias on the ground. These militias have been funded by that very same government. According to Saad al-Arily, a veteran Libyan economist, in 2012 the government spent the equivalent of nearly \$1 billion on militias. He also estimated that each militiaman gets a salary ranging from \$400 to \$2,300 a month. This has made it a very lucrative job for many disenfranchised youth.

Policy  
coordination  
1

Corruption has long been rampant in Libya, especially under Qadhafi. Governments since the 2011 revolution have not been successful in developing policies or establishing institutions that effectively contain corruption. According to Borzou Daragahi, Libya has an anti-corruption commission which boasts 200 employees and an annual budget of \$20 million, but it is not perceived as effective and no impact has been recorded. Corruption remains rampant in many sectors, including the justice, health and oil sectors. This has intensified as a result of the political instability and expansion of militias.

Anti-corruption  
policy  
1

Corruption allegations have been tied to the political divisions after 2011 and particularly to the oil industry. In 2013, Prime Minister Ali Zeidan was accused of corruption by the federalist movement, led by an ex-revolutionary commander and former head of Cyrenaica's Oil Facilities Guard, Ibrahim Jathran. He accused the central government of corruption and refused to open the oil terminals until a proper investigation was conducted.

There have also been attempts by civil society organizations, including youth groups and H2O, to counter corruption. However, their impact remains limited.

## 16 | Consensus-Building

Not all political actors agree on a democratic system for Libya. Those that do endorse democracy, do not necessarily endorse the same path to it. The current conflict in Libya is a battle for legitimacy: two elected bodies are vying for political control but both are using violence and militias, rather than diplomacy, to get there. Islamist political actors support a democratic system insofar as it allows the implementation

Consensus on goals  
3

of Shariah, but certainly not a liberal democracy in the modern sense. IS-affiliated groups, for instance, took control of Derna in November 2014, and they, along with Ansar al-Shariah, reject the concept of democracy altogether. According to Human Rights Watch (HRW), the Islamic Youth Shura Council carried out three apparent summary executions and at least ten public floggings. Three beheadings of Derna residents are also documented by HRW. The Islamist General National Congress (GNC) government in Tripoli has distanced itself from extremist Islamist groups in the east but has done nothing to stop their presence in Tripoli. The January 2015 attack on the Corinthia Hotel in Tripoli is an example of how Islamist extremist groups are challenging the Islamist government in the country's west. How that conflict unfolds has yet to be determined. Overall, the democracy agenda has been engulfed by the security agenda.

In a country that is highly dependent on oil revenues, without an infrastructure for democracy and with militias fighting for control of resources and territory, consensus on a market economy seems to be quite weak. In addition, Libya has a history of providing handouts to its people instead of building sustainable infrastructure for a diversified economy. The government after 2011 has followed a similar paradigm.

Throughout 2012, the reformist voice in Libya was audible and there were hopes that it would be institutionalized and manifest into policymaking. The handover of power from the National Transitional Council (NTC) to the General National Congress (GNC) was perceived as a beginning when democracy could take root. However, a history of anti-democratic actors during the Qadhafi era (e.g., the Revolutionary Command Council, which was unelected, and Qadhafi's security chief) and the spread of violence have circumscribed reformist voices. Under Qadhafi, political parties were banned in 1972 under the Prohibition of Party Politics Act.

Anti-democratic  
actors

2

According to Human Rights Watch, in 2013 the government acknowledged that about 8,000 people are held in detention across Libya; yet, the military or the Interior and Justice ministries have control over only ca. 5,600 detainees; thousands are being held by militias. Government efforts to control this have not been successful and the election of the House of Representatives (HoR) following by its annulment by the Supreme Court has landed Libya in a crisis of conflicting legitimacies. Reform without the presence of one elected authority is difficult. There is much skepticism among Libyans, especially in the eastern region, about whether either of the elected parliaments (the new GNC or the HoR) are even capable of reining in the militias.

Libya has been in the throes of a civil war since the launch of the 17 February 2011 revolution which overthrew Colonel Muammar al-Qadhafi after 42 years in power. In 2013 and 2014, new alliances established themselves in the form of two opposing political camps (with two competing parliaments). The first camp, Operation Dignity, represents the anti-Islamist camp and the second camp, Libya Dawn, represents the Islamists. While some analysts emphasize their ideological differences, it seems to

Cleavage /  
conflict  
management

1

be more accurate to distinguish them from one another based on geographic location, ideological leanings, political representation, militia representation, strategic alliances and funding sources.

Conflict management has been a challenge because of the absence of impartial parties that can bring the two warring sides to the negotiation table. The Constitution Drafting Committee has managed to maintain a degree of impartiality but does not have the tools or resources to end the conflict. International interventions have also faltered. A meeting in Geneva, headed by Bernardino León, did not achieve any substantive results. Furthermore, delegates at this meeting were perceived as not having actual decision-making power to stop the bloodshed.

After 2011, the political leadership did make an effort to actively integrate civil society into state and nation building efforts. However, when the political leadership became fragmented in 2014, so did these efforts. At the moment, civil society organizations function only at a very local level.

Civil society  
participation  
4

The role of civil society was brought to the center with the rise of citizen activism and the emergence of a number of associations in the eastern and western parts of the country. This was followed by the formulation of coalitions that networked these associations within and beyond regions. Some even ventured to call it a civil society revolution. A number of organizations stood out, including the “La lil-tamdid” (“No to extension”) movement, “Citizenship Forum for Democracy and Human Development” and the “Libyan Women Forum.” The social and cultural role that has been played by those actors cannot be underestimated.

The positive role played by non-state actors, however, started to fall apart between 2011 and 2014. In spite of a promising start and with successful elections (the General National Congress, GNC, in 2012 and the House of Representatives in 2014), three years after the toppling of Qadhafi’s regime, Libya seems to have reached a deadlock. The prime obstacles for successful state and nation building are the deficient infrastructure (in terms of interconnectedness) and insufficient institutionalization, fragmentation and the numerous unaffiliated political actors. The various calls for federalism, made for instance in Benghazi, make this very clear.

“The mushrooming of militias, now with over 200,000 members, each with its allegiance to a tribe or region further continues to complicate already existing fragmentation,” writes Sherine El Taraboulsi. A number of closely interlinked non-state actors have stood out since 2011: militias and armed groups (combatants from the 2011 revolution and others who emerged later as the security situation deteriorated), tribal confederations, civil society organizations (formal and informal) and religious groups (such as Ansar al-Shariah and the Muslim Brotherhood). These actors seem to hold the fate of Libya’s future and have the capacity to jeopardize state and nation building efforts. The violence which erupted in Tripoli in November 2013

is an example of the risks posed by these actors. Militias (non-state armed groups) from Misrata started shooting protestors in Tripoli who peacefully demanded the withdrawal of militias in order to achieve peace. Media reported the killing of 40 and wounding of 400. While the GNC and government remained widely inactive, local councils and civil society groups intervened to bring the violence to an end.

Reconciliation has not been achieved in Libya. The political leadership has not been successful in achieving transitional justice and reconciliation. This is partly due to political divisions that visibly emerged on the scene after 2011 between the revolutionaries and the old regime, and later between the Islamist and anti-Islamist camps. This failure at reconciliation is also due to a lack of institutional capacity to respond to a situation characterized by extreme polarization and accumulated differences.

Reconciliation  
4

The Political Isolation Law (PIL) (no.13/2013) passed by the General National Congress further increased instability and heightened existing differences. In addition, the baggage from Qadhafi era atrocities remains heavy; for instance, the 1996 Abu Salim prison massacre where, according to estimates, up to 1,200 prisoners were killed. Libyans have yet to understand who was killed in that massacre and how it took place. The situation is made all the more complicated by existing tribal, ethnic and socioeconomic differences.

There were initiatives conducted by UNSMIL and other regional and international actors but with little effect. Conferences have been held, including the recent meeting in Geneva, but with little impact on bringing justice and reconciliation to the people of Libya.

## 17 | International Cooperation

The role of the international community has been generally fragmented in Libya due to shortcomings within the interventions themselves and as a result of the political fragmentation and power struggle with the country. The political leadership was interested in opening up to initiatives and collaborations with external actors but only in a way that enhances its own legitimacy. Current international actors are, however, divided between supporting the government of the new General National Congress (GNC) in the west and the House of Representatives (HoR) in the east. Development projects have been adversely affected by this polarization. Little knowledge about the cultural and social specificities of the country have gone into designing interventions, and collaboration with the government was not integrated within an overall sustainable development strategy.

Effective use of  
support  
3

After 2011, the idea of deploying an international police force to maintain security was rejected by the National Transitional Council's head, Mustafa Abdeljalil.

However, other initiatives by regional partners such as Egypt and Tunisia as well as international partners such as UNSMIL to hold meetings and conferences on reconciliation were carried out and received the support of the government. Partnerships with the EU were also carried out. Until 17 August 2011, the European Commission humanitarian aid department (ECHO) contributed €150,799,072 for humanitarian aid and civil protection amidst the ongoing unrest in Libya. In 2014, the European Commission announced that it would give another €2 million in emergency funding to assist Libyans who were displaced from their homes as a result of the violence.

After 2011, the Libyan government made efforts to dislodge Qadhafi's legacy with the international community and to build new relations based on trust. Nevertheless, with the absence of institutional checks and balances and the rise of corruption, it has not been successful in achieving its target, especially as related to the oil industry. Key institutions within Libya have also fallen apart. Lack of protection for the judiciary has damaged the justice system in both eastern and western regions of the country.

Credibility  
3

With violence increasingly targeted at foreigners and foreign institutions, embassies, the United Nations, the International Committee of the Red Cross (ICRC), and international agencies closed their missions in July 2014. More than 100,000 foreigners living in Libya left the country. The displacement has cut off relations between Libya and the international community except insofar as news of militia attacks are concerned. Hence, from the international community's side, credibility and trust in their Libyan counterparts is currently at a very low level. The international community seems to have no choice, however, but to trust particular actors, especially those that have come into being through democratic elections (as is the case with the House of Representatives). There seems to also be trust in civil society organizations in Libya and even more so, organizations run by Libyans outside of Libya, such as "Lawyers for Justice in Libya."

After 2011, there was a will on the part of the National Transitional Council (NTC) and later the elected General National Congress (GNC) to collaborate with neighboring countries, particularly Egypt and Tunisia. Prime Minister Zeidan paid visits to the African Union and various Arab nations to broker partnerships and discuss future collaboration. In 2014, those collaborations became influenced by new political alliances: Egypt and Tunisia supports the House of Representatives (HoR) in the east, while Qatar and Turkey support the new GNC in the west. In 2014, Algeria launched a dialogue initiative to find a peaceful solution for the conflict but without concrete results.

Regional  
cooperation  
4

In the period following the ouster of Qadhafi, while visits were made by Libyan officials to neighboring countries such as Tunisia, Egypt and Algeria, political instability and divisions were directly affecting those relations. Members of

Qadhafi's family, for instance, had sought refuge in Egypt. Ahmed Qadhaf al-Dam, who had been Tripoli's special envoy to Cairo and escaped to Egypt after the 2011 revolution, was arrested in Egypt in 2013. In 2014, Egyptian authorities requested that Moussa Ibrahim, former Qadhafi spokesperson, leave the country at the behest of the Libyan government of Prime Minister Abdullah al-Thinni.

The borders between Libya and its neighboring countries, however, have been problematic. The violence in Libya has displaced 1.5 million people to Tunisia. The Tunisian-Libyan border has witnessed a number of clashes and the smuggling of weapons. In July 2014, armed men attacked the Farafra checkpoint in Egypt near the Libyan border and 22 Egyptian border guards were killed. The incident caused outrage in the Egyptian government and suspicions about trained Libyan militants crossing the borders between Egypt and Libya. Within Libya, dozens of Egyptians have become victims of clashes and attacks. The Egyptian army was said to be behind the "phantom jets" that bombed Tripoli in August 2014, though the Egyptian government denied these speculations. Overall, existing security concerns govern Libya's relationships with its Arab neighbors and have hindered coherent cooperation.

## Strategic Outlook

Libya's most immediate challenge is the security situation and the expansion of militias and violence. Its more long-term challenges are related to state and nation building processes that were ineffectively launched in 2011 after the ouster of the Qadhafi regime. Any strategic outlook will need to engage local, regional as well as international stakeholders in addressing both the country's short-term and long-term challenges. There are three main crises in Libya today that require three immediate short-term actions and two longer-term challenges.

In the short run, the following aspects should be tackled:

1. Resolving the political crisis and avoiding tangential interventions: Libya today operates as two countries, not one, with two governments vying for control. The current division between two internally variegated camps – Islamist in the west and anti-Islamist in the east – and the emergence of alliances of interests around them continues to manifest itself in a fight over territory, legitimacy, resources and political ascendancy. There is a need to shift those alliances of interests to alliances around a shared vision for Libya. In February 2014, the United Nations led an effort to bring different parties into dialogue in Geneva, but the selected participants failed to represent all of the groups battling in Libya and no clear outcomes were reported. Representatives of municipal and local councils from different cities agreed to cooperate at the grassroots level in order to foster peace in the country and thereby resolve the political crisis. However, serious commitments to resolve the polarization between the east and the west must be brokered by both regional (mainly Egypt and Tunisia) and international actors as soon as possible. Incentives to bring both sides to the negotiation table need to be provided. The country's oil resources may be used as a bargaining chip. Tangential interventions can have a detrimental effect as they merely exhaust time and resources while the violence continues to expand at home. In addition, terrorist alliances are being forged between some Islamist groups in Libya and others like al-Qaeda and IS.

2. Spread of arms crisis: Today, according to the Global Conflict Tracker, there are 1,700 armed groups in Libya. Those groups are not a monolith, the spread of arms operates in two spaces: tied to a political camp and/or as separate terrorist groups (e.g., IS-affiliated and al-Qaeda affiliated). Each cluster of militants requires a particular intervention. The first cluster may be addressed with the resolution of the current political division. The second cluster will be addressed through a regional coalition that may include the two main armies within geographic proximity to Libya: the Egyptian and Algerian armies.

3. Refugee crisis: According to UNHCR, there are around 100,000 Libyans who have been internally displaced and 250,000 who have fled the country. Immediate humanitarian assistance is needed for them, as a large portion do not have access to health care or schools. Some partnerships with local NGOs have already taken place. The February 2014 agreement between UNICEF and



the Taher Azzawi Charity Organization, providing psychosocial support for 800 internally displaced families in Tripoli, was a good beginning.

Long-term priorities should comprise:

1. Nation and state building: Since 2011, interventions by international actors have focused heavily on the liberal peace approach that emphasizes a democratization agenda without taking into account many other important factors. It failed to acknowledge the 1) specificity of cultural and historical trajectories within the Libyan context and 2) the need to first consolidate state and nationhood for democratization to flourish (a fragile state is unlikely to absorb or uphold democratic values). In addition, while it mobilized resources towards NGOs with a “democratization” agenda, it did not facilitate the brokering role of local non-state actors as a viable expression of a country’s cultural and historical narrative, one that is located at the crossroads between state and nation building. Going forward, a different and more textured approach will be needed.

2. Reintegrating Libya regionally and globally: It is a mistake to assume that Libya is a tabula rasa or white slate existing in a vacuum. Regional politics directly affect the situation in Libya and are continuously affected by it. Those linkages go beyond investment interests in the oil industry. The election of Egyptian President al-Sisi in 2014 was indirectly supported by the fragile security situation in Libya and the presence of a military regime in Egypt continues to provide moral support to Haftar’s forces in the east and its fight against Islamist forces. Interventions in the long-term should look at Libya comprehensively within the larger spectrum of the region and provide opportunities for it to flourish.