

KAS Libya Task Force

Policy Recommendations

These policy recommendations are the result of an international policy workshop entitled “Libya Task Force: Rethinking the European Strategy towards Libya” organized by the Regional Program South Mediterranean of the Konrad-Adenauer-Stiftung in cooperation with the Tahrir Institute for Middle East Policy (TIMEP) Europe on 30 and 31 August 2018 in Tunis with Libyan experts and representatives from EU institutions.

General Policies & Principles

- 1) Europe should recognise that competing political initiatives and inconsistent security assistance to partisan and rival Libyan factions and forces by different EU member states develop into an obstacle for overall progress in Libya, hampering the efficacy of all involved. Agreeing on a common Libyan position should be the starting point of any European Libya strategy if it is to be effective.
- 2) The EU should work on being a ‘centre of gravity’ for European involvement in Libya. Divisions within Europe’s approach to Libya have weakened Europe’s position allowing local spoilers to exploit divisions and advance their own agenda. Moreover, this allows other international actors to become the primary driver of developments. Strengthening the European position should involve:
 - Reconciling European divisions through being a mediating actor
 - Playing a coordinating role for the many European initiatives in Libya
 - Attempting to manufacture clear common European positions on individual policy issues relevant to Libya
- 3) Europe should revise their relationship with the United Nations Support Mission in Libya (UNSMIL), to allow the EU a joint role in coordinating international involvement (as they are better suited to coordinate member state involvement), as well as receive enhanced cooperation in policy planning. At present the EU contributes heavily to UNSMIL, yet receives little in return. For this to change the EU and its member states should:
 - Seek to revise UNSMIL’s mandate to ensure implementation of the coordination mechanisms devised on April 16th, 2016, and provide a longer mandate thereby giving UNSMIL and Europeans working alongside the mission a longer time-period for which to plan.
 - Provide a system for EU experts to be seconded to UNSMIL and more generally develop mechanisms for improved policy coordination and knowledge sharing.

- 4) Given the failure of the Government of National Accord to adequately play the role of a Libyan political partner to the work of the Stabilisation Facility for Libya, any stabilisation work done in the interim period preceding elections should be done under the banner of the new political process (detailed below) and its local partners.
- 5) As a policy principle, the EU and its member states should limit their involvement and cooperation to institutions rather than personalities in order to not lend legitimacy to un-representative political actors and risk facilitating corruption.
- 6) Before devising any Libya strategy, Europe should be cognisant of the structural rather than political nature of Libya's instability and recognise the need for an 'integrated' approach to Libya encompassing security and economic structural reforms alongside any political process.
- 7) Before calculating any assistance to Libya's economy as part of an overall strategy, Europe should understand the role that militias, political leaders, businessmen and employees of Libya's private banking system play in maintaining the liquidity crisis currently present in Libya due to the financial benefits it provides them through the black market which they dominate.
- 8) It would behove the EU and its member states to account for and understand the projects it already funds before engaging in new projects in order to lessen the risk of wastage through duplication, and to enable Europe to be more effective in building on previous successes. Europe collectively spends close to €70 million of bilateral support mainly through the European Neighbourhood Instrument (ENI) and the Instrument Contributing to Stability and Peace (IcSP). This money is spread across 23 projects in the following sectors: Civil Society, Governance, Health, Economy, Youth, and Education.
- 9) Europe should maintain awareness throughout the design and implementation phase of any development projects aimed at the local level to not undermine the relationship between the municipal and central levels of Libyan governance and thereby worsen the fracturing of the country.
- 10) Europe should seek to share its diverse experiences with Libya as a means to facilitating Libya's own development. Promoting programmes such as the Nicosia Initiative which pairs Libyan and European municipal councils or providing European states which have transitioned from dictatorship to democracy the opportunity to share their development experiences can aid Libya's autonomy and bolster local state-building and reform efforts.

Policy Recommendations

Political – A new sequence for Libya’s Political Process

- 1) There should be a revision of the Libya policy to-date and a new sequencing towards elections which is grounded in an admission of failure of:
 - The Libyan Political Agreement (LPA) and its institutions
 - The Constitution Drafting Assembly (CDA) and its draft
- 2) The new sequence should begin with expanded ‘horizontal’ and ‘vertical’ reconciliation tracks whereby:
 - Horizontal refers to reconciliation between communities, and
 - Vertical refers to a National Conference (NC) which agrees on a governance system and social contract
- 3) The importance of a unified approach necessitates that the reconciliation process is sponsored jointly by the Arab League, African Union, EU, and UNSMIL. With each union responsible for its members’ adherence to not initiate competing policies or initiatives.
- 4) The following issues should be provided by the National Conference’s international sponsors in order to minimise disruption and facilitate its success:
 - The security of conference attendees
 - The sanctity of its agreements in becoming principles of future Libyan policy and state-building programmes
 - The mandate of the conference and an agenda of what requires discussion and agreement in order to reach its outputs.
 - Support for the drafting of formal agreements in response to the National Conference’s conclusions
- 5) The National Conference should be inclusive but have the following pre-requisites for participation:
 - The adoption of a ceasefire
 - Commitment to adhere by the conclusions of the National Conference
- 6) The National Conference should be, by necessity, an integrated conference simultaneously gathering relevant actors to agree on macroeconomic, governance and security questions before adoption by a plenary.
- 7) The agreements of the National Conference should be drafted formally and be considered a plan for the creation of a unified set of state institutions and a new social contract. Elections will then be held to fill the political positions agreed upon in the National Conference’s outputs.

Economic

- 1) *Under awareness of general policy principle 7 (above):* Europe should strive to make its economic advice neutral and structural in nature. Such an approach would allow Europe to target the structural mechanisms which support Libya's economic crisis without its advice or assistance being tarnished by the politicisation of the crisis.
- 2) *Under awareness of general policy principle 7 (above):* Europe should be wary of supporting policies designed to benefit employees of the banking system and other actors who predate on Libya's economy. ¹
- 3) Europe should instead support the introduction of reforms such as electronic payment mechanisms which circumvent the many layers of predatory actors in Libya's banking system to directly benefit the citizenry.
- 4) Europe should promote the re-unification of the Central Bank of Libya (CBL) with its eastern counterpart along certain lines that would help to improve the overall transparency of the Central Bank. Such a policy would help to combat Libya's overall economic crisis by lessening unlawful and opaque fundraising by the Eastern Central Bank, thereby returning some confidence to Libya's fiscal system. Such a policy should be built around the following goals:
 - Encouraging the Central Bank of Libya to normalize the estimated 25 billion Libyan Dinars unlawfully borrowed by the Eastern Central Bank following a transparent auditing process.
 - The Central Bank of Libya should formally allocate a proportion of its annual budget projections to the East's governing bodies thereby discouraging it from continued unlawful borrowing.
 - Europe should promote a full implementation of the July 2018 UNSMIL-brokered agreement between Eastern authorities and the Government of National Accord by promoting for the Central Bank of Libya to set up a transparent system for allocating funding to Libya's regions.
 - Europe should pressure the Russian Federation to cease printing Libyan Dinars for the Eastern Central Bank which creates two categories of Libyan bank notes and exacerbates the crisis of confidence in the Libyan currency.
- 5) Europe should seek to respond to the letter sent by Prime Minister Fayed al-Serraj to the UN Security Council in July 2018 requesting assistance in auditing and providing financial oversight to Libya's economic institutions. As a first step in its response Europe should organise an independent assessment of the Central Bank's current

¹ E.G – The recent dollar stipend introduced as part of the economic reform package is not reasonably of access or use to Libya's average citizen who is in need of Libyan Dinars and unable to travel abroad to collect the USD offered in the exchange. Instead Libya's economic predators are likely to be the main beneficiaries of this particular reform to the further detriment of Libya's overall economy.

foreign-exchange reserves given the importance of this figure to the spending power and budgeting of the Libyan authorities.

- 6) Europe should promote a decentralisation of Libya's economic institutional framework by unravelling the many functions centralised within the Central Bank of Libya since 2011 weakening other economic institutions and creating a single point of vulnerability for economic predators to manipulate and extort. Such a policy should involve:
 - Encouraging the Central Bank to dissociate itself from day-to-day banking operations
 - Helping to devise clear roles and relationships between for the treasury department, Ministry of Finance, the Central Bank and the Ministry of Economy
 - Encourage the creation of economic watchdogs

Development

- 1) Europe should implement 'alternative livelihood' projects in Libya's marginalised and neglected regions such as the South. Such a policy should maintain a focus on:
 - Supporting communities to develop alternative energy sources such as solar energy to encourage their own autonomy and reduce the burden on Libya's electricity grid
 - Promote the development of small and medium-sized enterprises as a means of creating employment and livelihoods for women and as an alternative for the youth which can dissuade them from involvement in criminal activities such as smuggling
- 2) Europe should prioritise building Libya's capacity to care for its citizens' mental health which has reached crisis point following several years of internecine conflict. Supporting this aspect of healthcare can also help to improve the long-term resilience of the Libyan population.
- 3) Europe should support nation building in Libya in parallel to its state building assistance efforts. Such a policy should focus on:
 - Encouraging a sense of citizenship through helping the Ministry of Education develop a civics component to its national curriculum
 - Enlarging Libyan participation in European fellowship and scholarship programmes like Erasmus+ and advertising such opportunities to marginalised communities and regions
 - Assist in developing a professional and non-partisan Libyan media and encouraging Libyan media organisations to use television programmes to promote civic messages and youthful educational programmes designed to foster a sense of citizenship

- 4) Europe could design and implement a virtual platform and young leadership programmes to provide networking opportunities for younger Libyans who have plateaued in their professional and personal development due to the current situation and the dominance of older generations in political and business fields. Such programmes could allow 'young leaders' to collaborate and develop innovative solutions to aiding in the rebuilding of their state and nation.

Security

- 1) *Under awareness of general policy principle 1 (above):* Europe should recognise the extreme importance of UNSMIL's current attempt to create a unified infrastructure of Libyan security institutions and seek to support it through all avenues. Europe is best placed to provide support by:
 - Encouraging an integrated approach to security sector reform where improvements are tied to successful developments from the political process and economic reform process
 - Coordinating the activities of mediation NGOs, often in receipt of European funding, to ensure that their efforts are not duplicated and are of help to UNSMIL's process
 - Strategically deploy sanctions as an instrument of pressure against security actors attempting to spoil the process at the request of UNSMIL
- 2) Europe should upgrade its current policies to provide assistance to Libyan border forces and combat smuggling. It should do so with a focus on:
 - Expanding the mandate of Operation Sophia (EUNVAFOR MED) to include the interception of vessels suspected of engaging in fuel smuggling
 - Upgrade the mandate of the EU Border Assistance Mission to Libya (EUBAM) from a 'support' role to an 'executive' role and enhance support to the operation to encourage a more active and capable role in Libya
 - Recognise the inherent unsustainability of current short-term measures to combat migration and their destabilising role in Libya.
 - Seek a long-term solution to the migration crisis which involves stabilising Libya and thereby creating a partner able to capably manage migration to its country and combat smugglers.