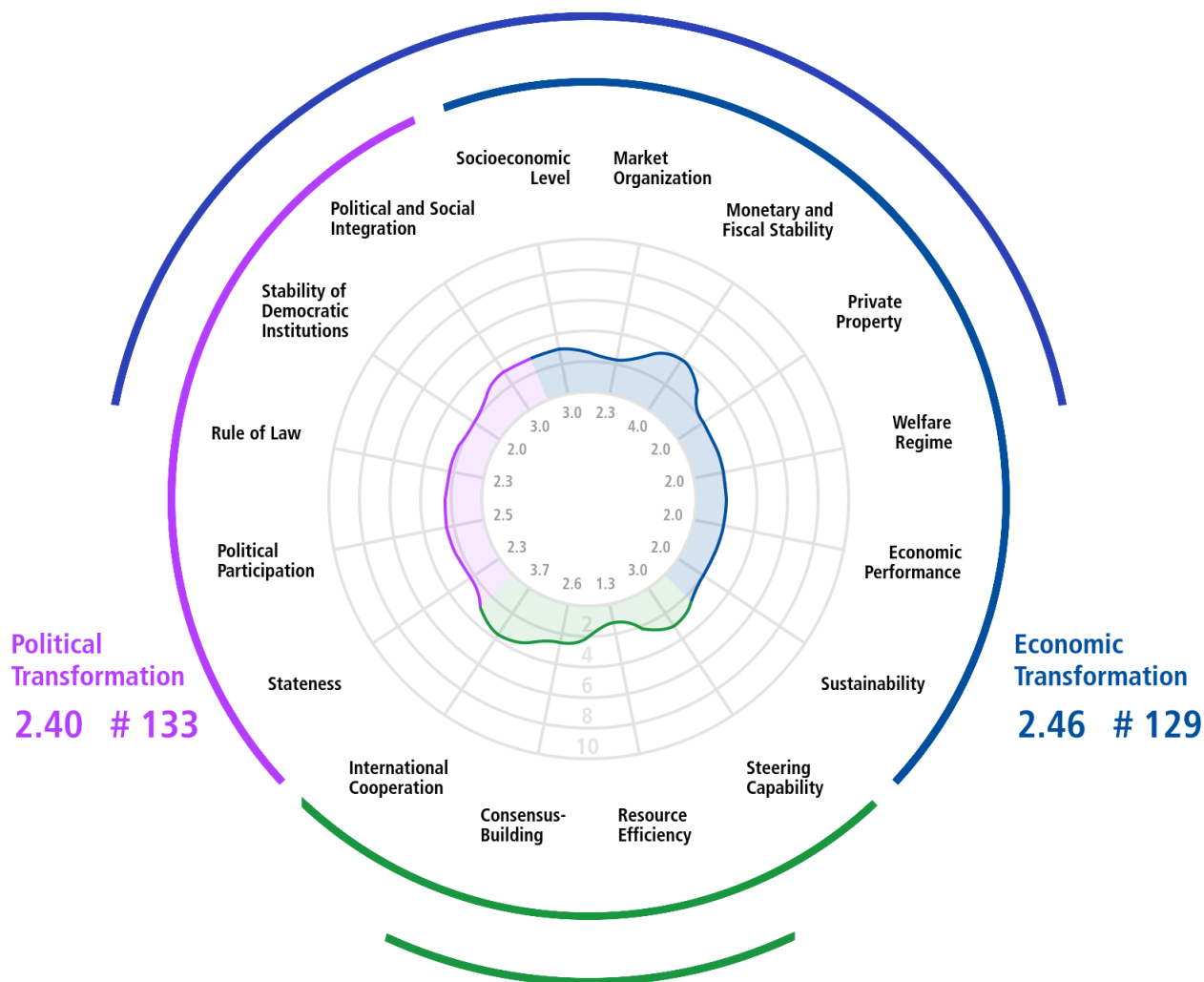


## Libya

### Status Index

**2.43 # 131**

on 1-10 scale out of 137



### Governance Index

**2.45 # 127**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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**Key Indicators**

Population	M	<b>6.9</b>	HDI	<b>0.724</b>	GDP p.c., PPP \$	<b>10847</b>
Pop. growth <sup>1</sup>	% p.a.	<b>1.4</b>	HDI rank of 189	<b>105</b>	Gini Index	-
Life expectancy	years	<b>72.9</b>	UN Education Index	<b>0.610</b>	Poverty <sup>3</sup>	% -
Urban population	%	<b>80.7</b>	Gender inequality <sup>2</sup>	<b>0.252</b>	Aid per capita \$	<b>46.6</b>

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. 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

The hopeful reconciliation steps that were meant to overcome the de facto division of Libya between the Libyan National Army (LNA) with the Tobruk-based House of Representatives (HoR) in the east, and the Government of National Accord (GNA) with the Tripoli-based General National Congress (GNC) in the west, came to an abrupt end on April 4, 2019, when the LNA under General Khalifa Haftar launched a military offensive toward Tripoli. The intervention of a number of external actors turned the conflict into a regional proxy war that targeted civilians, vital infrastructures, hospitals and medical staff. While attempts at crisis management were promoted by governments in the country's west and east, such measures proved ineffective. They contributed instead to further reinforcing the power of the armed groups and military forces in charge of enforcing restrictive measures such as curfews and lockdowns. Meanwhile, the country entered an unprecedented phase of economic recession, due to Haftar's January 2020 blockade of oilfields, the damage to infrastructure and the closing of communication routes within the country. The generalized decrease in oil prices negatively affected Libya's economy, and since March 2020, the spread of the coronavirus further aggravated conditions in an already collapsing health care system.

The war lasted until June 2020 in the capital and continued until October 2020, as GNA forces – supported by Turkey and Qatar – pushed Haftar's forces eastward in hopes of obtaining control of the Sirte oil basin. Despite a U.N. arms embargo on the country, the international sponsors of both parties provided them with sophisticated weaponry including guided missiles and drones, armored vehicles, and air defense systems. Russian contractors and foreign fighters from Syria and Sudan were provided to both GNA-affiliated forces and Haftar's LNA by their respective international sponsors. Throughout 2019 and early 2020, then U.N. special envoy for Libya, Ghassan Salamé, promoted repeated attempts to resume an intra-Libyan process of reconciliation in dialogue with international actors who had an influence on the parties to the conflict. With this aim, the Berlin Conference on Libya was launched in January 2020, but Salamé resigned in March, complaining that the third-country governments involved in the conflict were not

supporting the peace process. Deputy Secretary Stephanie Williams resumed Salamé's mediation efforts. The military 5+5 GNA+LNA follow-up committee was created, which started negotiations in Geneva in February 2020.

Meanwhile, military confrontations reached a stalemate between summer and fall 2020. Only on October 23, 2020, was a cease-fire agreement reached. A few weeks later, the Libyan Political Dialogue Forum (LPDF) opened in Tunis, with 75 members chosen by the United Nations Support Mission in Libya (UNSMIL) as representatives for women, youth, minorities and other relevant political actors – although it was criticized for allegedly underrepresenting certain ethnic groups, kin groups and political factions, some observers argued that some appointed members had been involved in corrupt practices. The “Preparatory Phase for a Comprehensive Solution” to the Libyan crisis was launched, thanks to the approval of a roadmap for resuming the political process, with presidential and parliamentary elections slated to be held on December 24, 2021. In January 2021, LPDF members reconvened in Switzerland, where they agreed on a selection mechanism for both the Presidency Council and the Government of National Unity, whose elections were to take place in February 2021.

## History and Characteristics of Transformation

The territory known as Libya is a relatively recent historical product signaled by December 24, 1951's proclamation of the federal monarchy of Libya, under King Idris al-Sanusi. The by-product of an “octroyed decolonization” overseen by the United Nations, Libya was not imagined as a unified nation before the 1940s. A series of instances of nationhood and anti-colonial resistance had emerged among political exiles from Cyrenaica, Tripolitania and Fezzan during the violent Fascist repression. However, these lacked coherence and unity.

The 1947 Paris Peace Treaty eventually forced Italy to renounce its colonies, whose future became an international issue. Independent Libya, therefore, emerged from a difficult compromise between diverse national aspirations and competing foreign interests. The establishment of the al-Sanusi monarchy was strongly sponsored by the United Kingdom and supported by the United States within an apparently modern institutional framework inspired by European constitutionalism. Nevertheless, as shown by Antonio Morone, it accounted for the return to a pre-colonial and pre-modern political leadership, whose legitimacy depended on traditional sources such as religion and tribes. Idris' version of Islamic nationalism, however, did not meet with unconditional acceptance among Cyrenaica's urban notables, and was opposed by most Tripolitania's ones. Political parties and nationalist associations were banned in 1952.

After Africa's largest reservoirs of hydrocarbons were discovered primarily in eastern Libya in 1959, competition over natural resources became another source of tensions. In this atmosphere of aggravated internal and external tensions, a coup d'état by the Free Officers Movement under the leadership of Colonel Mu'ammar al-Qadhafi fundamentally overhauled Libya's politics, economics and society, introducing a regime whose model was Nasser's pan-Arab nationalism,

although with an interpretation that still closely linked Islam and Arabism. Qadhafi started accusing all Libyan citizens who did not identify as Arabs of being instruments of Western interference, and enemies of the Arab and socialist revolution. The Proclamation of Sabha in 1977 marked the advent of the “society of the masses,” or “Jamahiriyya.” Afterward, Qadhafi’s “permanent revolution” was pursued through a vertically organized system of “direct democracy” based on executive people’s committees responsible to legislative people’s congresses at the national, regional and local levels. Qadhafi also leveraged oil rents to distribute privileges among his support networks, which regionally revolved around Tripolitania’s rural and desert hinterland, and the groups controlling them. Opposition groups and territories in Tripolitania and the vast majority of Cyrenaica were economically, politically and socially marginalized. Therefore, regional identities, ethnicity and dynamics of belonging associated with the tribes persisted as competing forces to the pan-Arab ideology.

Inspired by similar events in neighboring Tunisia and Egypt, the Libyan uprisings that started on February 17, 2011, quickly took the form of a civil war between armed forces loyal to Qadhafi and revolutionary militias. The overthrow of the former regime, marked by the so-called “liberation” of Tripoli by the forces of the National Transitional Council (NTC) on August 28, 2011, and the eventual killing of Qadhafi inaugurated a military occupation of the capital by some prominent anti-Qadhafi militias. Transitional authorities absorbed these militias into the state security apparatus. This occupation has continued to date, despite having been carried out by changing constellations and alliances of armed actors. Mid-2014 witnessed an institutional split between two rival parliaments and their associated governments. In Tripoli, the General National Congress (GNC) continued to claim legislative power, while the House of Representatives – elected in June to replace the GNC – eventually relocated to Tobruk, while its associated government went to al-Bayda.

The U.N. tried to mediate this dispute and prevent military escalation. In December 2015, the Libyan Political Agreement (LPA) was signed in Skhirat, Morocco, creating a nine-member Presidency Council (serving as quasi-head of state) and the interim GNA with 17 members.

Meanwhile, after he failed in an attempted coup against Tripoli in February 2014, renegade General Khalifa Haftar – a self-described anti-Islamist backed by Egypt, the United Arab Emirates (UAE) and increasingly Russia – proclaimed the birth of the Libyan National Army (LNA), which was recognized by both the Tobruk-based HoR and the al-Bayda government.

Starting in summer 2017, significant steps toward the reunification of the country’s political institutions were taken by Prime Minister Fayeza Mustafa al-Sarraj and General Haftar. In May 2018, they met in Paris to sign a roadmap to peace, which in turn looked ahead to a referendum on the constitution, and the electoral law was adopted to allow general elections to be held. However, Haftar’s spring 2019 offensive toward Tripoli postponed them indefinitely, and new heavy fighting erupted instead.

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

Beginning in 1977, Qadhafi downsized the police and army due to his “Green Book” ideology that focused on the militarization of the people instead (al-sha’b al-musalah, the armed people). Parallel paramilitary forces were established for his personal protection.

The February 2011 revolution led to the collapse of the remaining police and army forces and triggered the creation of a multiplicity of military councils coordinating armed groups scattered throughout the country.

After Qadhafi’s death in 2011, these militias continued to use their weapons, and violent competition over local resources soon emerged. Transitional authorities’ decision to include entire militias into the formal security forces, rather than individuals, fatally ratified local military powers. Such developments jeopardized subsequent attempts by Libyan institutional actors to establish a monopoly on the use of force and to guarantee security. This has prevented them from securing state control over the country’s economic resources.

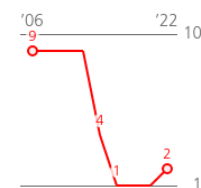
Libya is awash with weapons from the Qadhafi era. Moreover, international sponsors of local competing actors have continued shipping war materials to the country in breach of the U.N.-imposed arms embargo of 2011. The lack of a state monopoly on the use of force enabled the November 2013 occupation of Tripoli by the militias of Misratah, Ansar al-Sharia and armed groups loyal to the Muslim Brotherhood.

Clashes over the 2014 elections for the Constituent Assembly and the House of Representatives (HoR) eventually led to the de facto split of Libya into two rival entities respectively backed by changing alliances of national, regional and international actors. The Tripoli-based Government of National Accord (GNA), under the leadership of Fayeze al-Sarraj, nominally controls Tripolitania, but only with the help of local militias. Moreover, it relies on Turkey and Qatar’s military

Question  
Score

Monopoly on the  
use of force

2



support. The internationally recognized House of Representatives (HoR) in Tobruk, with the affiliated interim government in al-Bayda, relies instead on the military support of the Libyan Arab Armed Forces (LAAF) under the command of General Khalifa Haftar. They receive support from Russia, the United Arab Emirates (UAE), Egypt, Jordan, Sudan and France.

Military confrontations between these two coalitions saw an unprecedented escalation between April 2019 and June 2020, as a result of Khalifa Haftar's decision to attack Tripoli and extend his control over the whole country. An agreement on a permanent and complete cease-fire was reached only on October 23, 2020, after the almost 14-month war had reached a stalemate. Since that time, reunifying national institutions and providing them with a monopoly on the use of force has been identified as a priority by representatives of both warring parties. They have agreed on a 12-point plan that calls for the complete withdrawal of armed groups from fighting lines; the departure of foreign fighters; security cooperation among the involved parties; and the demobilization of fighters from both sides. This latter point is now considered as a precondition to their eventual reintegration into state forces.

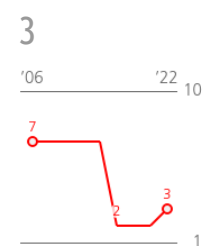
As a result of Qadhafi's 42-year promotion of pan-Arabism and Islamism as the basis of Libyan nationalist discourse, most citizens currently hold a fairly strong sense of national identity. However, the narrative of Libyan national identity eclipsed the non-Arab components of the society, which are mostly Amazigh, but also Tuareg and Tebu.

This peaked after 2011. Results of the World Values Survey, conducted in 2014 by the University of Benghazi Research Center, showed that 94.9% of Libyans considered religion to be a very important source of identity, while 83% considered themselves to be part of the Islamic nation ("umma"). In parallel, 96.7% saw their national identity as being very important, and 94.5% were proud of their belonging to the local society and its tribe.

The outbreak of the civil war in 2013 and the following severe political division increased the importance of other sources of identity, such as the regional identities based on the three historical regions of Cyrenaica, Tripolitania and Fezzan. Consequently, a 2015 survey conducted by the University of Benghazi Research Center showed the main factors creating a shared sense of identity were Islam (95.2%), the Arabic language (88.8%), a shared future (83.5%), traditions and customs (83.3%), and geographic location (69.9%). The survey further showed that, in general, Libyans support the principles of political and cultural pluralism.

However, Libyan transitional authorities have failed at promoting a more inclusive and polyphonic national imaginary. This has contributed to almost a decade of instability and conflict, which has in turn helped to increase the importance of regional identities as well as those deriving from ethnicity and kin groups. Political

State identity



and community leaders based in the east have lamented political and socioeconomic marginalization and have repeatedly called for greater regional autonomy. The same can be said of some majoritarian Amazigh areas in the western part of the country, which have also lamented persistent cultural marginalization and lack of constitutional recognition.

Communities from Fezzan, who structurally and historically lacked efficient connections with the rest of the country, have been demanding better service delivery and improved local governance.

Accommodating divergent expectations has become increasingly challenging for political authorities, resulting in their further delegitimization. The 2017 constitutional draft was opposed by eastern and southern groups, as well as some Amazigh activists, and a weak form of decentralization based on governorates and municipalities was suggested instead. The 2017 draft constitution named Arabic as the sole official language but called for the protection and promotion of the Amazigh, Tuareg and Tebu languages. However, practical implementations of this policies have been limited to majoritarian Amazigh towns in the west of the country.

If the October 2020 cease-fire and the launching of the Libyan Political Dialogue Forum have reopened a national debate on a sustainable democratic transition for the country, the past decade has shown that no viable solution will be found unless any future constitutional framework includes the recognition of some form of subnational governance able to channel the diverging aspirations of Libya's constituencies.

Libyan society is deeply permeated by Islam. In March 1977, the "Declaration on the Establishment of the Authority of the People," Qadhafi's quasi-constitution, stated that the Qur'an was the source of legislation in Libya, as interpreted by the Maliki school. However, most of the legislation issued during Qadhafi's era was secular, aside from family-status laws.

The 2011 interim constitutional declaration also declared Islam to be the state religion, and Shariah as the principal source of lawmaking. The current struggle is not over secular or religious norms, but rather about the "type" of Islam in state and legislation. While General Haftar has mobilized the rhetoric of anti-terrorism to justify his military attacks to widen the LNA's territorial control, al-Serraj established his control over Tripoli thanks to the support of Misratah's militias, which are close to the Muslim Brotherhood and other moderate Islamists. External influencers on both sides – Qatar and Turkey in the west of the country, Saudi Arabia in the eastern regions – have further mainstreamed the influence of Islam.

In Tripoli, the General Authority for Awqaf and Islamic Affairs (often called the "Awqaf ministry") uses its local branches to administer religious endowments including the zakat tax, lands and real estate, and thus also wields politico-economic

No interference of religious dogmas

3

'06 '22 10



1



and social influence. While the Special Deterrence Forces, formally aligned with the interior ministry, are said to act as “moral police” at the behest of the Awqaf ministry, the local Awqaf offices were also vital in ensuring people’s compliance with the anti-COVID-19 measures imposed early in 2020.

The 2014 institutional split heavily undermined administrative structures and their capacities. In many instances, citizens are forced to resort to militia intermediation even to obtain basic services. However, despite the fragmentation of the high-level administrations, the mid-level administrations kept the country united across sectors.

Law 59 of 2012 on local administration provided for the establishment of 120 municipal councils. While municipalities overall suffer from a chronic lack of funding, security and common political vision, they nevertheless have become the most reliable interlocutors for international cooperation programs since 2017, as it was hoped that they would act as local stabilizers.

Both warring parties’ attacks on civilian infrastructures caused repeated and protracted power outages, and even access to potable water has been considerably limited. According to the World Bank, only 26.1% of Libyans had access to sanitation in 2017. The oil blockade imposed by Khalifa Haftar in January 2020 put serious financial constraints on a state that relies on imports for nearly everything, a problem the spread of the coronavirus further aggravated.

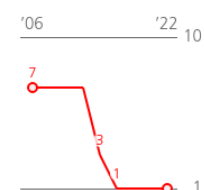
The GNA initially attempted to decentralize the provision of emergency health materials by directly allocating COVID-19 budgets to municipal authorities. However, strained municipalities struggled to meet Libya’s budgetary requirements for the management of the coronavirus emergency funds. Meanwhile, the LNA adopted a military-style administration of the COVID-19 response in the eastern part of the country, where dissenters were treated as treasonous.

## 2 | Political Participation

Three electoral events have been held in post-2011 Libya; citizens have voted for the General National Congress (GNC, July 2012), the Constitution Drafting Assembly (CDA, February 2014) and the House of Representatives (HoR, June 25, 2014). The last-mentioned took place in a climate of violence and uncertainty, as even the approval of the new electoral law had been highly contested. Several groups, such as the Amazigh Supreme Council, called on their supporters to boycott the elections. Voter turnout was 18% (630,000 persons), compared to a 60% at the GNC elections in 2012. The low turnout has compromised the HoR’s legitimacy, and ultimately constituted the basis for the country’s institutional split.

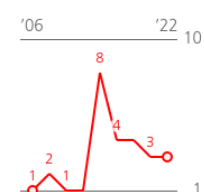
Basic administration

1



Free and fair elections

3



In May 2018, Libya's rival powers met in Paris, where leaders of the GNA, the LNA, the HoR and the High Council of State committed to setting the constitutional basis for elections; adopting the necessary electoral laws by September 16, 2018; and holding parliamentary and presidential elections on December 10, 2018. This process was first postponed to early 2019, and then violently interrupted by Haftar's April 2019 attack on Tripoli. After the cease-fire of October 23, 2020, the UNSMIL-sponsored Libyan Political Dialogue Forum (LPDF) established a temporary advisory committee to resolve the deadlock on the selection mechanism for the interim executive authority. Showing full support for LPDF's November 2020 roadmap, the GNA has allocated LYD 50 million to the High National Elections Commission (HNEC) in preparation for these national elections. LPDF also designated a legal committee tasked with ensuring that constitutional requirements for holding elections have been met. On January 19, 2021, 73% of LPDF members voted to approve the proposed selection mechanism for a new three-member Presidency Council and a prime minister. They are expected to form an interim government within 21 days from their designation, which will guide Libya to a new round of national elections to be held on December 24, 2021.

However, there are a number of challenges to be met before Libya's 2021 elections can be held. Among these are the required referendum on the draft constitution, which has not yet been approved by the HoR; the absence of an election law, on the basis of which elections can be held; the security challenge; and the participation of displaced Libyans in the upcoming elections.

On a positive note, elections of local authorities resumed with the launch of the LPDF. Eight municipal council elections were conducted by the Central Committee for Municipal Council Elections (CCMCE) in and around Tripoli in December 2020, as well as in three municipalities of the Wahat eastern district in January 2021, under the auspices of the Benghazi-based Central Committee for Municipal Elections. Problems persist concerning the lack of uniform voter registers and the use of two different electoral systems in the western and eastern parts of the country.

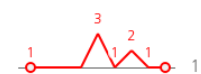
None of the current actors in Libya is democratically legitimized. Instead, most crucial decisions are made either by GNA's or Khalifa Haftar's affiliated forces. Their decision-making processes incorporate a complex and often changing landscape of militias.

Whatever government has been in power, it has been state policy to promote appeasement and win the support of the militias in both the east and the west. State officers have either paid stipends to militiamen or accepted their bribes, handing crucial assets of the country's economic and security sector over to them. Libya's economy has progressively stagnated, while militias' military and economic power has never stopped growing; militiamen become the most prominent actors, effectively guiding decision-making.

Effective power to govern

1

'06 \_\_\_\_\_ '22 10



Khalifa Haftar's LNA attack against western Libya led even previously rival militias to join with the GNA. An anti-LNA front emerged, which is embodied by the so-called Tripoli Protection Force. Its major components are the Special Deterrence Force, the Nawasi and Abu Salim Brigades, and the Tripoli Revolutionaries Brigade, all operating in Tripoli; the 301 Battalion, operating in Misrata and Tripoli; and the Bunyan al-Marsous forces, operating in Misrata and Sirt.

Wolfram Lacher has defined most of these actors as responsible for the emergence of a "Tripoli Cartel," and many analyses have stressed that they would morph into whatever new forms are necessary to preserve a balance of power. Such a balance of power has indeed allowed these actors to profit so far from preferential access to subsidized products, both older and newer smuggling networks, and the possibility of exerting political pressure on the GNA.

Amazigh militias from Zwara and the Nafusa Mountains have been generally quite supportive of the GNA, and of Western Libya anti-LNA coalition in general. The latter, however, benefited most crucially from the support of two cities that, after the LNA, have the largest number of fighters: Misrata and Zintan. Misrata has as many as 200 militias, among them the Misrata's Joint Security Operations Room's "Special Task Force," the Halbous Brigade, the Marsa Brigade and the 166th Brigade. Zintan, which has been Misrata's main regional competitor, also saw the majority of its Military Council, led by Osama Juweili, siding with the GNA, together with the Zintani General Security Service, led by Emad Trabelsi. Nevertheless, a portion of the city's fighters continued supporting the LNA, as Brigadier General Idris Madi led the LNA's Western Military Zone.

Zawiyya's more prominent militiamen – such as those from the Nasr brigade led by Mohammad Kushlaf – sided with GNA militias, while others have aligned themselves with the LNA.

Haftar's forces also received more unanimous support in some western towns such as Sabratha and Sorman, but also in Tarhuna and Gharyan, where the LNA successfully co-opted the Kaniyyat and Adel Da'ab militias.

Militias aligned with the GNA did not directly follow its directives. It was their opposition to Haftar and/or the LNA that united them, more than any commitment to the government in Tripoli.

Notwithstanding its claims to be a "national army," militias are also crucial to Khalifa Haftar's LNA, which is made up of a minority of around 7,000 rank and file soldiers, constituting its troop, and a vast majority of around 18,000 auxiliary troops, mostly made up of civilian paramilitaries, including Chadian and Sudanese forces, as well as irregular armed groups from eastern and central Libya (Libya Analysis).

As much as their leaders have stressed their unity and the support they have received from the various communities, these armed formations are highly fragmented and localized, resulting in equally fragmented and localized veto powers and political enclaves. They battled against each other, but also among themselves, until a cease-fire agreement was reached in October 2020.

In the aftermath of the cease-fire agreement, UNSMIL – not Libya’s citizens – selected the 75 LPDF members. These members have agreed on a set of rules for the designation of the new executive authorities, whose elections were taking place at the time of writing.

Strong criticisms as to the questionable democratic nature of such a designation mechanism have been already raised in Libya, where some groups have declared they will not recognize the legitimacy of the interim executive.

On the local level, some democratic legitimization can be inferred with regard to municipal councils for which elections have been conducted, but their overall influence remains minimal where powerful armed groups persist.

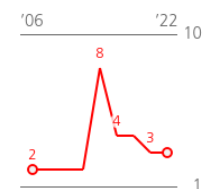
While the 2012 law on freedom of assembly is broadly compatible with international standards, peaceful assemblies have become extremely difficult due to the protracted armed conflict.

Since April 2019, military attacks have targeted civilians especially in the highly populated urban areas of the capital, and Tripolitania in general. Civic and political groups have continued to operate within very tense circumstances to address urgent humanitarian needs. Nevertheless, active civil society organizations have declined in numbers. Activists have been attacked, threatened, kidnapped and even killed by militias affiliated with both warring parties.

The spread of COVID-19 has further restricted access to the public space for individual citizens and CSOs. The GNA imposed partial curfews beginning in March 2020 to reduce COVID-19 transmissions. On April 17, 2020, a 10-day lockdown and a ban on individual movement were introduced, with limited exceptions for the transport and sale of food. Moving on foot was allowed only between 7 a.m. and 12 p.m. Moreover, the GNA suspended all public gatherings and events. The Presidential Council used the risk of COVID-19 to impose a four-day curfew and two weeks of partial curfews in August 2020, although a first cease-fire had been proclaimed by both the head of the Tripoli Presidential Council and the resident of the House of Representatives on August 21.

Starting on August 23, 2020, protests spread from Tripoli throughout the country, focused on corruption and the poor standard of living. Protesters were arrested and attacked by armed militias loyal to GNA’s Interior Minister Fathi Bashagha, not only in Tripoli but also in Misratah, Sabratah, al-Zawya, al-Asab’a and Sabha. August curfews were therefore interpreted as an attempt to prevent protesters from

Association /  
assembly rights  
3



demonstrating. In the east as well, COVID-19 measures have allowed for further militarization of the public space, with the LNA violently repressing any form of resistance.

Libya's legal framework on the freedom of expression is inconsistent and contradictory. Article 14 of the 2011 constitutional declaration protects "freedom of opinion for individuals and groups, freedom of scientific research, freedom of communication, liberty of the press, printing, publication and mass media." Libya's Supreme Court has ruled that some laws passed since 2011 have been unconstitutional because they undermine freedom of expression.

However, authorities have failed to amend or repeal restrictive measures, and they have introduced new limits to freedom of expression. In 2012, what Human Rights Watch called a "draconian law" was passed, which "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 Qadhafi."

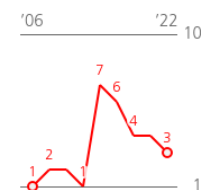
The World Press Freedom Index ranked Libya at 164th out of 180 countries in 2020, attesting to a worsening of conditions as compared to 2018, when the country was ranked 162nd. Both in the west and the east, journalists and activists have been persecuted, attacked and arrested for criticizing government authorities, the LNA or even militiamen. Meanwhile, attacks on and intimidation of politicians, activists and journalists have been usually met with complete impunity, as demonstrated by the forced disappearance of HoR parliamentarian Seham Sergewa from Benghazi, on July 17, 2019. Those responsible for her abduction were members of the LNA 106th brigade, led by Khalifa Haftar's son Khaled, who were never prosecuted.

According to Human Rights Watch's 2021 World Report on Libya, Benghazi military court sentenced freelance photojournalist Ismail Abu Zreiba al-Zway after a secret trial to 15 years in prison in May 2020, accusing him of "communicating with a TV station that supports terrorism" after his cooperation with al-Nabaa, a private satellite television channel. On December 14, 2019, journalist Reda Fhelboom was abducted by GNA-affiliated al-Nawasi Brigade upon his arrival at Mitiga airport in Tripoli. Accused of illegally establishing a non-governmental organization, Fhelboom was actually targeted for an article he had written in 2015 on LGBT issues. He later said he was held for 12 days in two different facilities where he was interrogated in a forced position for hours and detained in inhumane and degrading conditions. In January 2020, the general prosecutor eventually charged him for "practicing journalism without a license and communicating with an international organization without state permission."

Media distortion and manipulation has shaped matters of public debate in Libya, to the extent that the 12-point agreement reached in Geneva on October 23, 2020, stated that ensuring de-escalation of rampant media rhetoric and hate speech should be the first steps toward democracy and consensus-building in the country.

Freedom of  
expression

3



### 3 | Rule of Law

Libya's transitional institutions have made repeated attempts to forge consensus on a new constitution, as outlined in the interim constitutional declaration of August 2011. Nevertheless, key issues have remained contested, namely issues of subnational governance arrangements, cultural pluralism, and how to distribute political power and the country's enormous oil wealth.

As all attempts to draft and vote on a new constitution have failed, Libya's separation of powers still lacks legal clarity. The Supreme Judicial Council organizes judicial affairs according to Law 4 of 2011, but the exact setup and responsibilities of the judiciary will remain unclear until a proper constitution has been enacted. Moreover, since political decision-makers have resorted to the use of militias to enhance their negotiation power, legal judgments today do not make any real difference.

The LPDF has identified the organization of a referendum on Libya's new constitution before December 2021 as one of the most urgent priorities of the interim period inaugurated in January 2021.

The protracted conflict and political division has compromised the independence of domestic courts, and citizens often resort to informal conflict resolution mechanisms. Pressures from armed militias have hampered the procedures of both civil and criminal courts, and serious due process violations have been registered. Civilian and military courts operate at reduced capacity or not at all in some parts of the country. "Lawyers For Justice Libya" has repeatedly questioned the independence and impartiality of Libyan courts in such a heavily militarized context.

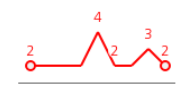
After the beginning of the April 2019 war, judges and prosecutors were subject to harassment, threats, assaults, abductions and even killings. On November 20, 2020, unidentified gunmen shot and killed Hanan al-Barassi, a lawyer and activist from Benghazi who had spoken up against alleged widespread corruption and abuse of power by officials and members of armed groups in eastern Libya, including Haftar's direct family members.

Prison authorities are often only nominally under the control of the GNA or al-Bayda governments. Long-term pre-charge detentions as well as other forms of arbitrary detention are the rule, especially for migrants. Prisons and detention facilities are overcrowded, characterized by inhumane conditions, ill-treatment and a lack of specialized services for women with children.

Separation of powers

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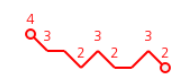
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Independent judiciary

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As a response to the spread of COVID-19, in March 2020 the GNA Ministry of Justice released 466 pretrial detainees, as well as detainees who met the rules for conditional release, from prisons in Tripoli. Many more remained in unlawful detention. During the same month, the High Judicial Council ordered the closure of courts for one month. The measure was renewed on April 28, 2020, further restricting detainees' access to judicial review of their detention.

There have been occasional attempts to rein in corruption, such as the sweeping investigation of oil-sector corruption undertaken in January 2017. Warrants and travel bans were issued for officials within specific oil companies. Additionally, Attorney General Siddiq al-Sour has issued warrants against several government ministers suspected of involvement in corruption. In October 2020, he also investigated alleged corruption at Libyan embassies in Italy and the Vatican and accused some mayors of municipalities of squandering funds and exploiting their positions for their benefits.

In May 2018, the Presidential Council announced investigations into corruption charges against a number of government ministers. However, the war put a halt to such investigations. The combined effects of Libya's weak institutional and judicial framework, political instability, and ongoing violence have created a situation in which officeholders are able to act with impunity.

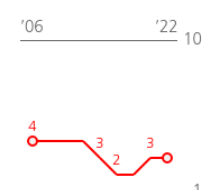
After Khalifa Haftar forces evacuated the district of Tarhouna in June 2020, eight mass graves were discovered. Assaultants remain largely unidentified and local authorities failed to investigate and prosecute these crimes.

The U.N. has sanctioned individuals in the Libyan coast guard for their involvement in people smuggling and trafficking. One of them, Abd al-Rahman al-Milad, was arrested in October 2020 by GNA-linked forces in the western town of al-Zawiya. Nevertheless, the EU has continued collaborating with Libyan coast guard forces by providing equipment and training to intercept and return thousands of people to Libya.

Although Libya's 2011 interim constitution formally devotes its second chapter to the recognition and thus the protection of civil rights, most of these rights have in practice been significantly compromised at both the individual and collective levels by the ongoing conflict. Violence has resulted in serious restriction to individual freedoms, as well as to the rights to education and health care, the right to own property, and the rights to work and enjoy a reasonable standard of living. The conflict has caused mass displacement across the country and resulted in a high civilian loss of life. According to UNSMIL's data on civilian casualties of the Libyan civil war, 986 casualties were reported between July 2019 and June 2020 alone.

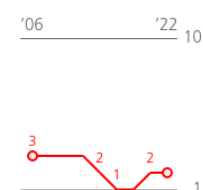
#### Prosecution of office abuse

3



#### Civil rights

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Both warring parties – and especially the LNA – have repeatedly violated the laws of war by resorting to unlawful air and drone strikes and indiscriminate shelling that has targeted and killed civilians. Rival fighters and their international sponsors have made extensive use of internationally prohibited anti-personnel landmines and booby traps. Long-term arbitrary detention, and politically motivated executions continued throughout 2019 and 2020, in some cases entailing the desecration of bodies.

As of August 15, 2020, there had been over 37 attacks on health workers and facilities during the COVID-19 pandemic, according to UNSMIL. Around 19 hospitals were hit and 11 medical personnel killed. Haftar’s LAAF hit the maternity ward of Tripoli’s al-Khadra Hospital on April 7, 2020; this was also one of the health facilities assigned for potential COVID-19 use. Later that month also Tariq al-Shouq Royal hospital was destroyed, south of Tripoli. Medical staff is also at risk of infection due to persistent lack of the necessary equipment, water and beds to host a potential influx of patients.

Migrant detention centers have also been targets of attacks. In July 2019, an aerial attack hit the official migrant and asylum-seekers detention center in Tajoura. A total of 46 people were reported dead, and at least 130 were wounded. In early January 2021, 121 migrants and refugees were released from al-Zintan detention center and entrusted to UNHCR, the World Food Program and their local partners for the necessary assistance. However, as of the time of writing, more than 900 migrants and refugees remained in detention across Libya.

As denounced by Lawyers for Justice Libya, “militias routinely abduct individuals from their homes, streets, checkpoints and places of work, holding them in unofficial places of detention with no access to lawyers, their families, or judicial oversight, and usually subjecting them to torture and other ill-treatment.”

#### 4 | Stability of Democratic Institutions

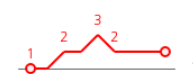
Libya’s only democratic institutions are the 120 municipal councils, whose performance has been severely impacted by the war, the country’s economic recession of 2020 and the spread of COVID-19. The LPDF inaugurated the process for the reunification of Libya’s national government institutions between November 2020 and January 2021. Citizens’ needs have not been addressed.

LPDF members have also started working to support the reunification of the national financial and economic institutions. Tasked with the primary goal of preparing credible, inclusive and democratic national elections, to be held on December 24, 2021, LPDF members also outlined a structure and prerogatives for the Presidency Council and a separate head of government, together with the eligibility criteria for these posts. The necessary steps for holding a vote on the new constitution were also being discussed.

Performance of democratic institutions

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At the time of writing, it was not yet possible to determine whether the interim institution designated by LPDF would be recognized as legitimate by a sufficient number of citizens, or whether the ongoing National Dialogue will succeed in overcoming the country's deep-seated hostilities.

After the 2014 split in Libya's political institutions, the commitment to such institutions was polarized, and in some cases disappeared altogether.

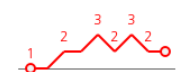
Municipal councils represent a rare exception, for they remained the only elected authorities whose legitimacy has not been questioned, and which have continued to provide some basic services. Many of these elected municipal councils were militarized in the eastern regions of the country, for instance in Derna, Benghazi, Ajdabya and Kufra. Later, the new mayors were replaced by steering committees that were appointed by Prime Minister Abdullah al-Thani. This decision was a violation of law 59, which stipulates that the management of municipalities must be handled through their elected councils (Article 26).

Haftar's military offensive targeting Tripoli jeopardized the reconciliation process that had been ongoing since April 2019. U.N. efforts to mediate a cease-fire succeeded only in October 2020. After over a year of war, the country's key players expressed their willingness to engage in political solutions. However, the LPDF interlocutors chosen by UNSMIL provoked much criticism, and on January 21, 2021, formerly GNA-affiliated militias constituting the Tripoli Protection Force issued a statement officially rejecting the results of the LPDF process. One week later, the heads of several Amazigh municipalities from Zwara and the Jabal Nafusa, together with the leaders of the Amazigh Supreme Council, declared their total rejection of the LPDF project for designating the new executive authorities, and announced their decision to boycott any future constitutional referendum. They declared that they would instead draft their own constitution and announced the birth of an autonomous region uniting the territories inhabited by a majority-Amazigh population.

Commitment to democratic institutions

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## 5 | Political and Social Integration

On January 4, 2012, the NTC abrogated Qadhafi’s prior ban on political parties, but continued to prohibit parties that do not conform to Shariah law with Law 29 of May 2, 2012.

According to the High National Election Commission (HNEC), 374 political entities emerged in the lead-up to the July 2012 elections, including 130 political parties. Eventually, however, only 21 parties won seats in the General National Congress (GNC).

Former interim Prime Minister Mahmoud Jibril’s National Forces Alliance (NFA) obtained the vast majority of seats. It encompassed 61 centrist and liberal parties, including Ali Tarhouni’s National Centrist Party. The NFA called for a moderate “Islamic state” with “liberal” tendencies. The party receiving the second-highest vote total was the Justice and Construction Party (JCP). Also known as the “Justice and Development Party,” it was set up by the Libyan branch of the Muslim Brotherhood in March 2012. Its leader, Mohammad Sawan, defined the party as “centrist,” aiming to seek and promote “cultural moderation” according to Shariah law.

Only 80 seats were assigned to political parties in the 2012 elections (out of an overall 200 seats), and the remaining 120 seats went to individual candidates. Political parties were even banned in the 2014 elections, and party members ran as individuals.

Notwithstanding the obstacles posed to party policy in Libya, new parties emerged even in the aftermath of 2014 elections’ failure to designate democratically legitimate authorities.

In September 2017, then UNSMIL-head Ghassan Salamé presented the “New Action Plan for Libya in three phases” to resolve the country’s political divisions. These phases included presidential and parliamentary elections in December 2018. Many political parties prepared for these elections, which eventually were not held. For instance, Fathi Ben Khalifa – former president of the World Amazigh Congress – founded the Libu party in 2017, also known as the “Libya the Nation” party. Libu’s headquarter is located in the coastal city of Zwara, but it also has branches in Tripoli and Ubari. Its declared aims are the establishment of a secular and democratic Libyan state, as well as the affirmation of the Amazigh Libyan identity in contrast to Arabism, and the recognition of Tamazight as an official language in Libya.

On December 26, 2016, the Popular Front for the Liberation of Libya was formed by the members of the homonymous Qadhafi loyalist militias. The party’s aim is to

Party system

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bring Libya out from the control of terrorist organizations, while reframing the 2011 uprising as the result of an international conspiracy against Libya. In March 2018, Qadhafi's son Saif al-Islam announced his intention to run in the upcoming general elections as a part of the Popular Front for the Liberation of Libya.

The 2020 KAS PolDiMed survey indicated that only 22% of Libyan interviewees trusted political parties. This data contrasts with Libyans' recorded trust in CSOs (60%) and local mosques (77%).

The 2019 war again challenged Libyan civil society's access to the public space and, therefore, reduced opportunities for civic mobilization.

One of the foremost challenges facing civil society in Libya today is the absence of an effective legislative framework. Since 2011, the authorities have failed to enact any law on CSOs. The country's political and institutional division eventually led to the establishment of two High Civil Society Commissions in Benghazi and in Tripoli in 2018 as a consequence of the Presidential Council's decision 1605, regarding the reorganization of the Civil Society Commission. Although the two bodies tried to work together closely by coordinating their meetings and programs, many of these meetings were still held in Tripoli and others in Tunis. As a result, effective cooperation remained impossible.

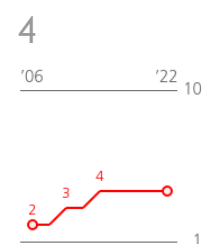
According to the Civil Society Commission's first report (2018), 563 organizations were registered in 2016. Around 60% of these were concentrated only in Tripoli (39%) and Benghazi (21%). These organizations' main activities were charity work (14%), social services (12%), culture and arts (10%), and law and human rights (6%). In December 2016, 40,010 activists were registered at the Civil Society Commission, one-fifth of them being women. An important field of engagement is reconciliation and mediation at the local and national level; organizations active here are sometimes connected through the Peacemakers Network ("shabakat sina'a al-salam").

Organizations run by Libyans outside the country, such as the London-based Lawyers for Justice in Libya, 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.

Initial enthusiasm for democracy in the aftermath of the 2011 revolution quickly faded with the spread of violence and the eventual collapse of the state. The University of Aberdeen's 2014 Arab Transformations Project found that while 32% of the poll's 1,540 respondents supported a democratic parliamentary system, 27% supported government by Islamic law with no political parties or elections.

Nevertheless, a UNSMIL report on the Libyan National Conference in 2018 found that many conference participants felt that ending the transitional phase and holding elections on a constitutional basis was the keystone to addressing the various other

Interest groups



Approval of democracy



n/a

priorities. The report articulated a preference for rational and effective democratic governance that is not based on the kin group, political or regional affiliations, but rather on clear and objective criteria and competences.

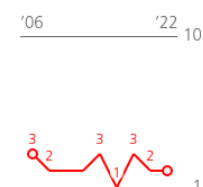
This orientation was confirmed in a 2020 survey performed by the Konrad Adenauer Foundation. Here, 56% of Libyan interviewees agreed that their country should have a system of governance governed by parliament, with all parties competing in elections.

Such a preference appears to have been confirmed during the LPDF's sessions and is currently inspiring the preparation of new national elections at the end of 2021.

While self-organization and trust are visible at an individual level, this does not extend to the national level, where a sharp sense of fragmentation persists. Libya's population is divided by geographical location, ideological leanings, political representation, militia representation, strategic alliances (local, regional and international) and funding sources. Civil society groups exist and are engaged in attempts to bridge this fragmentation but rebuilding trust between individuals and communities remains a major challenge. World Values Survey data from 2014 indicated that only 10% of Libyans felt that "most people can be trusted," while 84.1% identified the "need to be very careful."

Social capital

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## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Despite having the largest oil reserves on the entire continent, Libya structurally suffers from a weakly diversified economy both in terms of goods and markets.

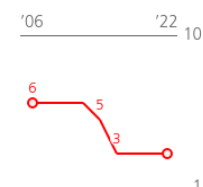
Oil revenues represent an average of 90% of total revenues, and exports have depended on the country's key resource ever since its discovery. In the UNDP's 2019 Human Development Index, Libya ranked at 105th place with a score of 0.724. The prevalence of discrimination against women is reflected in Libya's very low (and recently declining) score of 0.252 in the Gender Inequality Index.

The intensification of the conflict since April 2019 has suffocated economic activities, in part due to the frequent targeting of key infrastructure such as oilfields, roads and airports. The COVID-19 pandemic added additional strain after the first case was recorded on March 23, 2020. Within a population officially of 6.78 million, the WHO reported 118,631 infections and 1,842 coronavirus-related deaths as of January 30, 2021.

Question  
Score

Socioeconomic  
barriers

3



In 2020, an estimated 1.3 million people were in need of some form of humanitarian assistance. Moreover, strong inequalities persist. A series of articles edited by Lawyers for Justice Libya in partnership with Open Democracy on the relation between the pandemic and human rights in a time of conflict showed that, since 2019, the generalized worsening of living conditions has been worse for women and refugees. The former are paid less than men, and have been more likely to lose their jobs during the current economic crisis. On the other hand, migrant communities in Libya, and especially women and refugees among them, are likely to be most severely affected by the current crisis. Traditionally excluded from state-funded essential services, the war has imposed additional hurdles on this community. The international and non-governmental organizations that had been filling state gaps in providing such services, saw their capacity to intervene scaled dramatically back beginning in 2019 as a result of both the war and the pandemic.

Economic indicators		2017	2018	2019	2020
GDP	\$ M	37883.2	52607.9	52091.2	<b>25418.5</b>
GDP growth	%	26.7	15.1	2.5	<b>-31.3</b>
Inflation (CPI)	%	-	-	-	-
Unemployment	%	18.6	18.5	18.3	<b>19.4</b>
Foreign direct investment	% of GDP	0.0	0.0	-	-
Export growth	%	128.6	22.0	17.3	<b>-62.6</b>
Import growth	%	27.4	23.8	44.2	<b>-27.8</b>
Current account balance	\$ M	4426.4	11276.0	-	-
Public debt	% of GDP	-	-	-	-
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-

Economic indicators		2017	2018	2019	2020
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	-	-	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources (as of December 2021): 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

Libya's public sector employs some 2.9 million workers, thus more than half of the working-age population. Thus, large amount of oil revenues, equal to 42% of Libya's GDP, are channeled into public wages. Capital investments amount to only 10.8% of GDP.

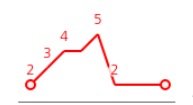
Post-2011 governments have made attempts to encourage investment by foreign companies, but the precarious political and security conditions have largely discouraged inflows of foreign direct investment, which have remained at their 2013 levels. Until the October 2020 cease-fire, armed confrontations continued to include attacks on important foreign investments. The country's split in 2014 also provoked increasing tensions and divisions between key financial and economic institutions; these conditions, combined with corruption and mismanagement, have strongly disincentivized private investments.

In 2018, GNA and Libya's central bank introduced a 183% foreign-exchange fee on hard currency transactions, which was accompanied by the easing of access to foreign exchange. In August 2019, this fee was reduced to 163%. Some public sector purchases and all family allowances remain exempted from the fee. According to the World Bank Libya Economic Monitor of July 2020, this move introduced a two-system exchange regime that engenders risks of economic distortion as well as potential abuses.

Market  
organization

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According to World Bank data, starting a business takes 35 days and 10 procedures, leading to costs of 24.6% of per capita GNI.

Inefficient subsidies inherited from the Qadhafi regime, such as those on fuel consumption, have drained critical resources and have also fueled the informal economy. While smuggling and human trafficking existed during the Qadhafi era, the lack of centralized state control over the country's territory has led to their explosion, especially since 2014. Kidnapping, smuggling and protection, including criminal activities that are generating funds outside the formal system, constitute a challenge to the construction of a sound economy. Forced labor of men and women is also common.

Libya's transitional state authorities have been unable to prevent the development of economic monopolies. According to a 2020 report by the U.N. Panel of Experts on Libya, a supply monopoly has been established among fuel distribution companies that might jeopardize the stability of the fuel distribution system in Libya. Sea and land smuggling of refined petroleum products continues, albeit at a lower level than in previous years.

Libya introduced a trademarks law in 2010 but does not yet have a national competition authority. According to the International Law Office, the Libyan Trademarks Office (LTMO) has sporadically resumed its operations since June 2013 and has issued its first official gazette since civil unrest broke out in 2011. This may be an indication that the 2010 law is still in effect, but how and whether the law is implemented has yet to be determined.

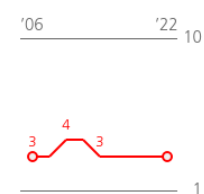
Since 2006, Libya has been a member of the Common Market for Eastern and Southern Africa (COMESA), which aims to promote economic integration among its 19 African member states. In 2013, COMESA began regulating mergers, although it did not set minimum monetary thresholds for notification of merger transactions.

Libya applied for WTO membership in 2004, but negotiations never started. In the period following the 2011 revolution, levels of trade freedom were high in Libya due to the 2005 abolition of tariffs on imported goods, which were replaced by a 4% "port services tax."

According to World Bank data, the country exports 70% of its goods to only six countries. Imports likewise depend on a very limited number of markets (56% of products from six countries) and products (mainly food and fuels). The repeated battles for control of Libya's most important oil terminals have however negatively affected Libya's overall ability to trade.

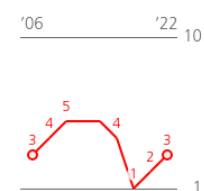
#### Competition policy

3



#### Liberalization of foreign trade

3



The Libyan financial sector is largely controlled by the state with an estimated ownership of 85%.

Libya's banking system is poorly differentiated. According to the U.N. Panel of Experts on Libya, over 90% of Libya's deposits are held by the five state banks, which are today largely poorly functioning. Accounting for 81% of the assets in the financial sector, the state banks far overshadow commercial banks.

Potential conflicts of interest arise from the fact that Libya's central bank is a shareholder in all public banks and serves as the regulatory agency for the banking sector as a whole. Government salaries are mainly transferred to public sector workers through state banks, which do not provide much financial intermediation beyond salary transfers. Private sector businesses remain largely excluded from the formal financial sector.

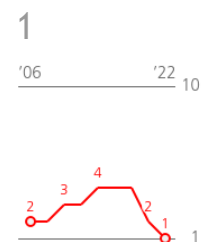
Access to banks is often regulated by militia members patrolling banks' entrances. Moreover, corrupt practices in the banking sectors have been reported by both the Tripoli-based Libyan Audit Bureau and the U.N. Panel of Experts. Concerns have included smuggling via the manipulation of letters of credit; phantom imports; money-laundering; manipulation of debit cards; fake deposits through the manipulation of the clearing system; misuse of checks; and the overextension of credit.

Banks frequently have liquidity problems and are often unable to satisfy their customers' demands. This has increased customers' preference for cash, and led to a steady decline in deposits, which fell by 7.5% in 2019. Meanwhile, the circulation of currency outside the banking system has continued and even increased by 3.5% in 2019.

The institutional division of the central bank poses significant challenges for the banking sector in general, and for local commercial banks that have to deal with two central banks. The division of the country's financial institutions, deriving from the Tobruk parliament's decision to establish a parallel central bank in the east, has complicated the situation. Even if the Tripoli branch exercises the main central bank's duties, the position of central bank governor has been claimed by Sadiq al-Kebir for the west and Ali al-Hibri for the east. The competition between the two central banks has had a severe impact on liquidity and has created banking issues for citizens who sometimes have difficulties in issuing certified letters of credit or even in transferring money from their accounts.

The eastern branch has started printing money and issuing bonds despite its lack of recognition in the international market. This has overall undermined the central bank's control over monetary and fiscal policy.

## Banking system





In July 2018, GNA Prime Minister Sarraj requested U.N. support in facilitating an international audit of the central bank branches in Tripoli and al-Bayda, with the goal of initiating a process that would restore integrity, transparency and confidence in the Libyan financial system. The finalization of this process, which was considered as a precondition for the unification of Libya's financial institutions, was announced in July 2020 by UNSMIL.

## 8 | Monetary and fiscal stability

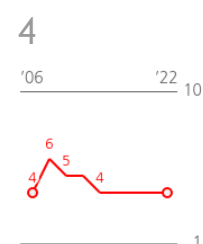
Libya's central bank is responsible for issuing the Libyan dinar, maintaining its stability in Libya and abroad, and regulating and supervising the foreign-exchange market. The bank's policy has been to peg the dinar to the U.S. dollar or to the IMF's SDR (special drawing rights), which led to the dinar being overvalued internationally. Despite political pressure, the internationally recognized central bank (which is headquartered in Tripoli) has attempted to maintain an independent monetary policy. Such attempts have been negatively impacted by the conflict.

Since 2014, Libya has faced a chronic shortage of dinar banknotes, with the currency weakly valued on the black market due to the ongoing monetary crisis triggered by persistent instability. As a result of the 2014 institutional split, the bank's deputy governor, Ali al-Hibri, broke from Tripoli and started to operate the Benghazi branch autonomously, but with the support of the Tobruk-based HoR. The Benghazi branch's decision to start printing its own dinar bills has engendered confusion, consequently undermining confidence in the currency, and increasing risks of counterfeiting. The central bank's decision to ration the hard currency supply, limiting its use for essential imports only, helped the country achieve a current account surplus for the third year in a row in 2019 (a status also assisted by higher hydrocarbon revenues). Nevertheless, due to the war, FDI in 2019 registered its most dramatic drop since 2014, engendering a further decline in foreign reserves.

The deteriorating security conditions were mirrored by the deterioration of both governments' finances and the increase in consumer prices. Over the 2016 – 2018 period, the inflation rate reached 21.6%. According to the World Bank, the 2018 introduction of a 183% foreign-exchange fee (reduced to 163% in August 2019) also engendered a 2.2% decline in the consumer price index by 2019, as a result of the decrease in exchange rates on the parallel market. Nevertheless, each intensification of the conflict has also led to an intensification in shortages. Inflation rose again in 2020 until a complete cease-fire was reached, reaching 1.3% by April 2020.

After more than a year of military confrontation around the capital, 2020 witnessed raised voices in both Benghazi and Tripoli pushing for the approval of a unified budget between the east and the west in 2021, the first time such calls have been heard in years. Such an undertaking will require the reunification of economic and financial institutions as well as a unified executive.

Monetary stability



To date, the central bank's board of directors has been reactivated, and both the western and eastern branches have agreed on the unification of the exchange rate. Furthermore, both ministers of finance have developed a unified budget draft.

The introduction of a foreign-exchange fee in 2018 had eased access to foreign exchange, while allowing for a steady convergence between the parallel and official exchange rates. The official exchange rate of the dinar stood at 1.37 per U.S. dollar in August 2020, having depreciated by 1.1% compared to August 2018. Both the eastern and western branches of the central bank have now concurred on an official and unified exchange rate of LYD 1.34 per U.S. dollar.

The 2014 split of Libya's financial institutions has hampered both the eastern and western authorities' capacity to secure fiscal stability. The April 2019 war aggravated this already critical situation. The blockade of oil facilities in January 2020 threatened hydrocarbon revenues, which represent Libya's predominant source of fiscal revenues. This exacerbated existing challenges such as difficulties in exporting oil and the decline in oil prices.

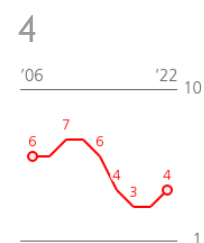
In 2019, revenues from the hydrocarbon sector represented 54.7% of Libya's total revenues but were not enough to cover the extremely high state expenditures due to the wage bill and subsidies.

Libyan authorities introduced a foreign-exchange transactions fee in 2018 partially as a means of temporarily filling the gap in oil revenues. Fiscal revenues from the foreign-exchange fee ultimately totaled more than 32% of GDP in 2019. This allowed the Libyan budget to register a surplus of 1.7% of GDP after six years of deficit. Nevertheless, the country's debt remains high, overall totaling 144% of GDP. The foreign-exchange fee was reduced by 20% in 2019.

Shrinking fiscal revenues were not met with a decrease in the wage bill until mid-April 2020, when the GNA resorted to new fiscal measures aiming at controlling expenditures. It introduced a 20% salary cut in the public administration sector that according to the World Bank would ensure potential annual savings of LYD 4.2 billion. The GNC also decided to implement a reform of the fuel subsidy system in 2015, replacing it with a universal cash transfer.

In 2020, both the coronavirus crisis and the economic crisis aggravated Libya's already serious budgetary difficulties. The GNA's March 2020 budget showed the highest deficit ever, reaching 90.6% of the country's GDP (LYD 29.2 billion: LYD 19.3 billion for Tripoli and LYD 9.9 billion for al-Bayda). However, in April 2020, the GNA allocated about 1% of the country's GDP (LYD 500 million) to anti-coronavirus policies as an emergency measure. According to the central bank, by early December 2020, the Ministry of Finance had requested about LYD 970 million to combat the coronavirus pandemic.

#### Fiscal stability



## 9 | Private Property

Libyan citizens are allowed to own property and start businesses. However, militants have repeatedly and arbitrarily confiscated businesses as well as homes.

Ever since the beginning of the 2019 hostilities, the UNSMIL has reported looting and destruction of private property by both GNA- and LNA-affiliated militias. Forced displacement is indeed another cause of Libyan citizens' loss of property, land and real estate.

A widespread sense of impunity has been generated by the lack of a centralized security apparatus, as well as the weakening of civil and penal courts resulting from the ongoing war and the absence of a constitution. Overall, private property is not protected.

Land and real-estate property rights remain a problematic issue, since Law 4 of 1978 allowed tenants to occupy the house they lived in, which resulted in the expropriation of 56,000 to 75,000 properties. Property violations in Libya continue today through the appropriation of properties belonging to former regime members or to other displaced people who fled because of the civil war.

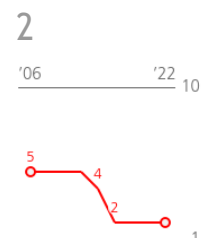
The private sector plays a limited role in the Libyan economy. It consists of a small number of formal companies, branches of foreign companies and numerous micro or small enterprises. Libya's experience with privatization started only after the annulment of the U.N. sanctions against the Jamahiriyya between 1992 and 2003. In 2003, Libya's public sector declared bankruptcy, and the regime opened up to the privatization of state-owned enterprises in 2005.

In the aftermath of the 2011 regime change, poor security conditions immediately started hampering economic activities. Many enterprise assets were destroyed.

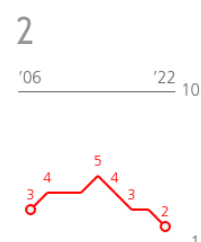
According to the OECD's 2016 report, the private sector in Libya accounts for only 5% of GDP and around 14% of employment (four to six percentage points representing regularly employed workers, and around 8.6 percentage points representing the country's self-employed). In the World Bank's 2019 Governance Indicators, Libya was ranked at 187th place out of 190 countries in the "Registering Property" subcategory, with a score of 0. Not only are property rights largely unprotected, but even employment contracts may not be enforced.

There are obstacles to private sector development such as bureaucracy, political instability, corruption, a lack of transparency in the organizational structure and a fragile rule of law. The 14-month war erupting in April 2019 further aggravated this scenario. The lack of security and insufficient macroeconomic conditions have led to a shift toward informality for most economic activities.

Property rights



Private enterprise



## 10 | Welfare Regime

Shortages in food, fuel, water, electricity and cash persisted throughout 2019 and 2020, and access to even the most basic services has been contingent upon political and ideological divisions, as well as the use of force and geographic location. Both sides have attacked the other's supply lines, as the two warring parties have sought to create shortages in basic goods.

There were several initiatives related to social safety nets, among them an initiative by the Libyan Experts Forum in 2017, and another sponsored by the United Nations Economic and Social Commission for Western Asia's (ESCWA) Libya Socioeconomic Dialogue. However, none of these were ever implemented, due to the political division and the absence of a unified government.

The COVID-19 pandemic added to the heavy toll taken by the conflict on Libyan citizens, migrants and asylum-seekers. According to the Internal Displacement Monitoring Center 2020 report, half of the country's displaced persons were under 18, and had to seek shelter as a result of ad hoc arrangements reached between militias, community leaders and municipal authorities.

No structural crisis response was available and most displaced persons had to resort to their families, kin groups or local communities as social safety nets. In some cases, schools have been used as collective shelters, thus preventing children from attending classes.

Notwithstanding the current crisis, the GNA's 2020 budget cut public expenditure on wages and salaries (from LYD 30.5 billion in 2019 to LYD 27.8 billion in 2020) as well as on subsidies and transfers (from LYD 7.9 billion in 2019 to LYD 6.14 billion in 2020). The most drastic cuts were made in the supply of goods and services, whose reduction will amount to almost 50%, from LYD 11.7 billion in 2019 to LDY 6.0 billion in 2020.

While there is parity in the male-to-female enrollment ratio at the primary level of education, the World Bank's 2018 Development Indicators suggest that girls are disadvantaged relative to boys at both the secondary and tertiary levels (with the respective ratios being 1.2 and 1.1). Education is compulsory and free. However, according to 2014 World Bank data, the country's literacy rate was 89.9%, with men showing a higher literacy rate (96.1%) than women (83.7%). This illustrated a persisting gender gap in education even though education was provided to everyone under Qadhafi.

Women account for only 24.6% of the active labor force. According to the 2020 U.N. Women report entitled *The Economic and Social Impact of Conflict on Libyan Women*, the impact of gender-based violence on women's access to the public

Social safety nets



Equal opportunity



sphere and therefore the economy has increased since the beginning of the 2019 war. The conflict forced children home indefinitely, and women had to take over the burden of schooling them, while also looking after the elderly and the sick, and continuing to do household chores. Their freedom of movement was limited by the ongoing clashes targeting areas inhabited by civilians, and the report found that women were four times more likely to have never left their homes alone since the beginning of hostilities. Health services were stretched to their limits, eventually diverting resources away from essential services targeting women such as pre- and post-natal health care and contraceptives. This further constrained the already extremely limited access to sexual and reproductive health services, and exacerbated gender-based violence. Moreover, the war worsened the country's unemployment rate, and the prevalence of substance abuse increased as people sought to deal with stress and anxiety. This often led to increased domestic violence.

On April 11, 2020, 14 Libyan NGOs working on women's rights issues led by Jusoor, Haaki and the Tamazight Women Movement addressed the GNA's Presidential Council, asking it to urge the COVID-19 Crisis Committee to adopt gender-sensitive recommendations in the drafting of the COVID-19 Crisis Response Plan. The recommendations noted that women and girls were the population most affected by the lockdown and listed the services the state should provide to tackle their needs. Among these services, the letter mentioned food support to women living in rural areas with no access to markets, as well as financial aid and programs to support women economically, countering the economic effect of COVID-19. No response was made to this letter, and no humanitarian assistance or compensation payments were provided, for instance, to the most vulnerable internally displaced women.

Since 2011, various militias have attacked religious minorities and destroyed religious sites with impunity. In July 2017, the Supreme Fatwa Committee under the General Authority for Endowments and Islamic Affairs – the al-Bayda government's religious authority – issued a decree labeling the minority Ibadi sect of Islam “infidels without dignity” and “a misguided and aberrant group.”

Migrants' and refugees' intolerable living and working conditions have been aggravated by the conflict. Cases of forced labor and slavery have been reported, as well as sexual assault, rape, and other forms of sexual and gender-based violence. Libyan authorities have been unable or unwilling to address these serious human rights abuses.

## 11 | Economic Performance

Political and security arrangements reached during the second half of 2017 allowed Libya to double its production of oil and produce record levels of economic growth (26.7%), with budget revenues tripling between 2016 and 2017. The current account balance, after being in the negative since 2014, turned positive with a \$11.3 billion surplus in 2018.

The April 2019 war, however, halted Libya's economic growth. The World Bank estimated the country's real GDP growth in 2019 to be 2.5%, as compared to 15.1% in 2018. The January 2020 oilfield closures dramatically reduced Libya's capacity to extract and export oil. As a result, the World Bank has projected that GDP would shrink by 41% in 2020. The country is therefore in full recession. The official unemployment rate reached 19.4% in 2020, the highest such figure in the MENA region.

Libya has experienced massive GDP per capita growth fluctuations over the past decade. In 2012, GDP growth per capita was 123%. By 2014, this had fallen to -24.1%, but rose again to 25.1% in 2017. After the outbreak of the 2019 war, GDP per capita growth was only 1%. In terms of purchasing power parity, GDP per capita was \$19,631 in 2017 compared to \$29,031 in 2010, according to the World Bank. In 2018, it even decreased to \$15,372 and in 2019 it was \$15,803.

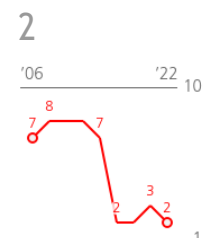
Despite higher oil revenues in 2019, public finances have remained strained as a result of persistently high and rigid expenditures driven by political motives. The estimated budget deficit for 2020 reached the unprecedented level of 90.6% of GDP. Oil proceeds for 2020 are currently estimated at less than one-fifth of what they were in 2019 (LYD 6 billion). However, if an oil deal is reached and maintained throughout 2021 by unified fiscal and economic actors, the country's GDP could recover by as much as 41.7% in 2021, according to the World Bank.

## 12 | Sustainability

Libya has no formal environmental strategy and no incentives for environmentally sound consumption. U.N. projects have sought to collaborate with the Environment General Authority, established in 2008, although the political crisis has delayed these efforts or led to their abandonment.

Article 18 of the 2017 draft constitution makes the state responsible for the protection and safety of the environment and suggests the establishment of an Environmental Sanitation Fund. In addition, Article 162 calls for the creation of a Sustainable Development Authority attached to the parliament.

Output strength



Environmental policy



Libya faces several environmental issues, including desertification and the lack of freshwater resources. Water pollution linked to the combined impact of sewage, oil byproducts and industrial waste, including radioactive materials, threatens Libya's coast. Ecologically disastrous exploitation methods have certainly not improved during the current political fights and clashes.

The only visible activities regarding environmental issues are currently conducted by CSOs and university research centers.

Libya's education system faces problems of quality and does not prepare graduates for local and international labor markets. Basic education includes primary school (grades one to six) and preparatory school (grades seven through nine).

Being largely isolated from the world under Qadhafi, for instance due to the removal of the English language from the curriculum in the 1980s, Libya's education system has faced extensive challenges since the 2011 revolution and is in need of significant reforms. In the 2019 U.N. Education Index, Libya scored 0.610, well below its pre-2011 numbers.

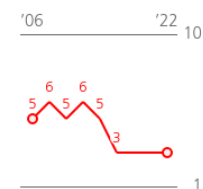
According to UNICEF, around 300,000 school-aged children are currently in need of educational assistance. Across the country, conflict has damaged some 212 schools and has fully destroyed 53 schools. At least 14 schools are currently being used as shelters for internally displaced persons. In addition, a lack of money to pay for transportation and school fees also forces children to not attend or to drop out of school.

Since 2011, the number of universities has increased dramatically to its current level of 17. This phenomenon became more visible after the 2014 institutional split, as two ministries became responsible for school education and two for higher education. Many of the new universities are branches of some of the well-established universities.

There are also over 100 technical and vocational institutions that function to some degree. Estimates indicate that the current number of government-funded students studying abroad is as high as 20,000 (in Europe, North America, Egypt and Malaysia). However, payments occur only very erratically, due to the difficult political situation in Libya.

Education policy /  
R&D

3



## Governance

### I. Level of Difficulty

Libya's political leadership is fragmented into alliances based on territorial, political and ideological interests. Forces affiliated with two rival governments continue hostilities despite movement toward reconciliation. Another complication is that the two governments – in Tripoli and in al-Bayda/Tobruk – administer and are supported by their own militias and militaries. The civilian population has resorted to arms in order to survive in these circumstances.

According to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), 1.3 million people are currently in need of humanitarian assistance throughout Libya, and the number will probably increase to 1.8 million by the end of 2021. Only 36% of them will be reached by U.N. Humanitarian Response Plan for 2021. This includes almost 173,000 internally displaced persons, 228,000 returnees and 502,000 non-displaced persons. Of the 1.3 million people in need of humanitarian assistance, 1.2 million require assistance in the health sector. Fighting the COVID-19 pandemic, not least through vaccinations, is extremely difficult under such conditions. As of January 30, 2021, WHO had reported 118,631 infections and 1,842 deaths, equaling 1,742 infections and 28 deaths per 100,000 in the population, the second-highest rate in North Africa after Tunisia.

The International Organization for Migration's Displacement Tracking Index identified over 316,000 internally displaced persons in October 2020, a figure that is getting closer to the peak of 425,000 registered in June 2016.

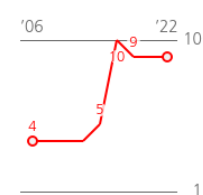
Structural constraints are also embedded in historical and geographical limitations. Libya's institutional history has been fragmented, and Qadhafi consistently sought to weaken whatever structures were in place.

Suppressed for 42 years under Qadhafi's Law 111 of 1970, Libya had few registered non-governmental organizations before 2011. Those few included the Gadhafi International Foundation for Charitable Association (GIFCA) and the Arab Alliance for Democracy, Development and Human Rights, both headed by Qadhafi's son, Saif al-Islam.

Following the 2011 revolution, different forms of citizens mobilization emerged, which later started developing into more structured civil society organizations. Within a year after the regime fall, more than 3,000 groups had registered as non-profit organizations, while many other groups organized informally, focusing primarily on humanitarian aid.

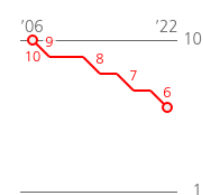
Structural constraints

9



Civil society traditions

6





Other than addressing the immediate needs of the people, many of these organizations also concomitantly mobilized on several other themes such as cultural pluralism, women's rights and empowerment, freedom of expression, climate change, and the preservation of the country's cultural heritage. The Libyan diaspora played an important part in fundraising for and directly assisting the creation of new organizations. According to the World Values Survey, Libya had a greater number of members of volunteer organizations per capita than any other North African country except Egypt.

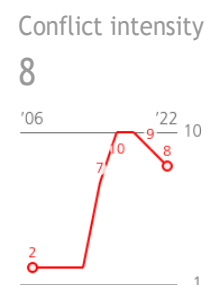
Coordinated by the Ministry of Culture and the Civil Society Commission, which is in charge of registering CSOs, several small and independent networks exist, linking organizations by location or sector. Organizations such as the Libyan Women's Forum, the Libyan Women's Platform for Peace, and the Citizenship Forum for Democracy and Human Development are aiming to gain momentum despite the instability. The Red Crescent runs a school, trying to meet the needs of students whose education was disrupted because of the violence.

Traditional authorities also contributed to the activities of some organizations, as well as more informal groups, by mitigating conflicts and promoting peace-building efforts both during and after the uprisings. Moreover, Islamic charities have played a role in delivering basic services, including food and shelter, as well as advocating for former rebels and their families.

Targeted attacks on civil society activists and the extremely precarious security conditions deriving from the war have led to civil society's progressive withdrawal from public space. Nevertheless, a significant number of CSOs, such as trade unions, business councils, professional associations, faith-based groups, academia and independent media organizations, still operate.

According to a report published by the French Agency for Technical Cooperation and Development (ACTED), access to external funds remains a key barrier to smaller Libyan CSOs, and effective coordination and communication between local authorities and CSOs still need to be achieved.

As it began on February 17, 2011, the Libyan uprising took the form of a civil war, with the armed forces (regular and irregular) loyal to the regime opposing anti-Qadhafi militias. The overthrow of the former regime, marked by the so-called liberation of Tripoli by the forces of the National Transitional Council on August 28, 2011, inaugurated a military occupation of the capital by some prominent anti-Qadhafi militias. The latter were not demobilized and were instead absorbed into the state security apparatus. This occupation continues to date, despite having been carried out by changing alliances of armed actors. In mid-2014, transitional authorities' consensus crisis due to military fragmentation and the lack of a monopoly on the use of force was also mirrored by an institutional crisis. Political power was divided between two rival parliaments and their associated governments.



The U.N. tried to mediate in this dispute and prevent military escalation, as well as a potential financial collapse resulting from it, but did not succeed in this regard. In September 2014, the Islamic State (IS) group attempted to establish a presence in Libya, later claiming a presence in al-Bayda, Benghazi, Sirte, al-Khums and 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.

On April 4, 2019, General Khalifa Haftar launched his military offensive on Tripoli and definitively jeopardized the process for institutional reunification. This choice followed months of military escalation that since early 2019 had concerned the control of strategic locations, especially oilfields, in the south of the country. The intervention of a number of external actors supporting the two warring factions turned the conflict into a regional war by proxy that targeted civilians, vital economic infrastructure, hospitals and medical staff.

The war lasted until June 2020 in the capital and continued until October 2020 as GNA forces – supported by Turkey and Qatar – pushed Haftar’s forces eastward in the hope of obtaining control of the Sirte oil basin. Despite the U.N. arms embargo on the country, the international sponsors of both conflict parties allowed them access to sophisticated weaponry including guided missiles and drones, armored vehicles, and sophisticated air defense systems. Russian contractors and foreign fighters from Syria and Sudan were also provided to both GNA-affiliated forces and Haftar’s LNA.

Throughout 2019 and early 2020, then-U.N. special envoy to Libya Ghassan Salamé promoted repeated attempts to resume an intra-Libyan process of reconciliation. However, he eventually resigned in March 2020, criticizing the governments of countries involved in the Libyan conflict for failing to support the peace process, given their repeated violations of the arms embargo and their unlawful involvement in the ongoing war. The process initiated by the Berlin Conference’s 55-point final declaration was therefore continued by Deputy Secretary Stephanie Williams, who resumed Salamé’s mediation efforts. The military “5+5 GNA+LNA Follow-up Committee” was created, as well as an international follow-up committee to monitor progress in the peace process. The 5+5 military committee opened negotiations in Geneva in February 2020. Meanwhile, after Turkey’s intervention seeking to prevent Tripoli’s fall in January 2020, military confrontations reached a stalemate between summer and fall 2020. On October 23, 2020, the 5+5 military committee’s members agreed on a cease-fire.

## II. Governance Performance

### 14 | Steering Capability

Executive authorities' capacity to set and maintain strategic priorities has been constrained by the 2014 institutional split and a general lack of legitimation. Both authorities ultimately proved unable to reach consensus on strategic priorities compatible with those identified in "Libya 2020 Vision" document (peace, security and the rule of law; economic development; human development; good governance; and public sector reform).

Since the second quarter of 2019, the unprecedented militarization of the Libyan crisis further prejudiced prioritization and the organization of policymaking. Such efforts were largely focused on the objective of prevailing against the opposite warring party. The issues of democracy and the market economy de facto stopped being addressed by both authorities throughout most of 2019 and 2020. The Libyan Political Dialogue Forum initiative was interrupted, and subsequent U.N.-sponsored talks ultimately had to revolve around the need to reach an agreement on the interruption of hostilities.

Both authorities adopted no more than emergency measures to respond to the COVID-19 pandemic, and even such measures were largely insufficient.

By January 2021, the October 2020 cease-fire allowed most of the parties to resume consultations and discussions on a governance framework for the country's future within the scope of UNSMIL-sponsored Libyan Political Dialogue Forum (LPDF). The 75 participants have agreed on the inauguration of a "Preparatory Phase for a Comprehensive Solution" to the Libyan crisis and have approved a roadmap to resume the political process, which entails presidential and parliamentary elections to be held on December 24, 2021.

The LPDF also identified the serious and adequate preparation of future elections as a top priority for the interim executive, which is to be designated in February 2021, along with the unification of all national institutions and the provision of basic services to citizens.

Question  
Score

Prioritization

3

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The outbreak of a new phase of high-intensity conflict in April 2019, which primarily involved the capital, jeopardized the ability to implement policies in Libya. Both governments' internal and international strategies have been reconfigured through the lenses of the war, to the detriment of citizens' needs.

Municipalities have continued providing basic services, but their capacity to effectively do so has been dependent on local conditions, as well as the availability of goods and services at the national level, which has been greatly affected by the various phases of the conflict.

Until the beginning of 2019, the Libyan Political Agreement, signed in Skhirat (Morocco) in December 2015, could only partly be realized due to the resistance of influential actors. The 14-month war, coupled with the spread of COVID-19, has led to yet another reconfiguration of political priorities toward emergency interventions rather than medium- or long-term goals.

Fiscal reforms have been introduced as a response to the country's economic crisis. Such policies succeeded in reducing inflation, inducing convergence between the official and black-market exchange rates, and slightly reducing public expenditure. Nevertheless, these measures were unable to ameliorate the country's economic condition.

Since 2011, Libyan authorities have engaged with other countries and have made significant efforts to learn. In particular, Libya has engaged with the European Union and other countries from the North African region that have had successful experiences of political transition, such as Tunisia. Learning progress has however remained limited so far.

Libya has not concluded an association agreement with the EU, but the country does benefit from the European Neighborhood Policy and other EU financial instruments, as well as bilateral cooperation agreements with EU member states, particularly Italy.

On July 2019, Ghassan Salamé, then the head of the United Nations Support Mission in Libya (UNSMIL), launched a three-point peace plan at the United Nations Security Council (UNSC). In January 2020, the Berlin Conference was organized with the goal of preventing further military escalation in the country and opening negotiations for a cease-fire. Follow-up conferences were held in Geneva, Tunis and Cairo.

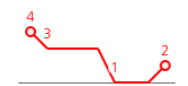
The interventions of the many U.N. agencies and international NGOs working in Libya were curtailed by the war as well as the pandemic. Nevertheless, international support eventually contributed to the cease-fire agreement of October 23, 2020, and the subsequent launching of Libyan Political Dialogue Forum.

However, it must be said that competing forms of international support have also been crucial in allowing the warring parties to continue hostilities for over a year.

## Implementation

2

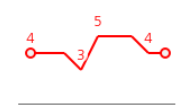
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## Policy learning

4

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## 15 | Resource Efficiency

Economic planning has been almost impossible due to the erratic development of GDP growth, which has largely depended on how well the production and export of oil are functioning, and in the last two years has been negatively impacted by protracted periods in which the oilfields have been seized by parties to the conflict. Moreover, the existence of two governments, including two central banks, has made economic planning almost impossible.

Libya has one of the highest unemployment rates in the world, which can be seen as the reason for the National Transitional Council's decision in 2011 to fund militias. However, this decision is also one of main causes of the widespread distribution of arms and the current crisis. Instead of investing resources in disarmament, the council indirectly expanded the violence on the ground. Government funding made membership of militias an attractive and lucrative job for many disenfranchised young people. This situation has been compounded by the ongoing polarization and political divisions.

Since the beginning of the civil war in 2014, employment standards for middle and senior positions have been absent. Many of these roles have been distributed based on kinship or regional quotas rather than capacity, particularly in ministries and embassies.

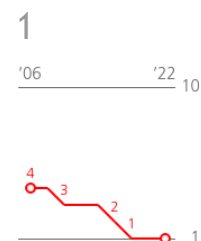
The spread of the coronavirus forced additional emergency spending, but this was insufficient to sustain a health care system that was already collapsing due to the war. Moreover, the existence of two governments made the response to the pandemic inconsistent throughout the country, thus reducing the efficiency of measures taken to confront the virus.

Recruitment of public officials is formally based on qualification but is strongly affected by corruption and clientelism.

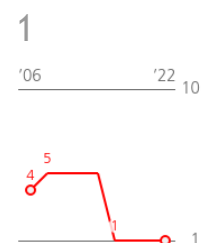
Following the 2011 revolution, the government has had difficulty in implementing a coherent vision and policy, for several reasons: 1) members of the old regime have been expelled from institutions such as the bureaucracy and education system; 2) it has been difficult to establish new constituencies that would solidify the state- and nation-building efforts within a highly unstable security situation; 3) the need to address the accumulated historical baggage of regionalism, tribalism and ethnic conflict between the Berber (Amazigh), Tebu and Tuareg, and Arab Libyans (all of which have been vying for their own interests in the new Libya); and 4) an Islamist camp emerged that sought political control.

After more than two years of war, a U.N. sponsored process to reunite executive, economic and financial institution began in late 2020. Nevertheless, criticisms have already emerged among Libyan citizens with regard to the actual inclusiveness of this process, thus raising the risk that its results will be delegitimized.

Efficient use of assets



Policy coordination



Libya has ratified the U.N. Convention Against Corruption (UNCAC). Nevertheless, a report published by the U.N. Libya Experts Panel in 2018 highlighted the scale of corruption in Libya's banks and financial institutions, as well as their administrative inadequacies. The document reports that the Libyan Investment Authority had a total of \$67 billion in assets in 2012, but that this figure had decreased to \$34 billion by 2019. Additionally, the report revealed details of militias' involvement in fuel smuggling and human trafficking. The U.N. experts found that tens of millions of euros in interest payments were still being paid from earnings on Qadhafi's frozen funds held at Euroclear, a financial institution based in Brussels. Some of these payments were found to have made their way to accounts belonging to the Libyan Investment Authority.

There have been some attempts by civil society organizations to advocate against corruption. Between August and September 2020, unprecedented protests focused on corruption as one of the main causes for the country's already bad and constantly deteriorating living conditions. These demonstrations were violently repressed by authorities in both the west and the east.

Financial bribes purportedly took place during the sessions of the Libyan Political Dialogue Forum held in Tunis in November 2020. Such allegations threaten the integrity of the Libyan political dialogue and might have consequences for future general elections as well as the ability to attain peace and stability. Promise of a full administrative investigation into the matter was made by UNSMIL's acting representative, Stephanie Williams.

Libya's National Anti-Corruption Commission (NACC), founded in 2014, was accredited by the United Nations Office on Drugs and Crime (UNODC) in December 2020, a step hoped to improve its international collaboration. Together with the Libyan Audit Bureau (LAB), its effectiveness is largely hampered by the country's split and occasional militant attacks.

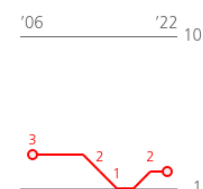
## 16 | Consensus-Building

The 12-point agreement concluded in Geneva on October 23, 2020, as well as the subsequent results of the LPDF, suggest that Libya's major political actors now agreed on democracy as a strategic long-term goal of the country's transformation.

Indeed, LPDF's meetings have mainly revolved around all the necessary steps to prepare future democratic elections. However, several Libyan groups whose representatives were not included among the LPDF's 75 members have argued that the group was undemocratically created. This argument holds the risk of delegitimizing the process.

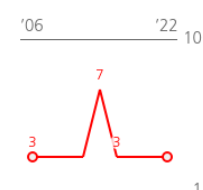
Anti-corruption policy

2



Consensus on goals

3



The need to resume transformation toward a market economy has motivated Libyan authorities to work for the reunification of monetary and fiscal institutions, and to request an international audit of the central bank branches in Tripoli and al-Bayda, with the goal of restoring integrity, transparency and confidence in the Libyan financial system. Nevertheless, militias' competition for the control of local resources and territory, as well as the high volume of transactions in the informal sector, continue to make it difficult to reach real consensus on market economic rules, beyond political declarations. Overall, the proclaimed consensus on goals is rudimentary, very fragile and likely to be challenged by powerful actors.

After 10 years of civil war, and especially after the most recent armed confrontations in the country, Libya is awash with weapons. For these reasons, even those political forces that have a genuine interest in promoting the democratic transition, such as the many CSOs that have emerged and mobilized since 2011, have little control over actors with competing political agendas. The latter can still use their influence to severely disrupt the reform process.

Ever since its launch in 2016, the Libyan Political Agreement (LPA) has been unable to resolve political disputes on legitimacy. Key actors have been unable to find a solution for the myriad of local actors resorting to armed confrontation, the seizure of productive infrastructures and the boycott of the electoral process as instruments of political bargain.

The war has further exacerbated existing cleavages for populist or separatist purposes. As a result, cleavages based on ethnicity, religion and the effective exercise of citizenship rights have already dampened the hope connected with the Libyan Political Dialogue Forum (LPDF), which launched after the October 2020 cease-fire agreement.

Throughout the April 2019 – June 2020 war, civil society participation has been obstructed by the warring parties. Nevertheless, CSOs continued to mobilize throughout 2019 and 2020, focused especially on providing humanitarian response to the ongoing emergency, as well as to advocate for human rights and against corruption.

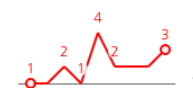
The political leadership has mostly ignored or even violently repressed civil society participation.

Civil society activity has been negatively affected by the restrictions on movement imposed on Libyan citizens in response to the spread of COVID-19.

Anti-democratic actors

3

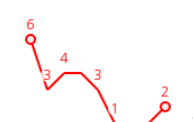
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Cleavage / conflict management

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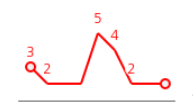
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Civil society participation

2

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One point of the LPDF's November 2020 roadmap seeks to launch a comprehensive national reconciliation process based on the principles of transitional justice, while promoting the culture of amnesty and tolerance in parallel with truth-seeking and reparation.

Many Libyan and international actors believe that peace will be attained only through political and economic settlements, although many political leaders have been instrumentalizing memories of historical injustices as a weapon against political competitors.

No one has yet been held responsible for the crimes committed under Qadhafi's rule, starting from the Abu Salim prison massacre, in which 1,200 prisoners were killed in June 1986. This is also true of most of the crimes committed during the various phases of the post-2011 civil war.

After Khalifa Haftar forces evacuated the district of Tarhouna in June 2020, eight mass graves were discovered. Assailants remain largely unidentified, and local authorities have failed to investigate and prosecute these crimes.

On June 22, 2020, the U.N. Human Rights Council established a fact-finding mission to investigate serious violations in Libya since 2016. However, due to COVID-19 related limitations, the mission has been unable to begin its investigations.

Future Libyan institutions will have to establish robust investigative mechanisms able to determine responsibility for violations, document and preserve evidence of these crimes, and bring justice for the most serious ones.

Most reconciliation initiatives to date have been promoted at the local level, mainly by traditional local leaders and some local councils. Such reconciliation mechanisms are normally based on customary law. One of the main initiatives was between the cities of Tawargha and Misrata and led to an agreement in 2017.

## 17 | International Cooperation

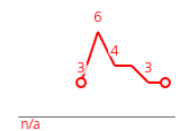
International aid workers evacuated the country in 2014, suspending development programs. Many of these operations relocated to neighboring countries such as Tunisia, but not all did. Several international NGOs are present in Libya, although few have staff located in the country on a long-term basis. All U.N. agencies have national staff.

During the assessment period, Libya's international support has mainly concerned the warring parties' receipt of military materials unlawfully from their respective international partners, along with military training and the support of foreign fighters.

### Reconciliation

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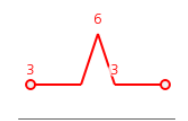
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### Effective use of support

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A review of the foreign aid and technical assistance in one of the 2020 ESCWA reports on governance in Libya described how regional and international actors have exacerbated the existing divisions within Libya by providing support to various conflict parties, particularly since 2014.

On the other hand, however, the reigniting of the Libyan civil war also justified the country's internationally recognized authorities' requests for humanitarian support from the international community.

As a result, Libya received funding under the EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa. A total of 13 projects have been launched within this framework, for an overall investment of almost €455 million so far.

Furthermore, the EU has offered Libya a package of over €126 million in bilateral support across six sectors, including civil society; governance; health; youth and education; migration and protection; and support for the political process, security and mediation. A total of €98 million was allocated to the country between 2014 and 2020.

In January 2021, the Humanitarian Response Plan requested \$189 million from the U.N. and its humanitarian partners to reach 451,000 people with food, health, protection, shelter, education, water, sanitation and hygiene.

ESCWA reports on governance in Libya have criticized how humanitarian intervention has served a number of foreign stakeholders' interest in collaborating with and exploiting local and regional actors in order to address challenges related to migration and other issues away from the Libyan government institutions. Moreover, many development initiatives and programs have been repeated because of a lack of coordination among international institutions and their failure to assess needs effectively.

Given the severe crisis in the oil sector, funding for Libya within the scope of international cooperation projects aimed at halting irregular migration has turned into an alternate source of rents for the country's economy.

Overall, especially during 2020, protracted hostilities and COVID-19-related restrictions have hampered Libyan authorities' effective use of international support.

Following the 2011 revolution, Libyan authorities – along with the international community – made efforts to dislodge Qadhafi’s legacy, and to build new relations based on trust. However, because of the absence of institutional checks and balances, and the rise of corruption, this has not been successful. Libya’s key institutions are extremely weak, and a lack of protection for the judiciary has damaged the justice system in both the east and west of the county.

International agencies closed their missions and left the country in 2014, when there was increasing violence targeting foreigners and foreign institutions, embassies, the United Nations, the International Committee of the Red Cross (ICRC) and others. More than 100,000 foreigners living in Libya left the country.

Starting from late 2020, the launch of the UNSMIL-sponsored LPDF meetings, and the resulting roadmap aimed at creating a government of national unity that could guide the country to new elections by the end of 2021, signaled Libyans’ generalized will to return to a regular political process.

This evolution seemed to enhance Libya’s credibility from the international community’s side. However, it remains hampered by the limited acceptance of the government within the country, and the continuing de facto split into two territories.

Libya’s attempts to work with neighboring countries have been frustrated by the split in regional cooperation that has internationally mirrored the 2014 institutional split at the national level.

The House of Representatives (HoR) and Haftar’s army in the east have obtained the support of Egypt, Jordan, Sudan and the United Arab Emirates. The General National Congress (GNC), on the other hand, obtained the support of Qatar and Turkey in the west. These alignments became even more visible after the outbreak of the April 2019 war.

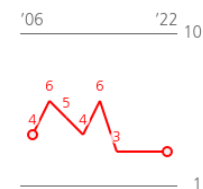
In December 2019, Prime Minister Fayez Mustafa al-Sarraj signed a memorandum of understanding with Turkey that secured reinforced cooperation on military matters for GNA forces, including training and military materials, in exchange for Libya’s compliance with a new demarcation of maritime jurisdiction in the Mediterranean Sea that was more favorable to Turkish interests.

As a reaction, Libyan HoR speaker Aguila Saleh Issa sent an official letter to U.N. Secretary-General António Guterres, in which HoR declared the Turkey-Libya MoU invalid. The MoU also drew the strong opposition of Greece, Cyprus and Egypt. An EU Council statement clarified that the MoU has no legal bearing on third parties, because it does not comply with the Law of the Sea.

The 2014 Algerian initiative to promote an inter-Libyan dialogue and overcome divisions in the political system has remained unsuccessful to date.

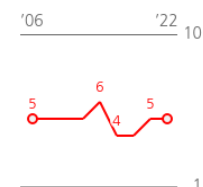
### Credibility

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### Regional cooperation

5



While the involvement of regional actors in the conflict continued throughout 2019 and 2020, the spread of the pandemic resulted in the country's almost complete isolation at the geographical level. Both governments imposed border closures as preemptive measures, which were mirrored by similar restrictions implemented by neighboring countries such as Tunisia, Algeria and Egypt. Sudan officially closed its borders with Libya in 2017 in order to prevent arms smuggling and human trafficking. The same has been intermittently true for Tunisia. This reduced Libyan citizens' ability to access high-quality health care, which they used to seek abroad even before 2011.

## Strategic Outlook

Since the 2014 crisis, Libya's immediate challenges have continued to be in the areas of security, the destabilizing influence of militias and ongoing violence fueled by the economic crisis, rivalries between the east and west of the country, and the polarized and disruptive influence of regional and international powers.

From April 2019 to June 2020, the country experienced unprecedented levels of violence, with a gradual de-escalation during summer, until a cease-fire was reached in October 2020. In the following period, there appeared to be significant movement toward a political solution, with major steps taken toward the country's institutional reunification.

To successfully put these resolutions into reality, a set of measures needs to be enacted. Among those, the following short-term priorities should include:

1. Avoiding a re-escalation of violence by promoting the construction of a coherent state security architecture through important security-sector reforms, including the demobilization of armed groups and the reintegration or integration of individual fighters. The multiplication of security agencies under the leadership of armed groups must also be avoided, as well as the overlapping of responsibilities and unclear lines of command and control.
2. Negotiations for the unitary renewal of state governance and of financial and economic institutions, initiated within the framework of the Libyan Political Dialogue Forum, should be supported. Additional support should be given to the organization of future democratic elections and a more inclusive process for drafting a new constitution.

Given the emergence of important criticisms regarding the designation of the 75 members of the LPDF, the ongoing transition should be enlarged, expanding participation in the negotiation process to as many actors as possible. Otherwise, the new governance framework risks being enacted in a climate of persistent mistrust, and could encounter serious opposition from groups that feel they have been marginalized.

3. Negative influences by internal and external powers on the country's transition must be reduced. External powers have supported different factions over others for personal gain. This has had a disruptive effect on Libya, hampering the functioning of the central government and fostering territorial and ideological viewpoints. External actors should commit to no longer jeopardizing the recently restored conditions for dialogue that places local actors on an equal footing.
1. 4. Measures reversing Libya's current state of economic recession should be introduced. According to the World Bank, this should entail the promotion of investment for rebuilding damaged infrastructure and restoring public services, but also the improvement of economic institutions by reforming the subsidy and tax systems, while consolidating the financial sector.