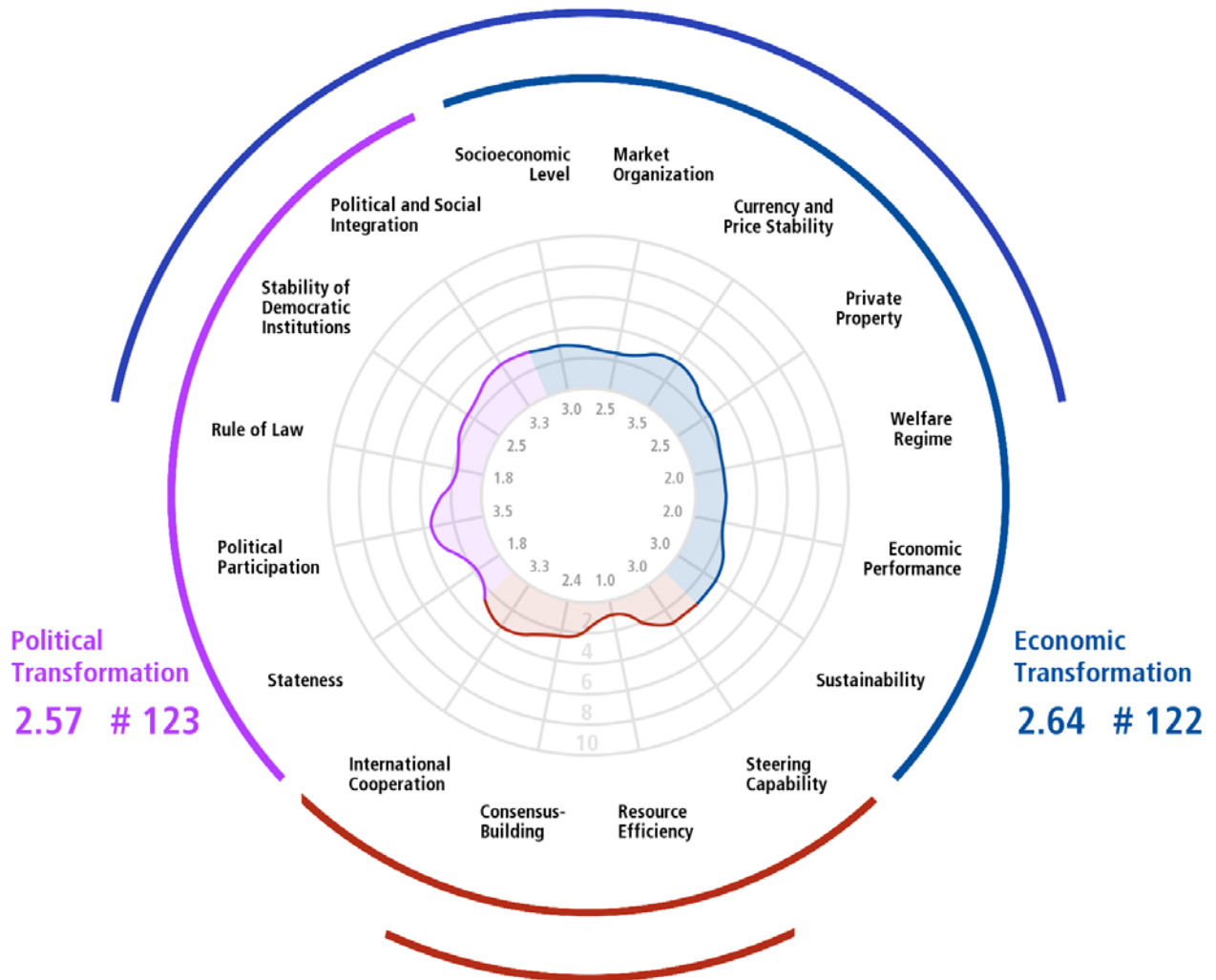


Libya

Status Index

2.60 # 122

on 1-10 scale out of 129



Governance Index

2.29 # 122

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. 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	0.716	GDP p.c., PPP \$	-
Pop. growth ¹	% p.a.	0.9	HDI rank of 188	102	Gini Index	-
Life expectancy	years	71.8	UN Education Index	0.650	Poverty ³	% -
Urban population	%	78.8	Gender inequality ²	0.167	Aid per capita \$	25.3

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

Libya has been immersed in civil war since the 17 February 2011 revolution which led to Colonel Muammar al-Qadhafi's ouster after 42 years in power. In mid-2014, political power was divided between two rival parliaments and their associated governments - the General National Congress (GNC) based in Tripoli, and the House of Representatives and its associated government based respectively in Tobruk and al-Bayda. In December 2015, the Libyan Political Agreement (LPA) was signed in Skhirat, Morocco, with the aim of resolving this dispute, avoiding further military confrontation and preventing financial collapse. However, the LPA has reconfigured, rather than resolved, internal conflict. Whereas in 2015, conflict was between two rival governments, it is now primarily between supporters and opponents of the U.N.-led LPA.

Libya now has three centers of power. The first is the Presidential Council (PC), based in Tripoli since 30 March 2016 and headed by Fayez al-Sarraj, a former member of the GNC. The PC was the outcome of the U.N.-brokered LPA, signed in December 2015. According to the LPA, the PC presides over the Tripoli-based Government of National Accord (GNA), which should be endorsed by the Tobruk-based House of Representatives (HoR). However, on two occasions the HoR has voted down the list of ministers. Internal divisions in the PC intensified following the resignation of Musa al-Koni, one of Prime Minister-designate Sarraj's deputies from the south, in January 2017 saying the PC had failed.

The second power center is comprised of Tobruk and al-Bayda-based authorities which are also intended to function under the LPA. Under the agreement, the HoR would become the legitimate legislative authority, although it has not yet passed the necessary constitutional amendment to enable this. Rather, the HoR has endorsed the rival government of Abdullah al-Thinni which operates from the eastern Libyan city of al-Bayda. The Tobruk and al-Bayda authorities are under the control of general Khalifa Haftar, leader of the Libyan National Army (LNA), a self-described anti-Islamist backed by Egypt, the United Arab Emirates, and, increasingly, Russia.

The third power center is the Tripoli-based Government of National Salvation (GNS), headed by Prime Minister Khalifa Ghwell, and which rests on the authority of the rump GNC. Originally elected in 2012, the GNC no longer controls any relevant institutions. In October 2016, Ghwell attempted a coup against the GNA, but failed to win wider support. In January 2017, Ghwell made an unsuccessful attempt to seize the defense ministry and other state offices.

In September 2014, the Islamic State (IS) attempted to establish a presence in Libya, later claiming a presence in Bayda, Benghazi, Sirte, al-Khums and the Libyan capital Tripoli. By December 2016 their strength had been significantly weakened and, following a seven-month battle, GNA-affiliated troops cleared Sirte as a last stronghold for IS fighters.

Libya has undergone an unprecedented process of state collapse and violent disintegration. At the beginning of 2017, over 1.3 million people, including internally displaced persons (IDPs), returnees, migrants, refugees, asylum seekers and vulnerable non-displaced people were in need of humanitarian assistance. The Libyan health care system is on the brink of collapse. Hundreds of thousands of people do not have access to life-saving health care and essential medicines. The protection crisis in Libya is characterized by targeted attacks on civilians and infrastructure, restricted freedom of movement and high levels of gender-based violence. Additionally, migrants, refugees and asylum-seekers are under threat of being arrested and detained in detention centers. The abundance of oil, Libya's main source of wealth, creates grievances 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 a low of 210,000 in 2014. Oil production showed signs of recovery after Haftar seized the oil crescent in September 2016. Output stood at 715,000 barrels per day in January 2017. 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 Tebu and Tuareg tribes, and Berbers inhabit the Nafusa Mountains in western Libya. Tebu and Tuareg tribes are currently divided between the Tobruk camp and the Tripoli camp, with clashes erupting frequently.

A third set of tensions is generated by regional and international actors. External actors are divided in their approaches to Libya. A group of mostly western countries, led by the United States, promotes unconditional support for the PC and the GNA, prioritizing the fight against IS and stemming migrant, refugee and asylum seeker flows across the Mediterranean. A second group, led by Egypt, UAE and Russia, prioritize the unity of the remaining army – particularly General Haftar's Libyan National Army (LNA).

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 al-Qadhafi. In 2015-2016, the U.N. estimate that there were 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, essentially putting 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. Libya has a range of jihadist groups, including IS, al-Qaeda linked groups and Salafi-jihadi factions. Some are indigenous, while others, such as IS, include foreigners. In response to Khalifa Haftar's Operation Dignity, Ansar al-Sharia's Benghazi unit merged with other militias to form the Benghazi Revolutionary Shura Council (BRSC) in summer 2014. However, the coalition has experienced internal disarray due to the deaths of senior figures and some defections to IS. There have been continuous rivalries between and within IS and al-Qaeda associated groups.

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

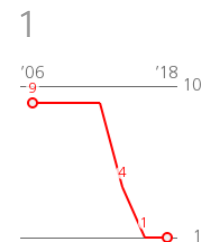
Libya has disintegrated into various sections with uncertain local, regional and international alliances. Even the often-described division between the eastern Cyrenaica and western Tripolitania regions is far from absolute, as further divisions within each territory exist. This also applies to the southern Fezzan region. In all areas, rivalries between (internally homogenous) Islamist and anti-Islamist coalitions exist.

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. Since the GNA entered Tripoli in March 2016, clashes between pro-GNC and pro-GNA militias have increased. A new pro-GNC militia, the Libya National Guard, held, with its allies, the western part of the city in February 2017. In December 2016, Haftar called on the LNA to advance to Tripoli. Heavy fighting continues in Benghazi between the LNA and Islamist groups. In December 2016, GNA allied militias announced that they had retaken Sirte from IS. As tensions between Misratan militias and the LNA grow, conflict also has intensified in southern Libya due to ethnic and historical tribal disputes between Awlad Sulieman and Qadhafu, between Awlad Sulieman and Tuareg and between Tuareg and Tebu.

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, the conflict in Libya underwent a dangerous turn in autumn 2014 once control of oil became central to the battle, severely reducing Libya's output to 380,000 barrels per day (b/d) in 2015 compared with 1.6 million b/d before the 2011 war. In September 2016, General Haftar and the LNA launched operation "Sudden Lightning" taking Libya's Oil Crescent and ports at Ras Lanuf, Sidra, Zueitina and Brega from the GNA-aligned Petroleum Facilities Guard. Fighting continued in December 2016 with

Question
Score

Monopoly on the
use of force

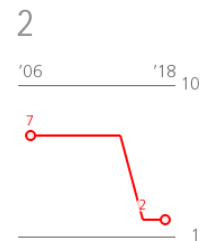


claims that attacks were carried out under the leadership of al-Mahdi al-Barghathi, the defense minister of the GNA. The operation reveals deeper fragmentation in the coalition backing the Presidency Council which is likely to make it more difficult to reach a negotiated solution to the Libyan conflict.

Under Qadhafi's regime, the question of identity had never been raised officially, although the main sources of identity were Islam, Arabism, on one hand and a local identity based on tribe, city and to some extent region, but not the Libyan state. This was all a result of Qadhafi's regime mechanism for political socialization through education, media and direct political discourse. Theoretically, the regime tried to create a loose system enabling all Libyans to take part in its institutions despite gender, regional and ethnic differences. According to the 2016 draft constitution Arabic is the sole official language, but the constitution calls for protection of the right to speak the Amazigh, Tuareg and Tebu languages. However, the gap between practice and stated policy was clear. Many violations of the rights of some minority groups, such as the Amazigh, were quite visible, including banning use of their language in the public sphere and banning Amazighi names for their children. All Libyans have been affected by some rights restrictions, such as freedom of speech. 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 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 federalist camp that was based in the Eastern part of the country (connected somehow with Cyrenaican movement), and the secessionists (i.e., branches of the Berber (Amazigh) movement that have started to call for more political representation and cultural rights including demands that their language be an official language in the state). The same applies to other ethnic groups, such as the Tuareg and Tebu. 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 Tuareg and the Tebu. The fight is essentially over identity – who is more “Libyan” and who has more legitimacy to the natural resources. Many Tuareg 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. One of the main challenges faced during the constitutional process is the identity question, not based on ethnic identity, but about the role of Islamic Shariah law in the constitution, that is, whether it is one of the sources or the only source for drafting legislation.

The most powerful influence on Libyan society historically was religion. Ever since Islam and the Arabs came to Libya in 642, Islamic religion has played a very important role. It has penetrated the social, economic, cultural and political spheres of Libya. With invasions of Banu Hilal and Banu Sulaym in the 11th century, a

State identity



No interference of religious dogmas

3

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.

During the 19th century, Libya became one of the main locations in the Arab world where religious reformist orders developed. The Sanusi order which emerged in Libya in 1843 was an Islamic revivalist movement whose stated purpose was to purge Islam of the impurities that had accumulated over previous centuries. The strength of the movement was founded on the Bedouin tribal link, particularly in Cyrenaica and Fezzan, which gave the order its political foundations. Additionally, religion through the Senusi order and the tribal link were the key sources of legitimacy of the monarchy’s regime in 1951.

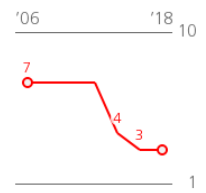
The 1951 constitution emphasized that Islam is the state religion, highlighting Islam as an important element of Libyan national identity. For Qadhafi’s regime, religion was also a key mobilizing factor, although Qadhafi faced opposition from religious leaders who had thrived under the monarchy. The Qadhafi regime was able to weaken this opposition by adopting a more conservative religious posture, prohibiting alcohol and adhering strictly to Islamic principles that the monarchy had not followed, such as those governing usury.

Although religion reflected the homogeneity of the Libyan population, approximately 95% of the population was Muslim, the fragmentation of society after the 2011 revolution was reflected conflict between different Islamic schools that emerged among large segments of Libyan society, especially the youth.

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.

The spread of extremist ideologies in Libyan society have affected the constitutional process. The position of Islam as one of the sources of legislation is one of the critical issues for the constitution.

The rise of extremist Salafi groups in the country in general, and in the East specifically, and their involvement in Operation Dignity led by General Haftar, has empowered them to dominate religious establishments such as “Alawqaf” and to control more than 75% of the mosques in eastern Libya. Additionally, these gains have enabled them to influence the decision-making mechanism.



Since 2014, administrative structures are collapsing as cycles of violence continue and since the establishment of two rival governments – The Salvation Government in Tripoli and the other in al-Bayda formed by the House of Representative in Tobruk. The situation has intensified since the LPA was issued in December 2015.

The PC, the highest body of the GNA, arrived in March 2016 in Tripoli to take control of ministries and government facilities that had previously been under the control of the self-proclaimed National Salvation Government, which stepped down in April to make way for the GNA. In October, the former prime minister of the National Salvation Government announced a comeback together with the rump General National Congress, the former legislature, and took over the Tripoli premises of the State Council, the advisory body attached to the GNA.

The Interim Government based in al-Bayda in the east refused to recognize the cabinet proposed by the PC and continued to operate as a rival authority in eastern Libya.

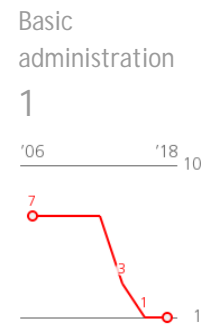
This fragmentation of the country's institutions affected the performance of each body. As a consequence, the three centers of power are struggling for control over territory, institutions and natural resources.

Despite the fragmentation of high-level administrations, the mid-level administrations kept the country united across sectors. Two further institutions demonstrating stabilizing influences have included the National Oil Corporation and the Central Bank.

Different actors have assumed policing roles including military, government forces and armed groups in the east and west of the country. The hundreds of thousand internally displaced persons (435,000 as estimated by UNHCR) have limited access to services such as schools, electricity, water or shelter. One of the areas severely affected is Tawergha.

Militias and authorities in Misrata continued to prevent 40,000 residents of Tawergha, Tomina, and Karareem from returning to their homes due to alleged crimes during the 2011 revolution attributed to people from those cities against anti-Gaddafi activists and fighters.

Other cities and areas were affected including Tripoli during Operation Libya Dawn in July 2014; Sirte during the fight against IS; Bani Walid, Tarhuna, in the West; and Derna, Benghazi in the east. In the south, the situation is more severe in cities like Sebha, Ubari, and Ghat. In some areas in the south, the public administration has almost completely vanished.



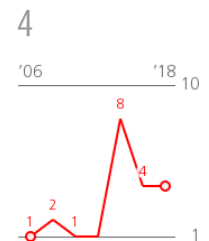
2 | Political Participation

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. In April 2016, the Constitutional Drafting Assembly finalized the draft constitution and submitted it to the HoR in Tobruk in order to prepare for a national referendum. However, a key step in the process has not been implemented as the draft constitution was rejected by a number of members of the Constitution Drafting Assembly (CDA).

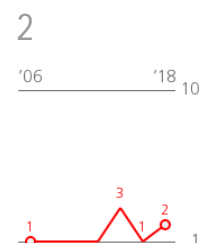
The Supreme Court's decision to annul the process that led to the 25 June 2014 elections has landed the country in a crisis with two elected parliamentary bodies. The New General National Congress based in Tripoli (under Nouri Abusahmain as president and Omar al-Hasi as prime minister of the National 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 LPA, commenced in 2015, sought a resolution to this dispute and one was signed in difficult circumstances in December 2015. Under the terms of the agreement a PC would create a unity government, and the sole parliament of the HoR would approve it. This is yet to happen. Three power centers remain in rivalry: Prime Minister al-Sarraj and the internationally recognized GNA based in Tripoli; Prime Minister Ghwell of the Government of National Congress also based in Tripoli; and General Haftar, the Tobruk parliament, and the HoR.

In response to the dispute between these actors, Abdurrahman Swehli, head of the High Council of State, declared in September 2016 that, in light of the inability of the HoR to confirm a cabinet, the High Council of State would exercise all powers, including legislative.

Free and fair elections



Effective power to govern



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.

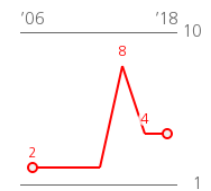
Nevertheless, civic and political groups continue to operate, within very tense circumstances, to address urgent humanitarian needs. In May 2016, unidentified assailants fired mortars at protesters demonstrating in al-Kish Square, Benghazi in support of the Libyan National Army and its role in fighting the Benghazi Shura Council and IS. Six civilians were killed in this incident.

In June, the President of the House of Representative in Tobruk, Agilah Saleh, declared martial law (a de facto state of emergency) in the eastern region and appointed the LNA chief of staff, Abdulrazeq al-Nadhouri, as military governor for that region, from Derna to Ben Jawad. Since then, al-Nadhouri has replaced several elected civilian heads of municipal councils with military governors. In late 2016, al-Nadhouri issued a number of resolutions, including one banning protests without permission from the military governor.

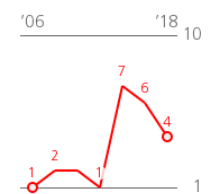
As a result of the critical security situation and the failure to sustain momentum on the constitutional drafting process, freedom of expression has come under attack in Libya. Recent court sentences as well as violence have severely curtailed the freedom of expression that was partly won after the 17 February 2011 revolution. Abductions and assassinations of reporters and bloggers have been reported. Reporters Without Borders ranked Libya 164 out of 180 countries in the 2016 World Press Freedom Index, 10 positions down compared to the 2015 index. In March 2016, members of an armed group took over the offices of Tripoli's al-Nabaa TV station and assaulted journalists. In the same month, armed men abducted blogger and journalist Ali al-Asbali, releasing him four months later. In August 2016, members of an armed group briefly abducted al-Ahrar TV station journalist Aboubaker al-Bizanti in Tripoli after he criticized the presence of armed groups and militias in the capital. In March 2016, unidentified assailants killed human rights activist Abdul Basit Abu Dahab in a car bombing in Derna.

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."

Association /
assembly rights
4



Freedom of
expression
4



3 | Rule of Law

Libyan legislation provides for the Supreme Judicial Council (SJC) to organize the affairs of the judiciary. The SJC is provided for in Law No. 4 of 2011 and replaces the body which previously had authority over judges' careers, known as the High Council of Judicial Bodies. The High Council had included the Minister of Justice, vesting power over judicial affairs in the executive.

The separation of powers has become considerably opaque. The political divisions between Libya's governments, 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.

Despite the ongoing insecurity that led to the collapse of the criminal justice system in Libya, according to the former minister for justice Salah Marghani, the judicial system remains united despite political fragmentation. In general courts in the east operated at a reduced level, mainly in Benghazi since 2015 (Bayda and Tobruk). The same situation stands in Tripoli. After 2015, the Supreme Court failed to issue judgments on all cases that were heard before it due to political divisions.

In areas that were controlled by IS such as Sirte and Derna, IS groups implemented their own interpretation of Sharia law in areas under their control including punishing people for smoking and wearing immodest dress.

The independence of the judiciary was enshrined in the 2011 Constitutional Declaration, as well as in various subsequent legislative reforms. The recent drafts of the new Libyan Constitution and the Libyan Peace Agreement of December 2015 both recognize the importance of an independent judiciary.

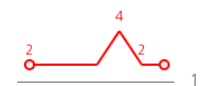
Despite these developments, the judiciary in Libya faces a number of challenges: institutional dysfunctions, security threats, lack of legitimacy and a general failure of communication among key actors. The situation has been exacerbated by the mushrooming of militias across the country (fueled by the 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.

Court cases are generally delayed because security measures are not provided for judges. Since 2015, courts in the east of the country operate at a reduced level. In addition, the judiciary struggles to argue for its own legitimacy because it still

Separation of powers

2

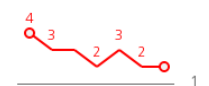
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Independent judiciary

2

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includes many members of Qadhafi's regime. In February 2016, the OHCHR noted that the Libyan judicial system has been the target with violent attacks on judges and prosecutors, including assaults, abductions, threats and killings.

The current political instability and prevalence of violence have resulted in impunity for officeholders who break the law. However, sporadic attempts to curb office abuse are exerted, such as a crackdown on Libyans drawing double salaries in 2015. In January 2017, Libya launched a wide-ranging investigation into oil sector corruption following the 2011 revolution which includes warrants and travel bans issued against oil company officials. Additionally, Attorney General al-Sour issued warrants against several government ministers suspected of involvement in corruption.

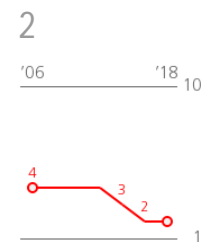
In October 2016, a London court ruled in favor of Goldman Sachs Group in a lawsuit brought by the Libya Investment Authority (LIA) in 2014.

Civil rights have been extremely compromised, both on the individual and collective levels. Violence has resulted in the mass displacement of Libyans from their homes. As of September 2016, there were over 313,000 IDPs and 463,000 returnees. Over 85% of IDPs were displaced since mid-2014, and many have experienced multiple displacements since. These persons enjoy no civil rights protections 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.

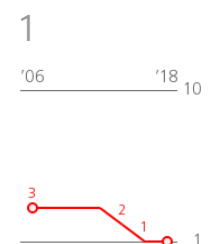
A report released by Amnesty International called for targeted United Nations sanctions and the International Criminal Court to intervene to end "rampant abductions, torture, summary killings and other abuses by rival forces in Libya." The abuses have been recurring since the launch of Operation Dignity 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) and others. The U.N. High Commissioner for Human Rights said of the Libyan conflict that a "multitude of actors, both state and non-state, are accused of very serious violations and abuses that may, in many cases, amount to war crimes."

The internationally-recognized government, the Tripoli authorities and militias continue to hold thousands of detainees, including women and children, in long-term arbitrary detention without charges or due process. Torture and ill treatment are common. In August 2015, a video circulated on social media apparently showing officials torturing al-Saadi al-Gaddafi and other detainees at al-Hadba Prison in Tripoli. Militias continue to abduct politicians and journalists with impunity. Criminal groups have abducted civilians, including children, demanding ransom. Those still missing include Tripoli civil society activist Abdelmoez Banoon and Benghazi prosecutor Abdelnasser al-Jeroushi, both abducted by unidentified groups in 2014. Women remain subject to discrimination in both law and practice. Child

Prosecution of
office abuse



Civil rights



marriage appeared to be increasing. Girls as young as 12 years-old were reportedly married to IS fighters in Derna to protect their families.

Foreign nationals transiting via Libya to Europe as asylum seekers and migrants were subject to extortion, torture, abduction and sexual violence by criminal gangs engaged in smuggling and people trafficking.

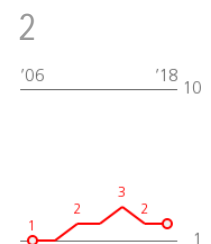
As reported by Human Rights Watch, the conditions at migrant detention facilities remained abysmal. Officials and militias held migrants and refugees in prolonged detention without judicial review and subjected them to poor conditions, including overcrowding and insufficient food. Guards and militia members subjected migrants and refugees to beatings, forced labor and sexual violence.

4 | Stability of Democratic Institutions

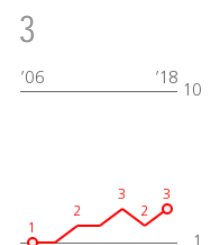
There are several challenges facing the performance of democratic institutions: security threats, lack of an institutional infrastructure, territorial political polarization and no shared vision by the politically relevant elites who are the main actors during the transition period. Achieving national 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 challenges. In addition to technical hurdles, it was boycotted by the Berber (Amazigh), Tuareg 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 such as Ansar al-Shariah and IS, a commitment to a democratic process remains. However, the CDA elections were boycotted by the Berber (Amazigh), Tuareg and Tebu as they opposed the percentage of seats reserved for them. However, members of the minority groups were elected as individuals and they managed to impact the outcome of the constitutional draft regarding the question of language. 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.

Performance of democratic institutions



Commitment to democratic institutions



5 | Political and Social Integration

Political parties were banned under Qadhafi beginning in 1971. Therefore, Libyan society has no rooted experience regarding parties with the exception of a few opposition parties that were formed in exile during the 1980s.

After 2011, many parties 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, is comprised of 58 political organizations, 236 NGOs, and more than 280 independents. The NFA is considered a liberal; calls for moderate Islam, a civil democratic state; is against federalism and strongly supports some aspects of decentralization, especially in areas of health care, education and transportation. The NFA won close to 50% of the vote, but this 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 in the GNC and attracted enough independents and smaller Islamist parties to hold a majority. Infighting in the National Forces Alliance has allowed the Brotherhood's political arm to gradually consolidate control over Libya.

Smaller parties gained three seats or fewer and 120 seats were filled by independent candidates. The National Front Party is the successor to the National Front for the Salvation of Libya, an opposition movement against Qadhafi founded in exile in 1981. The party won three seats in the election. Its leader Mohammed Mugaryaf was the first president of General National Congress during the period from 9 August 2012 to 2013, when he was forced to resign after the Political Isolation Law prevented Qadhafi-era officials to take part in the political process after 2011. Ideologically, the party is considered liberal and progressive. It favors a certain degree of decentralization, rejects federalism, and Islam is a guideline for state affairs. The Union for Homeland is mainly based in Misrata District. The party is led by Abdulrahman Asswehly and won two seats in 2012. The Union advocates strong decentralization of power on a local level, but rejects federalism.

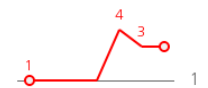
In 2014, political representation of the Libyan people was adversely affected by mistrust in the machinery of the political process as a result of the first election experience that led to Islamist control of the country. Less than 45% of the Libyan population participated in the 2014 election. A key feature of the election was banning the participation of political parties in the election. Therefore, many party members ran as individuals.

The political situation in Libya was affected by two armed coalitions, Operation Dignity aligned with the HoR in Tobruk, and the Libyan Dawn operation aligned with the General National Congress who remain in power in Tripoli. In 2015, the

Party system

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political gridlock between the eastern and western governments continued. However, representatives from a number of political parties participated in the U.N.-led dialogue process that resulted in the political agreement signed on 17 December 2015.

The period following 2011 witnessed the re-emergence of a vibrant civil society which had been suppressed for 42 years under Qadhafi, when CSOs were controlled by Law No. 111 of 1970. 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 al-Qadhafi.

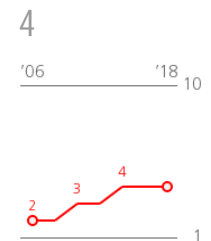
Some of the remaining NGOs work mainly on the humanitarian issues. As well, a number of organizations have documented human rights violations during and post-Qadhafi. According to a report by the International Legal Assistance Consortium (ILAC), the draft law on transitional justice was also circulated among various CSOs. It is important to recognize also the key role CSOs played during the General National Congress (GNC) and House of Representatives (HoR) elections. However, the country’s political division also affects many CSOs, as they are often affiliated with political actors.

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. Similarly, the ArabTrans project conducted in 2014 found that while 32% of the 1,540 respondents supported a parliamentary system with competing parties, 27% supported government by Islamic law with no political parties or elections.

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 on the Ministry of Defense’s payroll and one militia led by a member of the GNC.

Interest groups



Approval of democracy



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.

The latest survey (2014) conducted by University of Benghazi Research Center on public perception of the National Dialogue showed the main factors creating a shared identity were Islam 95.2%, Arabic language 88.8%, shared future 83% and geographic location 69%. The survey result shows that, in general, Libyans support the principles of political and cultural pluralism. On political parties, the survey shows that 75.3% of Libyans believe in political pluralism, and 56% supported with varying degrees freedom to join political parties. The current political situation casts a dark shadow on Libyan's evaluation of political parties and their attitudes towards them. In that respect, the survey shows that 49% believe parties should be prohibited completely, and 41% expressed the need for prohibiting them in the interim period, while only 9.8% considered political parties an essential cornerstone of democracy.

The political division, instability, and mistrust for the democratic machinery by large numbers of the population has led to support for a military regime, especially in the east after the dignity operation led by General Haftar that gained legitimacy by fighting terrorist groups in Benghazi and Derna. As a consequence, a military governor was appointed for most of eastern Libya except Tobruk, and all heads of municipal councils elected in 2014 were replaced by military personnel in 2015 and 2016.

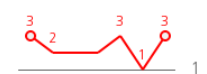
Self-organization and trust are perceptible at the community level, but not at the national level and there is a very sharp sense of fragmentation. The three camps dominating the scene today are divided by geographic location, ideological leanings, political representation, militia representation, strategic 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, women groups, some civil society groups, traditional tribal leaders, universities, sport and cultural clubs that are trying to transcend this fragmentation. In general, the power of the militias seems to be trusted on one hand, yet on the other hand, a substantial number of Libyans believe that dialogue is an important tool for national reconciliation.

According to the result of the survey on National Dialogue conducted by University of Benghazi Research Center in 2014, the main factors for success were seen as: ethics of dialogue (96%), inclusiveness by representation of all segments and orientations of society (94%) and transparency (93.5%). Among the issues that Libyans believe are most worthy of discussion are: security and disarmament (98.2%), national reconciliation (97.6%), development (96.5%), the role of youth

Social capital

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(96%), transitional justice (94%), women's rights (93.7%), local governance (91.1%), refugees and displaced persons 91.5%, and distribution of wealth (71%).

II. Economic Transformation

6 | Level of Socioeconomic Development

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

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.

According to the World Bank, per capita income fell to less than \$4,500 in 2015 compared to almost \$13,000 in 2012. The price of wheat and flour has increased by 500% and 350% respectively, compared to pre-crisis levels.

Economically, the eastern region was historically 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, ongoing conflict has frustrated the realization of Libya's growth potential. Oil production has declined since late 2014 before picking up in September 2016 following General Haftar's seizure of Libya's oil crescent ports.

The 2016 Index on Economic Freedom has suspended ranking for Libya, but estimates a five-year compound annual growth of 2%. 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. In December 2016, the GNA and CBL agreed to new temporary financial arrangements in place of a formal budget. This was disputed as unconstitutional by HoR member

Question
Score

Socioeconomic
barriers

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and former GNC member Abdulsalam Nasia. In January 2017, the CBL deposited the first installment.

Political divisions have affected the most important institutions in the country, Oil National Corporation and the central bank. These institutions have played a crucial role in keeping the country united. However, the dispute over power sharing has affected the performance of these two institutions.

Economic indicators		2013	2014	2015	2016
GDP	\$ M	-	-	-	-
GDP growth	%	-	-	-	-
Inflation (CPI)	%	2.6	-	-	-
Unemployment	%	19.2	19.2	19.2	19.2
Foreign direct investment	% of GDP	-	-	-	-
Export growth	%	-23.8	-54.6	-17.4	-
Import growth	%	37.6	0.5	-15.7	-
Current account balance	\$ M	-108.1	-	-	-
Public debt	% of GDP	-	-	-	-
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	3.0	3.7	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

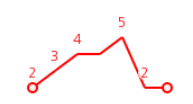
Under the Qadhafi regime, the private sector was tightly controlled and market-based competition was relatively rare. However, since 2011, the government has been taking steps to encourage investment by foreign companies. Nevertheless, due to the political instability and fact that a majority of the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

According to the African Economic Outlook 2016 report, Libya's business environment "discourages investment" with underdeveloped financial markets. The informal sector was estimated at 30% of the economy in 2010 and remains a large and important source of employment. 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 5%. The business environment generally lacks transparency and efficiency.

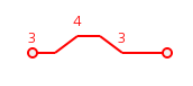
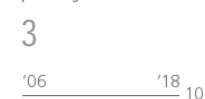
Due to the political instability and outbreak of militia violence, prevention of economic monopolies has become a challenge, especially as laws are frozen or unenforced. In 2010, a new trademark law was introduced in Libya. According to International Law Office, the Libyan Trademarks Office (LTMO) resumed 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.

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. In January 2017, Libya lifted its self-imposed moratorium on foreign investment in its oil industry. 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. The 2016 Index of Economic Freedom does not rank Libya due to a lack of reliable and comparable data. Libya does have a 0% average tariff rate. Libya had also applied for WTO membership in 2004, but negotiations never started.

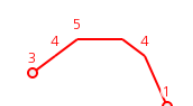
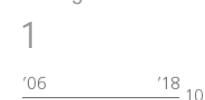
Market-based competition



Anti-monopoly policy



Liberalization of foreign trade



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.

The Tobruk power center has established a parallel central bank which is not recognized on international markets and which was supposed to merge with its Tripoli counterparts. The merger has, so far, not happened. In May 2016, the Tobruk-based central bank issues Libyan Dinar (LYD) four billion in banknotes, printed in Russia. However, in October 2016, authorities in eastern Libya announced that revenues from oil production will be paid into the internationally recognized central bank in Tripoli.

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 2016 inflation and exchange rates. Due to the existence of two competing ministries of finance linked to two rival governments, no clear monetary policy was apparent for 2015. Despite political pressure, the internationally-recognized central bank of Tripoli attempted to maintain an independent monetary policy. However, in June 2015, the HoR inaugurated a new central bank in al-Bayda and in May 2016 the Eastern central bank announced plans to issue LYD four billion in new banknotes. During the period 2014-2015, the Libyan authorities attempted to keep consumer prices low by using price controls and subsidies on various consumer goods. However, as the security situation and government finances deteriorated, consumer price pressures intensified. The central bank of Libya is responsible for issuing the Libyan currency, maintaining its stability in Libya and abroad, and for both regulating and supervising the foreign exchange market. The central bank's policy was pegging the LYD to the U.S. dollar or to the IMF's SDR (Special Drawing Rights), which led to the LYD being overvalued internationally. Currently, the LYD is equal to \$1.4198. The current account deficit deteriorated for the third year in a row. To finance these deficits, net foreign reserves are being depleted rapidly, halved from \$107.6 billion in 2013 to an estimated \$43 billion by end-2016. In 2015, inflation significantly increased to 8.6%, compared to 2.4% in 2014, after having peaked at 29.60% in September 2011. The oil sector continued to be the main foreign exchange provider.

The political impasse continues to prevent the country from realizing its economic potential. Ongoing political strife, low oil production and declining prices have hit public finances hard. Revenues from the oil sector fell to the lowest on record to just LYD 3.2 billion in the first half of 2016, only one-tenth of the revenue over the same period during the previous year. The budget deficit remains very high at 69% of GDP, financed primarily through borrowing from Libya's central bank and commercial

Banking system

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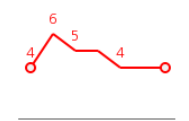
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Anti-inflation /
forex policy

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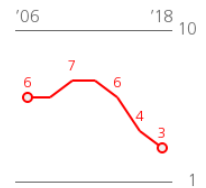
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Macrostability

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banks. Domestic debt has risen to 110% of GDP in 2016. The current account deficit is projected to deteriorate in 2017 by an estimated 61%, the third deficit in a row.



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.



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. 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. However, throughout the 2000s until the 2011 uprising, the regime under the supervision of Saif al-Islam al-Qadhafi, encouraged foreign investment and forged strong links with the international community. During this decade, the regime introduced significant legal and political changes permitting ownership of more than one property in several situations. Decree 108/2006 was issued to introduce state-sponsored compensation. A committee for registration was formed for people who lost their property during the implementation of Law No. 4/1978.

Post-Qadhafi Libya suffers from a legal vacuum, with very few laws being passed so far. The issue of property is one of the main issues linked to the process of national reconciliation. It is not only the legacy of Law 4/1987, but also the violation of property rights during the conflict in many cities including Benghazi, Derna, Tripoli and Sirte.

Many had property taken by groups or militias when the owners fled due to the war – especially in Benghazi. As a result, General Haftar issued a resolution in September 2016 banning any actions from individuals or groups to occupy the property of people who fled for political, ideological or security reasons.

Though Qadhafi embarked on a process of privatizing some state-owned companies since 2005, Libya has had no extensive experience with privatization. The deteriorating security situation since 2011 has destroyed many enterprise assets and has tremendously hampered economic activity. Much of Libya's economic activities now occur in shady and illegal areas.

This notwithstanding, the government launched a process in 2013 to estimate the value and performance of nine companies to determine whether or not those companies would benefit from privatization. Further steps have not yet been undertaken.

In January 2017, chairman of the Libyan National Oil Corporation, Mustafa Sanalla, announced the end to the 2011 self-imposed moratorium on foreign investment in the oil industry. According to 2016 World Bank data, starting a business takes 35 days and 10 procedures in Libya.

10 | Welfare Regime

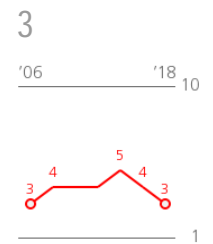
Social safety nets have fallen apart. The existence of two parallel governments and a civil war has led to a vacuum of effective leadership and governance and has resulted in the collapse of public administration and service provision. Militias and community leaders have taken over ad-hoc arrangements. A number of hospitals and health facilities have been destroyed, or have been experiencing serious shortages in staff and medicines, especially in Benghazi, Tripoli and Misrata.

Basic necessities are not fully available to the public and the only social safety nets that remain are the family, community and tribe. Shortages in food, fuel, water, electricity and cash are reported as a result of the ongoing conflict in civilian areas throughout the country. According to the World Bank, the armed conflict has cut the income per capita of Libyan households by more than half, falling to less than \$4,500 in 2015 from almost \$13,000 in 2012.

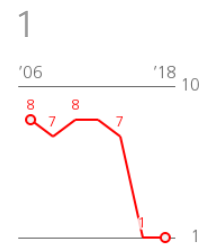
In 2017, some 1.3 million people, including IDPs, returnees, migrants, refugees and asylum-seekers are in need of urgent humanitarian assistance. Areas of severe humanitarian need exist in the southern provinces (such as in Ubari, Sebha, and Ghat) where underdevelopment and poverty further exacerbate the impact of the conflict on the most vulnerable population.

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. According to the 2015 Global Integrity Report, female participation in the labor market is only 30% compared to 76.4% for

Private enterprise



Social safety nets



Equal opportunity

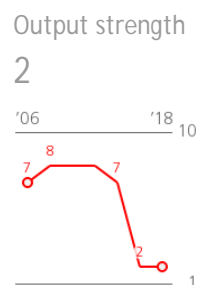
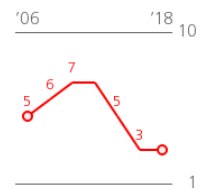
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men. Recent figures suggest that only 20% of Libyan women are involved in civic or political activities. Of Libya's working women, 73% choose careers in education or medicine, according to "Women for Democratic Transformation" (WDT), a Tripoli-based network that encourages prospective female politicians.

Due to the increasing role of some extremist groups since 2011, women lost many of their rights provided by legislation during Qadhafi's regime. Since 2011, there has been pressure from these groups to prevent women working as judges.

11 | Economic Performance

Libya has witnessed a sharp economic decline since 2013 due to the impact of falling oil production and political instability. Estimates indicate that Libya lost two-thirds of its reserves between 2013 and 2016, equivalent to \$75 billion. Oil production and exports declined by almost two-thirds, compared to pre-crisis levels. In 2010, an average of 1.8 million barrels per day (bpd) were produced. In 2015, production fell to 400,000 bpd in 2015. However, in December 2016, production rose to over 700,000 following Haftar's seizure of the oil crescent. GDP contracted by an estimated 6.0% in 2015, against a contraction of 23.5% in 2014, and is projected to show a decline of 0.8% in 2016 if the security situation does not improve. In 2015, inflation increased to 8.6%, compared to 2.4% in 2014. Inflation is projected to increase to 9.1% in 2016. This has been primarily driven by supply-chain disruptions which have offset the impact of fuel and food subsidies. The price of wheat and flour has increased by 500% and 350% respectively, compared to pre-crisis level. The budget deficit remained very high at 69% of GDP, financed mainly through borrowing from the central bank of Libya and to a lesser extent from commercial banks. In November 2015, total tax revenues amounted to LYD 15.9 billion against LYD 19.2 billion in 2014, and LYD 18.5 billion planned for May 2015. These revenues included LYD 9.9 billion in oil revenues, LYD 555 million in taxes, and LYD 5.5 billion in balances from previous years. According to the IMF, public debt stood at 73.8% of GDP in 2015. According to the World Bank, domestic debt has quickly increased to reach a high of 110% of GDP in 2016. In 2014 domestic debt stood at 6.1% of GDP compared to 4.8% in 2013, and 4.1% in 2012. 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. 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.



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.

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.

Libya's education system is faced with the problem of quality and capacity to prepare graduates for local and international labor markets. Prior to the revolution, there were approximately 5 million foreign workers in the country. Public expenditure on education was below average among MENA countries with only 4% of GDP. 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, allowing 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.

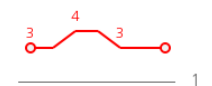
There are 17 universities and more than a hundred technical and vocational institutions operating in Libya. According to the British Council, roughly 90% of university level students are enrolled in public universities that are straining to meet the demand. Government scholarships have been available 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 difficult political situation in Libya.

According to UNESCO, since the revolution in 2011, Libya's education system has been facing extensive challenges and is in need of significant reforms. 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

Environmental
policy

3

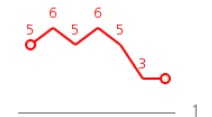
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Education policy /
R&D

3

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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, as were some other universities such as University of Derna and University of Sirte.

Libyan universities faced a number of challenges, among them the security situation that has resulted in de-prioritization and delayed any reform efforts concerning higher education. Institutional capacity is a challenge which has directly affected higher education in Libya through vandalism of records and archives at various campuses. The conflict has also impacted human capacity – violence in Benghazi, Derna and some areas in western Libya has led to a shortage of teaching staff.

Due to political division, several major university branches have been announced to be separate universities. The establishment of these institutions was based on regional and tribal pressure. This has led to institutional fragmentation, declining quality of research and teaching process, and lack of facilities that support the education process, such as libraries and laboratories.

Governance

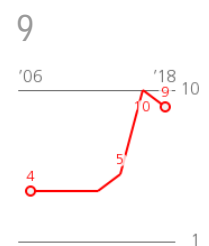
I. Level of Difficulty

The current political leadership is fragmented into alliances that are based on territorial, political and ideological interests. Forces affiliated with two rival governments continue to fight across the country. 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 a 2014 Amnesty International report, 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. IOM’s Displacement Tracking Matrix identified over 313,000 IDPs in September 2016, following a peak of 425,000 in June 2016. According to the Sirte city council, some 19,000 families have fled since June 2015 alone. Residents are now scattered among 18 cities across the country, many living in dire conditions.

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 awqaf (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

Structural constraints



Civil society traditions

7

even as the 1996 massacre of Abu Salim prison remained unresolved. Qadhafi also 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 occurred, 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, growing to an estimated 1,900 active organizations in 2015. Of those, an estimated 90% were officially registered after the uprising. Due to targeted attacks on civil society activists, many have fled and operate from abroad.

According to the 2010-2014 World Values Survey, Libya has a greater number of members of volunteer organizations per capita than any other Maghreb country, except Egypt. Since the degradation in security since 2014, many organizations have become inactive. 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, The Libyan Women's Platform for Peace 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, even 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 February 17, 2011, revolution which overthrew, after 42 years in power, Colonel Muammar Qadhafi. In December 2015, the Libyan Political Agreement was signed, seeking to resolve the dispute between the HoR and the GNC. It created a Presidency Council (PC) which took office in Tripoli in March 2016. The PC was tasked to form a unity government and a State Council including ex-GNC members. The HoR was meant to continue as the sole parliament and elect the unity government, a task it is yet to fulfill. Whereas in 2015, conflict was primarily between two rival governments of the GNC and the HoR, it is now largely between supporters and opponents of the LPA. Conflict is now fought between 1,000 and 1,700 armed groups, including political subgroups and jihadists, local war chiefs, and Arab, Berber, Tuareg and Tebu tribes.

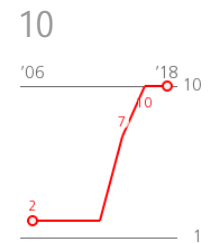
Haftar's LNA is a mix of militias which grew out of Operation Dignity. Haftar is allied with the HoR which recognizes him as the general commander of the armed forces and the LNA as the official army. The LNA is supported by Egypt, UAE and, increasingly, Russia. The Petroleum Facilities Guard (PFG) are forces in eastern Libya who currently support the GNA and are in conflict with the LNA.

The military power center in western Libya is with the Misratan militias, and is loosely aligned with the GNA. Misratan forces were the main actors fighting IS in Sirte in 2016, supported by U.S. airstrikes. Internal divisions have emerged between factions who want to confront Haftar, and those who want to shore up the GNA and secure Tripoli. Between December 2016 and January 2017, a collaboration against the LNA emerged between the Defend Benghazi Brigades (DBB) – formed in opposition to the LNA and in support of the BRSC – and the Misratan militias. DBB forces also participated in the attack on the oil crescent in December 2016. In October 2016, DBB forces participated in a meeting of military officials from western Libya, alongside representatives of the GNA.

IS controlled parts of the central Mediterranean coast of Libya, but lost its last stronghold, Sirte, in December 2016 to GNA-allied militias after a seven-month siege. Reports suggest they have regrouped in southwestern Libya, around Bani Walid, prompting Chad to close its border. According to the militias who retook Sirte, around 2,500 of the 6,500 IS fighters died in the battles. In Benghazi, IS fighters have been fighting alongside the Benghazi Shura Revolutionary Council. Al-Qaeda allied Ansar al-Sharia merged with other local militias to form the Benghazi Revolutionary Shura Council (BRSC) in response to Operation Dignity in 2014. Ansar al-Sharia and IS compete for members and territory. The Derna Mujahideen Shura Council (DMSC), formed in December 2014, is a coalition of Islamist militias led by Salim Darbi, head of the Abu Salim Martyrs Brigade. The group has opposed the LNA as well as the IS presence in Derna. DMSC pushed IS out of Derna April 2016, and has since engaged in heavy fighting against the LNA.

The situation in Tripoli has been tense since the GNA commenced efforts to take control of the city in March 2016. There are recurrent clashes between pro-GNA and

Conflict intensity



pro-GNC militias. On 21 January 2017, a car bomb exploded close to the recently reopened Italian embassy, killing two and wounding one. In December 2016, Haftar has called on the LNA to Tripoli, and militias allied with the LNA have been closing in on Zawiya. On 5 December 2016, militias allied with the GNA announced they had taken Sirte from IS. Around 2,500 IS fighters and 6,000 GNA-allied militias died in the fighting. The U.S. supported that operation with over 500 airstrikes. Heavy fighting continues in Benghazi which has seen fighting between LNA and Islamist militias escalate during July 2016. On 25 January, the LNA declared it had taken Ganfouda from BRSC after a two-year siege. Around 60 of 100 families trapped in the neighborhood have left. Since May 2016, Derna has been under siege by the LNA. The humanitarian situation is dire. Relief actors have been unable to access the city. The LNA has been accused of targeting residential areas. Conflict is increasing in southern Libya as tensions between the LNA and Misratan militias grow.

II. Governance 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.

During 2013 and 2014, the general planning council, an advisory machinery to the government, tried to revise the 2025 vision that was initiated with support of Saif al-Islam al-Qadhafi in 2008. The project returned as a 2040 vision for Libya. Many of the Libyan experts contributed to this vision but due to political fragmentation since July 2014, none of the governments in Libya were concerned with implementing this vision. Also, many Libyans did not support the vision as it was connected to Qadhafi's era.

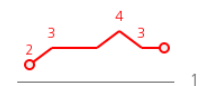
Many Libyan experts and research centers tried to provide some strategic plans and visions for many issues that effected the transitional period in Libya. These contributions were not accepted by the governments.

Question
Score

Prioritization

3

'06 '18 10



The problem became more severe after issuing the political agreement that widened the gap between all the actors in the Libyan political sphere.

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 January 2017, the deputy leader of the Presidential Council resigned saying the administration had failed to tackle urgent problems arising from years of conflict and political disarray. More than 1.33 million people are in need of life-saving humanitarian assistance across Libya. These include about 241,000 internally displaced persons (IDPs), 356,000 returnees and about 437,000 non-displaced persons with special needs.

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 Assistance Mission in Libya launched its mission to support the Libyan authorities in controlling its borders. The mission has been extended twice and will run to August 2017. 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. Since 2015, the Libya Experts Development Cooperation Forum – made up of about 60 former Libyan ministers, including members of the NTC, the Interim Governments and GNA, as well as academics, experts and activists and facilitated by UNSMIL, UNDP, IMF and the World Bank – have convened four times. However, the severe political division that accrued after signing the political agreement on December 2015 has affected the performance of the Forum although its members are trying to contribute to moving forward some strategies that are still in progress, such as a Strategy for Social Security.

Implementation

1



Year	Score
'06	4
'07	3
'08	3
'09	3
'10	3
'11	3
'12	3
'13	3
'14	3
'15	3
'16	3
'17	1
'18	1

Policy learning

5



Year	Score
'06	4
'07	3
'08	3
'09	3
'10	3
'11	3
'12	3
'13	3
'14	3
'15	3
'16	3
'17	5
'18	5

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.

Efficient use of assets

1

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.

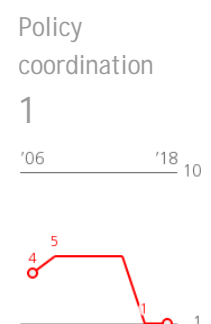
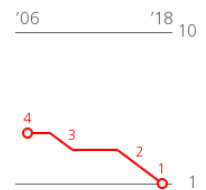
Economic planning was almost impossible, given the erratic development of GDP growth. According to the World Bank, the country's GDP more than doubled (+104.5%) in 2012, after a sharp decline the year before (-62.1%); GDP again contracted in 2013 by -10.9%. The Libyan economy remains mired in recession since 2013, contracting 6% in 2015 and an estimated 8.3% in 2016.

High unemployment 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 youths. This situation has recently been compounded by ongoing 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.

In December 2016, the Tripoli-based CBL, Audit Bureau, NOC, PC/GNA and international mediators had agreed to LYD 37.56 billion Temporary Financial Arrangement or budget. Despite rejections from the HoR, the first deposit was made at the end of January 2017.

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 Tuareg, 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 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 and tribal pressure in the policymaking process, particularly in the east where the government faces pressure from tribal groups on the ground.



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.

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.

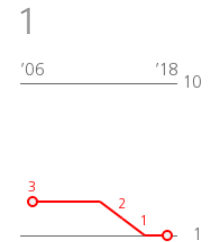
There have also been attempts by civil society organizations, including youth groups and H2O, to counter corruption. In January 2017, Libya launched a wide-ranging investigation into oil sector corruption following the 2011 revolution which has included warrants and travel bans issued against oil company officials. Additionally, Attorney General al-Sour issued warrants for several government ministers suspected of involvement in corruption. However, their impact remains limited.

16 | Consensus-Building

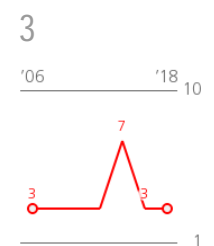
Not all political actors agree on a democratic system for Libya. Those that do endorse democracy, do not necessarily endorse the same path to it. The current conflict in Libya is a battle for legitimacy: two elected bodies are vying for political control but both are using violence and militias, rather than diplomacy, to get there. Islamist political actors support a democratic system insofar as it allows the implementation of Shariah, but certainly not a liberal democracy in the modern sense. IS and al-Qaeda-affiliated groups reject the concept of democracy altogether. 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. 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. All governments since 2011 have followed a similar paradigm.

Anti-corruption policy



Consensus on goals



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. Yet, subsequent events have destroyed any hope for successful democratization.

The LPA has been unable to resolve political disputes on legitimacy. Conflict has shifted to pro and anti-LPA groups, with key actors unable to find a solution. Ali Faraj al-Qatrani who represents General Haftar, has boycotted meetings of the PC on the grounds that it is not inclusive enough and has publicly called for military rule under the LNA.

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, conflict erupted between two rival parliaments and their associated governments – the GNC, elected in 2012, and the HoR elected in 2014 to replace the former. 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 (now defunct) camp, Libya Dawn, represented the Islamists. While some analysts emphasize their ideological differences, it seems to be more accurate to distinguish them from one another based on geographic location, ideological leanings, political representation, militia representation, strategic alliances and funding sources. Since 2016, the dynamics have shifted to conflict between LPA supporters and opponents. The LPA created the Presidency Council, tasked with creating a unity government. The HoR, as the sole parliament, was to approve the unity Government of National Accord (GNA). This has not yet happened.

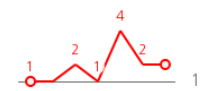
After 2011, the political leadership did make an effort to actively integrate civil society into state and nation building efforts. However, when the political leadership became fragmented in 2014, so did these efforts. At the moment, civil society organizations function only at a very local level. The 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,” the “Libyan Women Forum” and the “Forum for a Democratic Libya” which facilitated grassroots dialogue on the constitution. 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), Libya

Anti-democratic actors

2

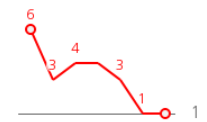
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Cleavage / conflict management

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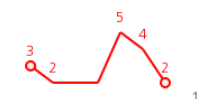
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Civil society participation

2

'06 _____ '18 10



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.

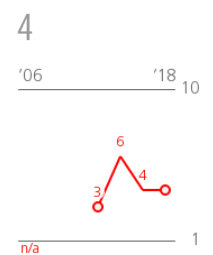
The political fragmentation and declining security situation have affected the role of civil society, especially since 2014. In eastern Libya, the increasing role of the military in the administration was very visible, especially after the appointment of a military governor by the House of Representatives in Tobruk in 2016. The military governor issued a resolution to ban all types of assembly or demonstration without security permission.

Neither current atrocities nor crimes of the Qadhafi regime have received any reconciliation efforts so far. This is partly due to the country’s multiple divisions and connected lack of institutional capacity. However, decision-makers also lack the required will. The Political Isolation Law 13/2013, which further increased instability and fueled existing tensions, can be seen as a good example of this.

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.

Due to the security situations and political division, tribal leaders and some of civil society groups and other actors were dealing with the issue of reconciliation at the local level, as it was very difficult to deal with this at the national level. However, dealing with the reconciliation process at the local level cannot be an alternative to

Reconciliation



reconciliation at the national levels. However, this is a step in order to provide the machinery of national reconciliation.

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 unity government and Haftar and the LNA 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.

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. The EU currently has a package of over €120 million in bilateral support to Libya in 37 projects across six sectors: civil society, governance, health, youth and education, migration and protection, and support for the political process, security and mediation. Due to the deteriorating security situation in 2014, these projects were suspended. However, many have resumed following the arrival of the GNA. This includes €10.8 million in humanitarian aid in 2016. Libya also receives funding under the EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa.

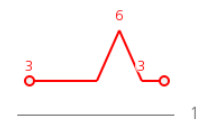
After 2011, the Libyan government made efforts to dislodge Qadhafi's legacy with the international community and to build new relations based on trust. Nevertheless, with the absence of institutional checks and balances and the rise of corruption, it has not been successful in achieving its target, especially 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.

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

Effective use of support

3

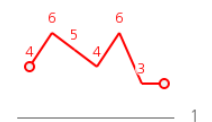
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Credibility

3

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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).

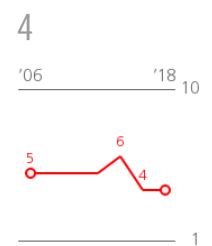
There seems to also be trust in civil society organizations in Libya and even more so, organizations run by Libyans outside of Libya, such as "Lawyers for Justice in Libya."

Libya's initial post-2011 attempts to reconnect with neighboring countries and the African Union was impacted by the divisions within the country, with Egypt and Tunisia supporting the HoR in the east, and Qatar as well as Turkey supporting the GNC in the west. An Algerian initiative from 2014 to overcome the division remained unsuccessful.

Libya's porous borders have been problematic. The Tunisian-Libyan border has witnessed a number of clashes and the smuggling of weapons. In March 2016, the Tunisian border was closed following an IS attack on Ben Gardane, killing 55 people. In January 2017, violent clashes erupted between police and protesters at Ben Gardane who were demanding the free flow of vital trade with Libya. Chad closed its borders with Libya in January 2017 in an effort to stop fleeing IS fighters crossing over. Overall, existing security concerns govern Libya's relationships with its neighbors and have hindered coherent cooperation.

In January 2017, the GNA signed a deal with the EU to step up efforts to apprehend migrants, refugees and asylum seekers crossing the Mediterranean in Libyan waters and return them to camps in Libya supported by the EU. After its closure in 2015, Italy reopened its embassy in Tripoli as the first Western country in January 2017.

Regional
cooperation



Strategic Outlook

Libya's immediate challenges are security, the proliferation of militias and the expansion of violence, fueled by economic crisis, rivalries between forces in the east and west, and by regional powers. The conflict is intensifying, blocking potential for stabilizing the economy and revitalizing state institutions. The ability of rival governments to provide concrete improvements in the lives of Libyans is decreasing. Short-term priorities should include:

1. **Avoid further escalation of violence:** In western Libya, factions supporting the Presidency Council and State Council have international recognition. They are supporting fighters in Benghazi, some of whom are aligned with the Benghazi Defense Brigade, in their offensive against Haftar's forces. Haftar is appointing officers to lead municipalities, confirming fears that he intends on military rule. Haftar and his forces continue to advance on Tripoli. Some Tripoli politicians, military officials and Presidency Council members have called for international backers of the LPA to impose a no-fly zone over the Gulf of Sirte and Benghazi in order to neutralize Haftar's air force. However, the U.N. Security Council is unlikely to approve this since Russia, as a permanent member, and Egypt, as a non-permanent member, are unlikely to support measures that weaken Haftar.
2. **Resolving the political crisis by renegotiating the LPA:** Major actors on each side still profess to support the peace process, a central aim of which is the formation of a unity government. The Presidency Council needs to bolster its legitimacy and reconcile with eastern Libyans and the HoR. The August 2016 HoR vote to reject the GNA may be an opportunity to begin this process. The PC, in consultation with political leaders, should make substantial changes to the government's composition, reiterating early 2016 proposals to assign key ministries to easterners, addressing the view that the east is marginalized. The LPA's external backers can create momentum towards a political solution based on the accords broad outlines. However, the accord must be renegotiated, beginning with a security track.
3. **Security dialogue:** The absence of a security dialogue and agreement among competing internal and external actors has made implementation of the LPA challenging. A security agreement should be introduced to the elements of the LPA that both sides support. The military balance has changed since 2015 when the conflict was primarily between pro-HoR and pro-GNC forces. The political divide is now between pro and anti-LPA actors. A central issue is the LPA Article 8 dispute over who should lead the military. Separating the PC into civilian and military roles may offer a solution to the impasse. Some PC members are considering a Supreme Defense Committee in which Haftar would sit with western officers, but it is unclear if Haftar and key Misrata armed groups would agree.
4. **Unification of external actors:** Polarization of political and military support to Libyan factions entrenches the conflict, makes identifying points of agreement in the LPA more elusive and compounds the economic and humanitarian crisis underway. Advocates of the PC (U.S., UK, Italy,

Algeria, Turkey and Qatar) and those who support the PC while simultaneously supporting Haftar (Russia, Egypt, the UAE and to an extent France) must harmonize their approaches. Those states with influence over Haftar should compel him and his allies to cease calling for military operations in southern and western Libya. Those states supporting Tripoli and Misrata-based forces should discourage them from engaging in a counter offensive against Haftar in the Gulf of Sirte.