



# INSIDE LIBYA

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## FOREWORD

The Regional Program Political Dialogue South Mediterranean (PoDiMed) of the Konrad-Adenauer-Stiftung (KAS) in cooperation with LIBYA DESK™ is delighted to present our second monthly report on Libya. This new format examines the most important political, economic and social developments of the previous month, which are of central importance for understanding the situation in Libya. The report is based on reliable Libyan sources and provides a summary and a contextualization of developments in the wider Libyan context. The report is being published every first week of each month.

While much attention has been paid to the external and geopolitical dimensions of the situation in Libya, voices from within Libya are central to understanding local developments and the evolution of the Libyan conflict as well as its impact on the wider Mediterranean region. As an inclusive Libyan-led and Libyan-owned political resolution to the year-long conflict is needed, these monthly reports emphasize the most important events within Libya and aim to give a better picture of what happens “Inside Libya”.

Based on existing KAS-PoDiMed formats such as the Libya Brief and the Libya Task Force, we consider it necessary to shed light on the dynamics within Libya and to emphasize the importance of initiating a national dialogue process in the spirit of the UN-led Berlin process.

We hope that these monthly reports will give our readers a better picture of the dynamics of the ongoing Libyan conflict, its actors and multiple dimensions.

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## EXECUTIVE SUMMARY

- 1.** The resumption of intra-Libyan talks on both political and economic topics is cause for optimism and gives added avenue for the formation of a new government. Yet, any faux pas could lead to a conflagration.
- 2.** September saw the continuation of protests throughout Libya, with a severe intensification of social tensions in the east.
- 3.** Prime Minister Fayez al-Sarraj sought to enact a range of policies to calm protesters in western Libya, but ultimately failed to do so and announced plans to resign by the end of October 2020.
- 4.** Eastern-based Prime Minister Abdullah Al-Thani submitted his government's resignation to the House of Representatives following public outrage over corruption and deteriorating living conditions.
- 5.** Intra-Libyan meetings abounded over the past month, often hosted by foreign powers seeking to push for a political agreement while retaining influence over the Libyan file.
- 6.** A sidelined Khalifa Haftar accepted an overture by Deputy Prime Minister Ahmed Maiteeq to kick-start an agreement that paves the way for a resumption of Libyan oil production.
- 7.** Should the agreement to reopen Libyan oil facilities gain further endorsements, it would severely encroach on the independence of key economic institutions but unify bureaucracy.
- 8.** If appropriately leveraged, the resumption of dialogue amongst Libyan factions could usher in a new setting for Libya's economic institutions that may affect items such as debt levels and foreign exchange rates.
- 9.** As Libya's political vacuum expands, so does the threat of extremist activity. The past month has seen renewed activity by extremist groups, particularly in southern Libya.
- 10.** The thorny question of foreign mercenaries and local militias brought up in talks risks adding to the country's security vacuum. Armed groups on standby since the end of the Tripoli offensive are growing more unstable and increasingly belligerent.

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## UNDERSTANDING THE RESHUFFLING OF CARDS IN LIBYAN POLITICS

*The resumption of intra-Libyan talks on both political and economic topics is cause for optimism and gives added avenue for the formation of a new government. Yet, any faux pas could lead to a conflagration.*

As discussed in the previous issue of this publication, August represented a transition period for Libya that could have either led to a resumption of hostilities or to a new round of political talks. So far, Libyan actors seem to be favouring dialogue over conflict. Indeed, the country went from a tense stalemate between the Government of National Accord (GNA) and the Libyan National Army (LNA) around the central Libyan city of Sirte to registering an upturn in intra-Libyan dialogue catalysed, in part, by widespread societal unrest. Although piecemeal for now, the resumption of dialogue – in addition to the resignation of both eastern and western governments – has provided the opportunity for Libya to effect lasting political change and move away from further conflict.

Yet, despite political changes and numerous talks, Libyans are not convinced that real change lies at their doorstep. People remain apprehensive that current backroom deals could backfire and reignite the conflict, or result in yet another government that is not representative of the majority of Libya's population. Throughout the country, Libyans are facing armed groups whose behaviour often goes unchecked, an increasingly worsening Coronavirus epidemic as well as recurrent shortages of electricity, water and fuel. In this context, actors across the board are seeking to gain relevance in an increasingly complex and unstable political landscape. This explains the multiplication of talks and under the table deal-making, either led domestically or sponsored by international actors. The situation is both precarious and opportune, and the forthcoming convening of the Libyan Political Dialogue Forum is currently facing two directions. On the one hand, it could manage to unify ongoing intra-Libyan talks and usher in an understanding for a national unity government. On the other hand, it could suffer from a tight deadline set by Prime Minister Fayez al-Sarraj, who announced his resignation and readiness to hand over authority to a new government by the end of October. This could create an undue incentive for parties to rush into an agreement that lacks transparency, political significance and which will feel foreign to the majority of Libyans.

Libya's political landscape is at a critical juncture that may result in significant changes down the line. Indeed, one of the main trends identified in the

previous “Inside Libya” report — namely, that traditional alliances in Libya would increasingly be blurred as political actors vied to maintain relevance — has intensified over the past month. More than ever, the GNA-LNA duality makes little analytical sense to understand the Libyan context, with factions within each camp outflanking each other to earn a place in the next political stage. Each individual group is facing internal differences and infighting, furthering a process of atomisation that has come to define the recent chapter of the Libyan conflict. The GNA coalition has fragmented further, with most senior officials making contradictory statements to their counterparts.

Likewise, in eastern Libya, the rift between House of Representatives (HOR) Speaker Agila Saleh and other local actors has grown larger, with many of Saleh’s closest allies distancing themselves in order to avoid the social repercussions of his actions. In addition to this, an array of established, dethroned or sidelined actors are attempting to gain relevance. For instance, former Ambassador to the United Arab Emirates (UAE) Arif Ali Nayed and former Speaker of Parliament Nuri Abu Sahmain have both become very active over the past month. Likewise, senior GNA officials like Interior Minister Fathi Bashagha and Chairman of the High Council of State (HCS) Khaled al-Mishri are vying for key positions in the next government. Even Saif Al Islam Gaddafi has reconfigured his political team in order to raise his chances of weighing in on Libya’s political future. This kind of shuffling and maneuvering has become a typical feature ahead of political talks in Libya, as each individual and political group sees dialogue as a renewed opportunity to secure a position in power. It is arguable that this is a result of another trend of post-2011 Libya, namely that the country’s political dialogue has largely focused on appointing individuals to key institutional positions rather than discussing the creation of a comprehensive political system that could steer Libya out of its cycle of transitional periods, regardless of political affiliations or individual beliefs.

## **UN-BACKED GOVERNMENT ATTEMPTS TO REFORM AS PRESSURE FROM PROTESTS MOUNTS**

*Prime Minister Fayez al-Sarraj sought to enact a range of policies to calm protesters in western Libya, but ultimately failed to do so and announced plans to resign by the end of October 2020.*

In Tripoli, the month started with a stern warning by leaders of the “23rd August Youth Movement” that protests would not abate so long as political bodies were not overhauled. To respond to the crisis, GNA Prime Minister Fayez al-Sarraj unveiled a slew of policies — from further anti-corruption

measures to economic programmes and a cabinet reshuffle. Despite this, on September 17, the Prime Minister announced his intention to resign by the end of October 2020.

Al-Sarraj doubled down on the anti-corruption drive started in August in the hope of drawing popular support and laying the blame on other centers of power within western Libya, some very close to the government itself like the embattled Ministry of Health. In this case, the premier appointed Khalifa al-Bakhoush as temporary Health Minister and ordered a committee to review the ministry's expenditures from 2018 in a bid to blame the health system's collapse on the institution's corruption. Over the course of the month, more institutions followed suit with al-Sarraj's calls to the three oversight bodies (Audit Bureau, Administration Control Authority, National Anti-Corruption Commission - NACC) to activate mechanisms and investigations into corruption. The Ministry of Finance handed its anti-corruption financial disclaimer to NACC and suspended 17,000 fraudulent public employees, while the Economic and Social Development Fund (ESDF) cleared its investment portfolio from fraudulent beneficiaries and its holdings in inefficient companies.

Despite frail finances, al-Sarraj also pushed for economic initiatives tackling protesters' demands, including unemployment, electricity shortages and living conditions. Concerned with an unemployment rate of 14%, the Prime Minister called on the Minister of Labour and Rehabilitation to draw a comprehensive inventory of unemployed graduates in order to train and appoint them to public sector jobs. He later allocated 2bn LYD (€1.24bn) to municipalities, at first sight giving local authorities more power and resources to implement solutions to the crisis. Notwithstanding, these policies were drawn in urgency, the first one proving to be a populist move that could further put a strain on a budget where public sector jobs take up 61.5% of funding and the second one a half-hearted move toward decentralisation that actually maintains central government control over spending and allows Tripoli to hold municipalities responsible for local problems. On the electricity file, the newly appointed General Electricity Company of Libya (GECOL) General Assembly President, Abdulsalam Kajman, discharged executive director Ibrahim Falah and urged the board to find solutions to the electricity crisis. In this current, the Audit Bureau gave foreign firms an ultimatum to start operations in the electricity sector as soon as possible, thus prompting Turkey's ENKA and Germany's Siemens to pledge 1.3GW of new power generation for West Tripoli and Misrata by mid-2021.

Although al-Sarraj sought to gain enough goodwill from the population through active policy making, his cabinet reshuffle demonstrated his own limitations. In fact, far from his long-held ambitions of forming a technocratic cabinet, the Prime Minister has been limited in his choices by the imperative of picking power-players who reflect the political and military realities in western Libya following the war for Tripoli. Enshrining a cabinet reshuffle that was started last month, important figures of the counter-offensive against Khalifa Haftar were given key positions in the Tripoli-based government. Most of these appointments have been kept discrete due to public opposition, but they were necessary concessions to keep unity among the GNA's different factions. Ultimately, Al-Sarraj has set the stage for his departure without truly ensuring that the various initiatives he put forward in haste can come to fruition as the next government would probably want to start reforms on a clean slate.

## **EASTERN-BASED GOVERNMENT RESIGNS AMIDST SEVERE INTENSIFICATION OF POPULAR UNREST**

*September saw the prolongation of protests throughout Libya, with a severe intensification of social tensions in the east. Prime Minister Abdullah Al-Thani submitted his government's resignation to the House of Representatives.*

In the east, the emptying of Brega's condensate tanks to fuel the Benghazi North and Zueitina power stations did not calm public frustration and concerns over electricity shortages. On the contrary, National Oil Corporation (NOC) statements warning that condensate tanks could soon be refilled and the aforementioned power stations brought back to a halt caused widespread anxiety, which later developed into protests in Benghazi on September 11. Motivated by power cuts, fuel shortages and deteriorating living conditions, demonstrators aimed their frustration against the Interim Government, whose headquarters in Benghazi were set on fire on September 12. Overall, protests intensified throughout the east and south of the country, with cities such as Al Bayda, Shahat, Sebha and Al Marj joining the demonstrations. In Al Marj, protests even turned deadly with authorities using excessive force, killing one protester and injuring three others. The level of violence, attributed to hardline pro-LNA armed groups, brought widespread condemnation when an activist named Ali al-Aarabi was kidnapped by such groups on September 22. Much of the repression can be linked to a weaker chain of command within the LNA due to trained officers being dispatched en masse to Sirte, thus leaving way for undisciplined armed groups to persecute political activists.



First on the line, the Interim Government headed by Abdullah al-Thani had less room for manoeuvre than the GNA and was less imaginative in its response to protests. Similarly to GNA efforts, much of the government's announcements were meant to shield itself from public blame. Nonetheless, al-Thani held numerous urgent meetings to deal with issues such as fuel smuggling and shortages, electricity cuts, Covid-19 and the living conditions of internally displaced persons. His Interior Minister, Ibrahim Bushnaf, created an office affiliated to the Criminal Investigation Department to combat fuel smuggling and al-Thani called on the Municipal Guard Service to double down on efforts to curb illegal practices related to food and drug security. On the electricity file, the General Authority for Electricity and Renewable Energy (GAERE) held talks with Egypt to secure enough power supply for the winter and al-Thani pledged to end the electricity crisis by the end of October. Nonetheless, the Eastern Prime Minister announced his resignation on September 13 following the intensification of protests, despite calls from Agila Saleh and the Supreme Tribal Council for him to stay in power. Ultimately, despite framing it as a political ploy by the Tripoli-based Central Bank of Libya (CBL) and NOC to starve the east from financial and energy resources, the Interim Government has been unable to deflect public anger surrounding its management of the crisis.

On its part, while concerned by the extent of protests, the LNA has remained relatively intact in the face of the country's complex social dynamics and may even have been strengthened by recent political developments. By being excluded from political talks, Khalifa Haftar has been largely shielded from public outrage and has used the occasion to further portray himself as an actor outside of the status quo, looking to serve the national interest. In fact, the LNA has attempted to co-opt public frustration towards Libya's two governments by publicly defending the right to stage protests and warning of infiltrators seeking to disrupt demonstrations, even if many of these were actually LNA-hardliners unhappy with public dissent. The LNA has used the occasion to promise accountability and pledge to address misconduct in its own ranks, especially concerning the illegal seizure of land around Benghazi. Whether this is an action deemed necessary to discipline its ranks or an opportunist move to gain popular support, the reality remains that the majority of protesters have stopped themselves from openly criticising Khalifa Haftar. The resumption of oil production is likely to further play in the LNA's favor by diverting attention towards the problems within Libya's financial institutions and the inefficiencies of both rival administrations to enforce popular demands surrounding economic policy.

## DISJOINTED MEETINGS MARK THE RESUMPTION OF INTRA-LIBYAN DIALOGUE

*Intra-Libyan meetings abounded over the past month, often hosted by foreign powers seeking to push for an agreement while retaining influence over the Libyan file.*

Since the end of the Tripoli offensive culminated in the Cairo Declaration of early June, the door has been left open for intra-Libyan talks. Such discussions intensified after the ceasefire announcements made on August 21 by the GNA Prime Minister and HOR Speaker with the backing of the United States, Germany and Egypt. This month, Egypt, Morocco, Russia, Turkey and international organisations came to sponsor ongoing intra-Libyan talks.

Two delegations made of five representatives from the House of Representatives (HOR) and High Council of State (HCS) met in Bouznika, a coastal town south of Morocco's capital Rabat. Their objective was to discuss the appointment of leaders to sovereign positions according to Article 15 of the Libyan Political Agreement (LPA). Several statements confirmed that positions such as the Governor of the Central Bank of Libya, the Head of the Audit Bureau, the Head of the Administration Control Authority, the Chairman and members of the High National Electoral Commission, the Head of the Supreme Court and the Attorney General were discussed during the meeting. Additionally, the Libyan Investment Authority, the Libyan Foreign Bank and the Economic and Social Development Fund were apparently added to the list of sovereign institutions to undergo leadership changes. This was an important stepping stone for the development of intra-Libyan dialogue and the formation of a new institutional landscape. However, key officials have been non-committal about the results. HCS Chairman Khaled al-Mishri first downplayed the Bouznika talks as "non-binding and informal meetings" while also arguing that no institution would ever leave its seat in Tripoli. Similarly, HOR Speaker Agila Saleh also dismissed the idea that the two delegations discussed ways to assign positions to specific people. Yet, the final statement from the Bouznika talks applauded "an atmosphere of optimism", with the HCS confirming mutual agreements on undisclosed matters previously propitious to discord.

Notably, the delegations to the talks were handpicked by Saleh and Mishri, which caused anger in both institutions. Such expediency also reflects the deal-making process taking root in Libya, whereby political figures prefer to be trailblazers and unilaterally undertake negotiations with the opposing side before taking on the long and arduous task of earning domestic sup-

port. This method leads to precipitous reactions by Libyan actors who prefer to condemn the approach before the substance of the agreement is known and its positive achievements acknowledged. Indeed, this explains why both HCS and HOR members initially opposed the Bouznika talks, before tempering their stance and building on what was discussed to push a comprehensive political agreement forward. Yet, this does not mean that the talks enjoy widespread support as numerous spoilers exist. Politicians affiliated with political Islam in western Libya – particularly Presidential Council (PC) member Mohamed Amari Zayed – remain wary of additional political competition should eastern and southern factions be included in state institutions such as the PC. Likewise, eastern hardline figures within the HOR and Supreme Tribal Council fear that Saleh will be prone to make concessions – notably on Sirte, its demilitarisation and political appointments – for his own political gain. As the Bouznika talks unfolded, the Centre for Humanitarian Dialogue sponsored a meeting between representatives of the GNA, HOR and former Gaddafi regime supporters in Switzerland to prepare the stage for the UN-backed Libyan Political Dialogue Forum. During the meetings, the participants discussed critical steps needed to constitute a common institutional framework opportune for elections within an 18-months' time frame. This transition would be governed by a PC representative of Libya's three regions and an independent national unity government ensuring the lead-up to elections. Political prisoners would be amnestied and internally displaced persons returned home. Participants also raised the possibility of temporarily transferring the seat of government to Sirte, which is preferable for many but would require a thorough demilitarisation of the city – a thorny question for the LNA.

In another attempt to foster political dialogue in Libya, Egypt also weighed in on the Libyan file over the past month. Benefitting from partners like Washington, Paris and Abu Dhabi, and being an actor with formidable leverage within Libya and its diaspora, Cairo flexed its diplomatic muscles to not only move Agila Saleh closer to Khalifa Haftar but also to deepen ties with GNA actors. Notably, Egypt is interested in maintaining the key tenets of the Cairo Declaration alive, especially the imperative to disarm militias and withdraw foreign mercenaries before engaging in elections. On September 9 and 13, GNA delegations were primary guests in Cairo in a bid to intensify Egyptian contacts with the GNA and solidify Libya's ceasefire, which roughly dates back to June 8, around the time the Cairo Declaration was announced. Later, on September 22, Cairo brought Saleh and Haftar together to find an understanding as to how far Saleh can negotiate the demilitarisation of Sirte. Accordingly, the HOR Speaker adhered to pressure to realign and ensure Haftar's interests by stressing the need for LNA forces to expel foreign mer-

scenarios and calling into question all international agreements should a new national unity government come into place. This particular statement was directed at Turkey, which is concerned with maintaining its newfound tight commercial and institutional relations with Libya at a time when its allies' positions are no longer guaranteed.

Egypt's mediation and multi-level approach bore its fruits on September 27 when military officials from both the LNA and the GNA met in Cairo to discuss ways of forming a force responsible for the securing of government headquarters in Sirte, the possibility of a unified Libyan force and a permanent truce, as well as plans to remove mercenaries and militias. This latest development has proved that despite the complexity of having multiple talks with various actors, the overall atmosphere is a productive one where day after day, contentious points are discussed and solved. In this instance, the idea of GNA and LNA military officials discussing ways to jointly secure Sirte, implement the removal of mercenaries and militias, as well as their possible unification should be seen as progress towards striking a comprehensive solution to the conflict in Libya.

## THE RESUMPTION OF LIBYAN OIL IN A SHIFTING POLITICAL LANDSCAPE

*Although force majeure has been lifted across many of Libya's oil ports and fields, Libyan actors are yet to settle on a lasting agreement to end the oil blockade.*

In a unilateral agreement sponsored by Russia and not under the auspices of the UN or the respective leadership of either Libyan government, Deputy Prime Minister Ahmed Maiteeq struck a deal with the LNA to lift a nine-month blockade on Libyan oil assets. Latching on to the occasion, Maiteeq saw the oil deal as a way to position himself as a pragmatic politician, primarily motivated by public interest. On the LNA's side, Haftar had already sensed that the oil card was slipping his hand as protests over electricity shortages in the east gradually threatened stability in the region. Ultimately, protesters would have moved from criticising the Interim Government to blaming those behind the blockade. Maiteeq's overture was seen as an opportunity for Haftar to exit the shadows he was confined to since his failed assault on Tripoli and tackle the country's economic issues, thereby appearing as a benevolent actor willing to make large concessions for the national interest. Since the imposition of the oil blockade, Haftar was always going to play a central role in Libya's economic file; however, having found a partner in the opposing side, he now has created a space for dialogue beyond the political

confines of the conflict. This has undeniably forced the pace of other actors by bringing a motion to solve economic issues that, if leveraged, could prove to be a stepping stone toward a political solution to the conflict.

Nevertheless, the deal remains temporary, with Khalifa Haftar imposing a 30-day ultimatum on Libyan political actors who have until October 17 to endorse it and solidify long-term mechanisms for the management of oil revenues. Considering that Maiteeq was the only figure from western Libya present in Sochi to discuss the contours of the oil agreement, many actors within the GNA have felt sidelined and have thus opposed some key tenets of the deal. Above all, politicians who advocate the formation of state and society according to their understanding of Islamic principles, the CBL and a number of military figures have chastised Maiteeq for negotiating with the enemy and accepting too many inconvenient restrictions, including the subordination of the CBL to a Joint Technical Committee entailed in the agreement. Indeed, the deal to reopen Libyan oil would give eastern economic and financial institutions a clean slate by turning a blind eye on years of financial mismanagement and parallel monetary policy. It also omits the thorny issue of mercenaries, often foreign, guarding oil facilities under LNA control. Nonetheless, many municipalities, economists and businessmen in western Libya have welcomed the development as a positive step toward ending months of deleterious economic conditions. Under pressure from the United Nations Support Mission in Libya (UNSMIL), Prime Minister al-Sarraj eventually welcomed the resumption of oil production, a desirable outcome for the overwhelming majority of Libyans.

In the week following Khalifa Haftar's call to resume oil production and exports on September 18, some 150,000 barrels were pumped daily to drive overall production up to 250,000bpd. Since then, the NOC lifted force majeure on the oil ports of Hariga, Brega and Zueitina. Unipet – a subsidiary of the China Petroleum & Chemical Corporation (Sinopec) – has already taken on 2 million barrels from the ports' storage, with Shell booking another 1 million for early October. Income earned from these transactions is meant to be frozen until a final agreement. Bigger oil ports in the east such as Es Sider and Ras Lanuf remain inoperative as the NOC deems the presence of mercenaries there to be a liability for the safety of its workers and facilities. Likewise, the western oil port and refinery of Zawiya, which normally serves Libya's largest El Sharara oilfield, also remains closed. This means that daily oil production could surpass available loading capacity when oil ports will have emptied their storage space. The presence of foreign mercenaries in oil facilities remains the key issue at hand, with eastern forces denying their presence and the NOC wanting their removal to ensure that its operations would not be brought to a sudden halt again.

As things stand, just over two weeks remain to meet the deadline to implement the agreement imposed by Khalifa Haftar. Unless progress is made on some of the key tenets of the agreement, there is a risk of returning to face another oil blockade. Although the east seems to be sure of what it wants to achieve with a deal to resume production of Libyan oil, the risks to its sustainability are two-fold. Within the GNA, there is no clear authority that can operate without the interference of political rivals or armed groups in western Libya. This means that there is plenty of room for spoilers and that the LNA itself may utilise this to lay the blame for Libya's economic woes at the GNA's feet. Indeed, internal rivalries within factions who identify with political Islam, the Central Bank and the Presidential Council are proving difficult to manage even for UNSMIL and the United States, which have long been pressuring all sides to come to an agreement over Libyan oil assets. Second, the fact that the deal between Maiteeq and the LNA was struck in Russia, did not occur within an established international forum, and makes no mention of the presence of Russian private military contractors in Libya means that the United States is unlikely to support it without first trying to sponsor a deal that better reflects its own interests in the region. Ultimately, this means that reaching a solution to the crisis in Libya may come second to geopolitical rivalries and the personal ambitions of individual actors on each side of the conflict. Either way, Haftar has benefitted from the decision to temporarily resume oil production as he is gradually regaining political weight in the east.

## THE ECONOMIC DIMENSION OF A LIBYAN POLITICAL AGREEMENT

*Although recent initiatives to sponsor intra-Libyan dialogue occurred separately, a connecting thread between them could usher in a new setting for Libya's economic institutions and affect items such as debt levels and foreign exchange rates.*

For the time being, Libya's political process remains disjointed as the multitude of deals that have taken root over the past month are yet to be unified under one, coherent track. Nevertheless, irrespective of where the talks were held or who endorsed them, the priority for all actors seems to be the formation of a unity government to organise presidential and parliamentary elections. As per the Bouznika talks, the advent of such a government could very well upend the leadership of the majority of Libyan economic institutions. While it remains to be seen whether powerful bureaucrats like Central Bank Governor Sadiq al-Kabir or NOC Chairman Mustafa Sanallah would agree to relinquishing their posts, there is now the possibility of ha-

ving economic institutions working together, instead of against each other. An example of how this could materialise is with the Joint Technical Committee present in the oil agreement between Maiteeq and the LNA. Although controversial and representative of the demands of authorities in eastern Libya, this committee would follow the popular demand of devising mechanisms to fairly distribute oil revenues across Libya and ensure no such revenue finances armed groups.

The Joint Technical Committee would oversee the distribution of oil revenues and coordinate the preparation of a unified budget between east and west Libya. The latter point is where criticism for the deal most abounds, with a number of Libyan officials opposing the idea on the grounds that Libya's two most important and independent institutions in managing oil production and revenues were left out of the loop. Indeed, the committee would quite clearly encroach on the CBL's legal jurisdiction, making it a deferential body. It would also do without an escrow account under NOC's control by directly pocketing oil revenues to distribute it nationally. This approach severely impinges on the independence of institutions that saw themselves as above politics, but it might be a desirable step for Libyans seeking to unify the country around one government and stopping institutional fragmentation.

If the oil agreement succeeds — a variable that should not be taken for granted — the Joint Technical Committee could very well be the state's central node in managing Libya's oil wealth until the country goes through elections. This would have ripple effects on other economic matters. Oil revenues and budget management were not the sole object of discussion in the Sochi meeting; national debt and currency exchange also took center stage, although details on how these issues would be tackled remain vague. A unified economic policy under the committee's aegis could lead to a review of the CBL's dual exchange rate policy and to serious devaluation. This would undeniably affect Libya's present largest source of revenue, namely the tax on foreign exchange. Even if oil income were to rise substantially, devaluation could impact people's livelihoods and import levels. With the transfer of eastern debt to the national government, Libya would face high debt levels at a time when oil prices are at a historical low and with much of 2020's expected oil revenues exhausted. The oil sector itself does not remain immune from the growing risks of Coronavirus, with facilities already having closed for precautionary measures.

## AN UPTICK IN EXTREMIST ACTIVITY

*As Libya's political vacuum expands, so does the threat of extremist activity.*

The month started with a motorcyclist detonating his suicide vest when stopped at a checkpoint in west Tripoli. Such attacks have become more likely in the region as military assets are now centered around Sirte and Libyan authorities are tied up with their multi-pronged responses to protests. The situation escalated in mid-September, when Sabha's Security Directorate noticed a group of suspicious individuals arriving from western Libya and taking refuge in the southern city's Abd al-Kafi neighbourhood. After the LNA deployed the 116th and 160th battalions to monitor the group, a prolonged firefight broke out. Five LNA soldiers and nine militants were killed, the majority of whom had Saudi or Egyptian passports. Confusion followed regarding the identity of their slain leader, who was first thought to be Abu Abdullah al-Libi, a prominent figure of the Islamic State (IS) in Libya and North Africa. Eventually, the LNA confirmed they had killed Abu Moaz al-Iraqi, IS' leader in North Africa who set camp in Libya in late 2014. The militants had wanted to set base in southern Libya to conduct attacks throughout the country. Although the killing of al-Iraqi might momentarily put a cap on IS' operations in North Africa, the reality is that Libya will continue to be a hub for transnational terror and criminal groups due to its porous borders, presence of foreign mercenaries and recurrent instability. The LNA's partial military retrenchment from the south shows how this region bordering the Sahel remains vulnerable to infiltrations by terrorist groups.

## ARMED GROUPS ACROSS THE COUNTRY GROW INCREASINGLY BELLIGERENT

*The thorny question of foreign mercenaries and local militias brought up in talks risks adding to the country's instability*

Concerns regarding the state of Libya's security situation amidst the threat of violent extremism are further expounded by the domestic problem of militias, which quickly revert back to turf wars as soon as mutual threats are dealt with. This has been a consistent trend in Tripoli, where the subsiding threat posed by the LNA following its defeat in western Libya coincided with an increase in skirmishes between local armed groups. The past month was



no exception. On September 25, Tripoli's district of Tajoura saw deadly clashes between two militias formerly allied against the LNA offensive on the capital, the 'al Daman' brigade and the 'Lions of Tajoura'. The belligerents only stopped when newly-appointed Minister of Defence Salah al-Din Al-Namroush threatened to forcefully intervene to dissolve the two groups. Likewise, Libya's east is not immune from such episodes of disunity and internecine competition. Indeed, over the past two months, armed groups in eastern Libya have become more brazen in pursuing their self-interest and encroaching on civil liberties and private property. Despite posing a continuous challenge to political stability since 2011, current political changes might add momentum to Disarmament, Demobilisation and Reintegration (DDR). On September 16, the GNA's Interior Ministry introduced a committee tasked with creating a database of militias to be dissolved or reintegrated. Ongoing talks in Cairo between GNA and LNA military officers also adds to the premise that a national unity government could see the light of day and go after militias.

## CONCLUSION & FORECASTS

In September, Libya saw a myriad of piecemeal deals by individuals seeking to gain relevance in an increasingly volatile political landscape. Often, these talks have been brokered unilaterally between political figures of opposite camps who prefer to be trailblazers before taking on the long and arduous task of earning domestic support for their actions. This expedient method has given way to the UNSMIL-backed Bouznika talks, whereby the future political contours of Libya are being discussed, and the Russian-sponsored Sochi agreement, where Ahmed Maiteeq and the LNA agreed to tackle economic issues in order to allow Libyan oil to flow again.

These two achievements, in addition to Egyptian-sponsored talks at the military level between the GNA and the LNA, as well as the Montreux meetings, could very well coalesce into a comprehensive, UN-backed solution leading to the formation of a national unity government. The latter could be possibly located in Sirte, if the city is able to become neutral territory through the presence of a unified force composed of forces from eastern and western Libya. The road to such a scenario is still very long and fraught with pitfalls. Spoilers are plenty as the current atmosphere of political competition is likely to breed further discord as some actors feel increasingly sidelined. The tight deadline of the Libyan Political Dialogue Forum might derail current progress by rushing to an agreement that excludes some key constituencies or fails to address fundamental issues. Likewise, the enforcement of a peace process revolving around individual names and power-sharing agreements, rather than one that focuses on creating a roadmap that addresses all of Libya's issues, may further the process of atomisation that the country is already suffering from. Indeed, be it statements from the GNA operations room in Sirte all the way to tribal leaders in the east, the past month has seen several instances of infighting over the contents of the talks and the people supposed to be representing them. This may explain why the second round of talks scheduled to be held in Bouznika on September 27 was suddenly postponed. Against this backdrop, the need to strengthen the UN's mandate in Libya and appoint a new Special Representative is increasingly pressing. Even then, Libyans' concerns over a return to an all-out conflict and their frustrations over deteriorating living conditions and systemic corruption will not subside until a solid comprehensive agreement is reached.

The period we are experiencing is extremely reminiscent of the weeks prior to the National Conference that was supposed to be held in Ghadames on 4 April 2019 but was instead replaced by the sudden beginning of the LNA's

offensive to capture Tripoli. Similarly to then, every actor is attempting to gain relevance and plotting against each other – be it on the domestic or international level. Moreover, the Libyan population has once again lost trust in the country’s political process, be this UN-backed or not. As such, the coming weeks are likely to see a greater focus on the matter of transparency in peace talks. Indeed, Libyan politicians and prominent social personalities have started to stress the need to find measures to restore popular trust in the political process.

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