



# 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 continue our monthly reports on Libya for 2021. This 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 contextualisation of developments in the wider Libyan context. The report is usually 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 mediation with regards to the political, economic and military tracks are without alternative, these monthly reports emphasise 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 emphasise the importance of continuing and facilitating 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.** Despite positive developments in the previous month, November saw strong signals that Libya's political process could still unravel as the country moves toward uncertain elections.
- 2.** Calls to boycott the presidential elections and sensitivity over controversial candidates foreshadow what will likely be a highly contested electoral process. The likelihood of holding free, fair and secure elections is in serious jeopardy.
- 3.** Bodies such as the Libyan Political Dialogue Forum (LPDF), the United Nations Support Mission in Libya (UNSMIL), and the High National Elections Commission (HNEC) have been challenged by anti-elections forces who want to hold onto power by pushing for a constitutional referendum prior to general elections.
- 4.** The list of 98 registered presidential candidates and the subsequent preliminary list of 25 rejected candidates started a process in which political adversaries seek to disqualify each other from the presidential race through appeals.
- 5.** Recent developments have shown that armed groups are not willing to leave Libya's fate to the ballot box. Local power dynamics, sometimes far removed from the generic east-west dichotomy, are likely to play out over the electoral period.
- 6.** The consensus over support for general elections on December 24 is starting to erode amongst the international community, as uncertainty within UNSMIL and worries over the prematurity of such elections cast doubt on Libya's political roadmap.
- 7.** In spite of having agreed on a plan to remove foreign mercenaries, the 5+5 Joint Military Commission (JMC) does not seem to have yet convinced governments backing such mercenaries to adhere to the plan.
- 8.** At the Libya Energy & Economic Summit, major energy companies expressed their interest in investing heavily in Libya should the country maintain stability. Responses to such interest varied from economic opportunism to economic nationalism.
- 9.** State intervention and control in the economy are increasingly, and successfully, questioned by various economic stakeholders in Libya. The next step for the country could be that of privatisation and market liberalisation – a move that would come with its own caveats.
- 10.** Either strong efforts are made to pressure the anti-elections camp to allow Libyans to speak for themselves, or there will need to be a serious Plan B by the international community to ensure that unfair or postponed elections do not lead to the resumption of widespread armed conflict in Libya.

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## ELECTIONS ARE POLITICISED AND THEIR RESULTS POISED TO BE CONTESTED

*Calls to boycott the presidential elections and sensitivity over controversial candidates foreshadow what will likely be a highly contested electoral process. The likelihood of holding free, fair and secure elections is in serious jeopardy.*

With less than a month before presidential elections on December 24, it is no longer plausible to see a smooth electoral process unanimously backed by all Libyan factions. Instead, what we are seeing is the further unraveling of the political roadmap designed by the Libyan Political Dialogue Forum (LPDF) in November 2020. Firstly, it has now become clear that presidential and parliamentary elections will be held separately, with the second round of presidential elections coinciding with parliamentary polls. In fact, the High National Elections Commissions' (HNEC) Director Emad al-Sayeh announced that parliamentary elections and the second round of presidential polls would take place around mid-February, and said this delay exceeding the 30 days specified in the law could be explained by expected violations as well as a lag between preliminary results, appeals, and final results. This turn of events is in spite of efforts from Deputy Head of the Presidential Council (PC) Mousa al-Koni and the Special Envoy Ján Kubiš to have the political roadmap applied by the letter, i.e. have general elections on December 24. The problem for them, however, is that their own institutions are divided on the issue – both within the UN, and with PC Deputy Head Abdullah al-Lafi pushing his own initiative that would see general elections postponed to March 2022 so as to find the time to end the controversy over their legal basis, i.e. the presidential and parliamentary election laws.

Secondly, this legal controversy continues to threaten the holding of any election on December 24 as those pushing for a constitutional referendum prior to electing the new branches of government have now called for an outright boycott of polls. This is particularly the case of High Council of State (HCS) Chairman Khaled al-Mishri who has called for sit-ins this month in front of the headquarters of the HNEC, UNSMIL, and House of Representatives (HOR) to protest the electoral laws drafted by the latter. Reflecting al-Lafi's initiative, the HCS Head also wants general elections to be postponed by at least 3 months to reach a consensus on the laws, an issue that has been at the centre stage of Libyan politics throughout the year without any plausible resolution thus far. The view that elections cannot be held due to "flawed" laws is shared by many other groups, primarily in western Libya, and included for a while Prime Minister Abdulhamid

Dabaiba who then made a 180 degrees turn by stepping out from office on November 21 to become a potential candidate in the same elections he previously criticised. He has been replaced in his duties by his deputy Ramadan Ahmed Boujenah.

Thirdly is the issue of controversial candidates. In the sixteenth issue of Inside Libya, it was explained that the registration for elections, or lack thereof, by figures such as Saif al-Islam Gaddafi, Khalifa Haftar, or Abdulhamid Dabaiba would significantly influence the course of the political process. Importantly, all three above-mentioned powerhouses registered for elections and somehow turned a blind eye to the obvious consequences of their candidacies. Albeit expected, the candidacy of these three controversial figures deeply changes the optics of elections and further enshrines political fragmentation in Libya. For some within those disappointed by the 2011 revolution, the revival of the Gaddafi household's political career brings hope for a more stable future. However, Saif al-Islam's rhetoric does not indicate much change and rather shows that vindication might play too large a part in his political motivation. Even more divisive is Khalifa Haftar, who is seen by many in Libya as a war criminal and whose candidacy could only lead to further political divisions between the east and the west of the country. Haftar has been the main target of the anti-elections camp, with al-Mishri threatening that the Libyan National Army (LNA) Commander would never rule Libya, "even if this costs hundreds of thousands of bodies." Courts linked to the Volcano of Rage campaign that acted as a bulwark against Haftar's 2019 offensive on Tripoli also doubled down on prosecutions against the eastern Commander. The Permanent Court Martial of Misrata sentenced him in absentia to death while the Military Prosecutor Office has pushed the Criminal Investigation Department to include him, and other key LNA figures, in its list for violating Military Penalties Law No. 37 of 1973, which outlaws any military intervention in politics. Since his return in Libya, Haftar has played an outsized political role for a military leader and has also been accused of being complicit in crimes such as the bombing of a Military College and a migrants camp in Tripoli during his offensive on the capital. In the case of Haftar going to the second round of elections, such rulings will act as powerful roadblocks to ensure that Libya is not ruled as a whole by the LNA Commander, thus pushing the country toward further institutional and political division.

Finally, Dabaiba's candidacy reflects a total disregard for processes and rules in Libya, and reinforces the view that any sort of political competition is above all a contest for individual power. The former PM had pledged in early 2021 he would not participate in upcoming elections, but his U-turn

can be explained by the fact he was first expecting spoilers to postpone elections in his favour, before realising that there still is too much domestic and international pressure to hold polls on December 24. If Dabaiba manages to cancel appeals launched against his candidacy, he would be among the top candidates as a result of his populist policies. In the last month, he continued to shower Libyans with promises and loans including another 1bn LYD (€185m) for the marriage grant, and adopted an attractive stance for minorities and women by pledging to allow the Amazigh language to be taught at school and issuing a decree allowing Libyan women married to foreign men to pass on their nationality to their children. This does not however mean he is poised to win. Many Libyans are worried that such promises are mainly electoral tactics and have come to realise that the former businessman never really was a political outsider. Instead, Dabaiba has enjoyed close relations with key institutional figures in Tripoli and no longer represents the personality able to reshuffle the political cards in Libya. In this highly divisive context, there is little chance for elections' results to be accepted unanimously and for lesser-known candidates to move the country's first presidential debates away from the personal ambitions of well-known powerhouses. The candidates' registration, and the subsequent battle for appeals, also do not bode well for the elections' aftermath and raise the risk of conflict in the coming period.

## **ANTI-ELECTIONS CAMP WORKS TO DELEGITIMIZE THE ELECTORAL PROCESS**

*Bodies such as the LPDF, UNSMIL, and HNEC have been harshly challenged by the anti-elections camp for whom general elections prior to a constitutional referendum are part of an internationally-backed agenda to engineer Libya's political scene.*

As seen in the above section, the anti-elections camp led by al-Mishri has decided to put the whole electoral process and its organisers into question and called on Libyans not to participate as either voters or candidates in the elections. According to the HCS Head, the HOR has acted at the behest of Abu Dhabi, Cairo, and Paris so as to draft electoral laws that are tailored for "criminals" like Haftar to take over the presidency. UNSMIL's push to have general elections by the end of year have also been described as "malign efforts" by the HCS Head who claims that capitals like Rome and Ankara share his views since they are worried Libya is rushing toward conflict after elections. Importantly, this argument reflects the likely re-internationalisation of the Libyan file, and potential fragmentation of the international community into countries that supported general elections on December

24, and those seeing such polls as too premature. It is however important to remind that international support for elections are not a result of naivete but rather seen as a necessity to finalize the political roadmap as well as avoid a dangerous scenario in which the Government of National Unity (GNU) would extend its mandate and fail to appease Haftar who has already pledged war in such case.

In fact, the pro-elections camp is aware of the risks tied to its position but continues to believe that it is a better option than delaying elections and seeing the political process further unravel over the next months. “It is true that choosing a president in such a short time is a risk. But it is necessary, [...] no matter how flawed the electoral law is,” al-Koni explained early this month at the National Forum to Support the Libyan Elections. However, this line of argument does not seem to convince any of the sceptics who are also found within the HOR. On the one hand are MPs who have issued a statement against holding elections based on current laws and claim that whoever pushes for such polls “without the minimum determinants of success” is “under the influence of misleading media campaigns led by the intelligence of foreign countries interfering negatively in Libya.” On the other hand, there are former HOR Speaker Agila Saleh loyalists who do not accept calls to review electoral laws as they see such appeals as spoiling attempts and claim that time has run out. In light of recent security developments, many arguments made by the anti-elections camp are founded, particularly concerns over the Ministry of Interior’s lack of control over the entirety of Libyan territory, which allows episodes in which armed groups storm voting stations to either protest a candidacy or prevent voting. Nonetheless, calls to first reach a consensus on electoral laws, or even organise a constitutional referendum first, do not seem to be entirely genuine as disputes over the laws do not focus on general principles but rather on the political ramifications of each article, and therefore cast doubt on the possibility of a consensus. In fact, the insistence on legal amendments is not meant to bring a level-playing field for all parties or more guarantees for the acceptance of electoral results. Instead those wary of upcoming elections are pushing amendments that would be advantageous to them by for instance ousting Haftar from the race or allowing officials who did not comply with Article 12 of the Presidential Law to become candidates by removing the clause that says holders of public or military office should resign 3 months prior elections to run in them.

This is why countries such as the United States continue to push for elections on December 24 and for all candidates to be included, so as to let the Libyan people be the final judge and not politicians fighting over legal amendments. In such a scenario, the only major impediments to fair elec-



tions would be security and voter fraud, with the U.S. Ambassador Richard Norland reiterating Washington's position that those provoking violence or preventing people from voting would "pay the price" by facing sanctions. This position is the most sensible and points the finger at contradictions within the anti-elections camp; al-Mishri has voiced his total opposition to Haftar running in elections but has also claimed that, should ballots be free and transparent, Dabaiba would win and Haftar would not reach more than 10% of votes - thus showing that it would be better for Libya to have all candidates run, even the controversial ones, so as to have them finally face the scrutiny of the Libyan people. Nonetheless, it remains to be seen how much impact the smearing campaign against the HNEC, UNSMIL, and the international community has had on the Libyan public which is growing frustrated with what seems to be yet-another failed political transition orchestrated by self-serving politicians and an international community which has had to choose political expediency over uncertain attempts to shape an optimal political transition.

## **POLITICAL COMPETITION TAKES THE FORM OF ELECTORAL APPEALS**

*The list of 98 registered candidates and the subsequent preliminary list of 25 rejected candidates started a process in which political adversaries seek to disqualify each other through appeals.*

Libyans had between November 7-22 to register as presidential candidates and until December 7 to apply as parliamentary candidates. On the final day of registration for presidential elections, 98 people had brought their candidacy forward, including two women. About ¾ of candidates registered in Tripolitania, Libya's most populous region, while 12 and 13 people filed their candidacies in eastern and southern Libya respectively. The final qualified pool of presidential candidates will compete for Libya as one electoral district, whereas the expected 4,000 parliamentary candidates will compete in various districts for the most votes. On November 24, the preliminary list of disqualified presidential candidates was unveiled by the HNEC, with 25 names including Saif al-Islam Gaddafi due to his alleged criminal record and failure to provide proof of lack thereof, which goes against Presidential Law 1 of 2021, Article 10/7 and Article 17/5. Most other candidates saw their applications withdrawn for failing to present the sponsorship of 5,000 voters as per Article 11. Importantly, no one was rejected for having violated Article 12, which shows that the HNEC chose to disregard the unilateral law drafted by the HOR and instead applied its own legal interpretation which allows GNU officials to run in elections without having resigned 3 months prior polling date.

This led to a slew of criticism from various camps, as the application of Law 1 of 2021 seemed to be taken at will by the HNEC. For instance, both Dabaiba who only resigned a month prior elections and Haftar who has pending criminal judgments against him were allowed to run according to the preliminary list, thus raising fears that such powerhouses had enough clout to ensure they would be qualified no matter what the law said. As a result, each camp resorted to file appeals against either the disqualification of their favourite candidate or against the qualification of a contestant they deemed was not compliant with the electoral law. For instance, both Dabaiba and Haftar were appealed twice by either fellow candidates or LPDF members, with one appeal against Haftar already rejected and both appeals against Dabaiba accepted, thus leaving him until the end of the month to object to such appeal. In turn, Gaddafi's lawyer Khaled al-Zaydi appealed against his client's disqualification which he described as a "political decision" since Saif al-Islam does not have a final judgment in his pending criminal cases according to him. These various appeals have brought Libya into a loop which could potentially postpone elections by a few days to reach a safe decision on appeals according to the HNEC's Director Media Centre Sami al-Sharif.

The reliance on judicial courts to decide upon the final list of candidates does not bode well for the country as courthouses often fall prey to local power dynamics, with judges being threatened by armed groups or potentially entering agreements with them. This is particularly concerning since the Supreme Judicial Council decided to refuse external appeals, which means that one can only appeal against a candidate where the latter is resident. This opens a whole series of loopholes as for instance, it is now highly unlikely that appeals against Haftar will be accepted in Benghazi, where the LNA Commander is a towering figure. This is also a let-down for the many internally-displaced Libyans who had hoped that legal guarantees would allow them to challenge candidates of their original region from their temporary residence. It seems however that local courthouses, such as the one in Zawiyah, are deciding to bypass the Supreme Judicial Council's decision and accept appeals against candidates from other districts - including Haftar. Additional issues have also emerged regarding the distribution of voter cards with fears that organised groups such as the LNA could nudge their members to vote in a certain way or worries that citizens would want to sell/purchase their voter cards. There are also concerns regarding the proliferation of fake news or even hacking of social media accounts. For instance, the Facebook account of the HNEC had briefly rejected Saif al-Islam Gaddafi's candidacy in mid-November, a while before the publication of the

preliminary list, as a result of what might have been either inattention, an overzealous employee or an outright breach of social media accounts.

These are all issues that will need to be tackled by the HNEC, the PC, judicial authorities, international observers as well as the 1,949 local monitors and media correspondents accredited to cover elections. The large number of candidates as well as general enthusiasm for elections mean that Libyans will also take on themselves to check whether elections are fair and transparent by sharing violations on social media. This represents a double-edged sword as civil pressure is needed to minimise outright voter fraud and violations, but the HNEC has also warned citizens without legal or official capacity not to monitor elections on their own as this would amount to a violation of regulatory provisions.

## **LOCAL SECURITY VIOLATIONS DURING ELECTIONS WILL HAPPEN**

*Recent developments have shown that armed groups are not willing to leave Libya's fate to the ballots. Local power dynamics, sometimes far removed from the generic GNU-LNA dichotomy, are likely to play out over the electoral period.*

The month of November started with Foreign Minister Najla al-Mangoush acknowledging that there are power dynamics in Libya that could affect the fairness of elections, without naming a specific group and adding that the proliferation of weapons as well as influence from insiders and outsiders represent grave dangers for the stability of Libya ahead of elections. This means that on top of the usual turf wars between militias in western Libya, which took the life of a mother of four this month in Warshefana, there is greater momentum for armed groups to use coercive methods to hurt candidates or erode the electoral process. This is what already happened twice in Sebha, with Massoud Jedu who is formally under the PC, and the Battalion 115 of Tareq bin Ziyad Brigade, preventing Saif al-Islam Gaddafi's lawyer from lodging his appeal for a while, and then surrounding the Sebha Court for days to prevent judges from entering the building. Local sources have claimed that this obstruction is not solely a reflection of the competition going between Haftar and Gaddafi over a similar electorate, but also reflects tribal dynamics between the Awlad Suleiman (of which Jedu is from) and Gdadfa tribes. With the proliferation of weapons among civilians, such tribal clashes could quickly escalate as major presidential hopefuls such as Gaddafi have die-hard supporters among their tribes who would be ready to cause instability should their favourite candidate be ousted from the presidential race.

The issue is therefore not only with militias since citizens, tribal members, bureaucrats and government employees are potentially able to cause disturbances if elections do not go toward their favoured outcome. In this context, the expected 30,000 men readied by the Interior Ministry to safeguard the elections are unlikely to have much effect, as there are even concerns that Interior Ministry employees could themselves violate elections' regulatory provisions. One such episode happened this month with former General National Congress (GNC) member Mahmoud Abdulaziz visiting the al-Samoud voting station in Tripoli's Abu Salim Municipality so as to enquire on his daughter's voter card. Allegedly, the voter cards of several citizens had been withdrawn anonymously and the former GNC member, as well as his son, were manhandled by security officers at the voting station for enquiring on the issue. On top of voter fraud, there are deep concerns regarding the willingness of various actors to shut down polling stations, particularly on voting day, to challenge the electoral process and prevent one particular candidate from participating fairly in it. Such incidents are highly likely throughout western Libya should appeals against the controversial candidacies of Gaddafi and Haftar fail. Other incidents are likely to be more localised as a result of personal disagreements or tribal dynamics.

## **THE PARIS CONFERENCE ON LIBYA FAILS TO SECURE SMOOTH POLITICAL PROCESS**

*The consensus over support for general elections on December 24 is starting to quickly erode amongst the international community, as cracks within UNSMIL and worries over the prematurity of such elections cast doubt on Libya's political roadmap.*

After the Libya Stabilization Conference held in Tripoli on October, the Paris Conference on Libya was meant to be the final push from the international community to ensure that general elections happen on December 24 and that the 5+5 Joint Military Commission's (JMC) four-point plan to gradually remove foreign mercenaries starts bringing positive results before the end of the year. Unfortunately, the conference was partly shunned by Turkey which sent a low-level delegation and later criticised Macron for focusing too much on Turkish-backed mercenaries which Turkey sees as a bulwark for stability in Libya. Likewise, the Russian Foreign Minister Sergey Lavrov said that preparations for elections should matter more than having a set date so as to ensure that results are not doubted. Practically, Russian support for elections has become more lukewarm over the month as it became clear that their favourite candidate, Saif al-Islam Gaddafi, would struggle to get his name in the race.

More worrying have been comments from the Italian Foreign Minister Lucia Lamorgese, who recently said that holding elections as scheduled might be a “difficult task” and that holding them in January would be a better option. This position is indicative of a new fracture within not only the Western camp but also UNSMIL, as countries such as the U.S. and France support Special Envoy Ján Kubiš’ insistence on timely elections whereas others such as Italy and the United Kingdom are more aligned with UNSMIL Resident Coordinator Raisendon Zenenga who has reportedly sided with Libyan sceptics of elections. This division within UNSMIL ultimately led to the resignation of Ján Kubiš, sent on November 17 and effective on December 10, at a vital moment for Libya. The UN is now on the lookout for a replacement, which could be a new staffer or potentially Raisendon Zenenga as the latter is already based in Libya. These stark divisions at the height of UNSMIL explain why the Mission was considered on many occasions as mild in its support for timely elections and good office efforts. The loss of Kubiš further endangers the holding of elections as there are strong indications that the remainder of UNSMIL’s staff is more likely to lend an ear to the anti-elections camp in Libya. This development also further discredits the institution, as it ultimately is turning its back on the political roadmap it helped design. It remains to be seen whether this stance is a result of serious assessments on the ground regarding the feasibility of elections, or the result of an outsized influence from some Libyan actors over members of the Mission. Whilst there are serious concerns over the holding of elections on December 24, the issue is that what is asked by the anti-election camp is simply unachievable and risks plunging Libya into long and protracted divisions, if not a conflict.

Thankfully, international dynamics make an internationally-backed conflict unlikely in Libya as Egypt, Russia and the UAE have slowly distanced themselves from Haftar by either extending a hand to western Libyan actors or deepening an alliance with Gaddafi in the case of Moscow. Likewise, Turkey is continuing to extend a hand to former Arab foes such as Egypt and the UAE, with Abu Dhabi Crown Prince Mohammed bin Zayed visiting Ankara this month for the first time after ten years. Albeit such developments are not directly tied to the Libyan file, normalisation between Egypt, Turkey, and the UAE make coordination between those countries more likely and a renewal of a proxy conflict implausible. There are good signs that Turkey is also seeking for at least minimal communication with the eastern actors in Libya, as it managed to free 7 of its nationals held by the LNA thanks to Qatari intermediation this month and could further utilize Doha’s diplomacy to normalise relations with Benghazi in the future.

## NO DECISIVE PROGRESS IN THE JOINT MILITARY COMMISSION'S FOUR-POINT PLAN

*In spite of having agreed on a plan to remove foreign mercenaries, the 5+5 Joint Military Commission does not seem to have convinced governments backing such mercenaries to adhere to the plan.*

In the sixteenth issue of Inside Libya, the 5+5 JMC four-points plan was introduced as a milestone in which key military officers from both eastern and western Libya agreed to cooperate on the removal of foreign mercenaries by 2023. However, the most important step in this plan is to convince key foreign governments, primarily Turkey and Russia, to coordinate the withdrawal of their mercenaries with one another - a task that remains so far unachieved. In fact, the Paris Conference seems to have irritated the Turks who are of the view that their soldiers are present in Libya at the behest of an agreement signed with a former Libyan government, and should therefore not be placed on the same level as foreign mercenaries such as the Russian private military contractor Wagner or Sudanese foot-soldiers. This stance, however, misses the fact that the overwhelming majority of Turkish-backed soldiers in Libya are actually Syrian mercenaries. Equally, Turkey seems to have disliked what it perceives as an overemphasis on its troops and a lack of focus on Russian-backed troops by the European Union, a claim that remains unfounded as the European Parliament pushes for sanctions to be applied against the Wagner group for human rights violations committed in African countries.

Efforts to see progress on the military file with the Paris Conference saw the LNA agree to send back 300 foreign mercenaries from their areas of control, which remains to be verified. Equally, exits by a few hundred Syrian mercenaries backed by Turkey were registered this month, but they were quickly replaced by another intake in a classic exchange of batches. On its own, the JMC does not have the means to either pressure Ankara or Moscow. Meeting in Tunis this month, the Commission discussed parties obstructing the withdrawal of mercenaries and providing financing to such operations so as to prepare a proposal for international sanctions by the United Nations Security Council. Nonetheless, we are unlikely to see any advancement on this file considering the highly volatile nature of current politics in Libya. Rather, it is likely that the JMC will have to increasingly focus on internal security so as to ensure that past achievements are not wasted and the country's relative stability can be maintained.

## LIBYA'S ENERGY OIL SECTOR CONTINUES TO GARNER INTERNATIONAL INTEREST

*At the Libya Energy & Economic Summit, major energy companies expressed their interest in investing heavily in Libya should the country maintain its stability. Responses to such interest varied from economic opportunism to economic nationalism.*

Libya sits on Africa's largest oil reserves and the Undersecretary of the Ministry of Oil has maintained ambitious goals for production to hit 1.45m barrels per day (bpd) by the end of year, 1.6m bpd in 2022 and close to 4m bpd in 2025 should the oil sector receive enough funding. The problem is that funding from the central government has always been scarce since the revolution, and the financial needs of the National Oil Corporation (NOC) are ever-growing, with immediate development, maintenance and rehabilitation operational needs amounting to already €10.5bn. Despite the large windfalls of this year, the whole quagmire between the GNU and the HOR over the final 2021 budget has meant that the development of the sector has remained slow. To remedy this, it seems that the new strategy of the now-former PM Dabaiba is to further open the economy to the private sector and foreign investors. For the energy sector, only foreign companies such as international oil corporations have the financial clout to bring what is needed on the table quickly. In November, it became clear that Dabaiba was communicating with TotalEnergies to broker the sale of the 8.16% shares in Waha Oil Company (WOC) held by Hess to TotalEnergies and ConocoPhillips. The communications with the French company were leaked in a letter in which the PM had asked around €40m for brokering the deal, pledging to spend the money on youth and sports projects.

The deal was later confirmed at the Libya Energy & Economic Summit held in Tripoli on November 22 by CEO Patrick Pouyanne, who also announced plans to spend €1.7bn in WOC to raise its output capacity to more than 400,000 bpd, returning the Mabruk field to previous rates of 40,000 bpd, and help generate 500MW of solar power in the country. Other major companies such as Daewoo, Repsol and Shell also shared their interest in returning to Libya should the country maintain stability. Nonetheless, the WOC share transfer deal faced opposition in Libya, by both parliamentarians who warned they would officially investigate and stop the deal if it were true, and the Minister of Oil Mohammed Aoun, who despite attending the Summit, called for a buyback of the WOC shares by the Libyan state.

This episode further shows cracks between the PM and Minister of Oil, as the latter is known to favour economic nationalism and protested against the lack of communication on the issue of the WOC share transfer. Differences within the country's energy sector continue to rock proper coordination between the GNU, Ministry of Oil, and NOC - or even cause clashes. For instance, the NOC continues to face legal challenges that are likely to be motivated by political calculations. In early November, the Public Prosecution remanded NOC board member Abdulgasem Shengheer and other employees over corruption charges, which were rejected by the NOC as a "systemic war waged by a coalition of militias, smugglers, corrupt politicians, ideologies and stakeholders against the corporation to blackmail, infiltrate, politicise, and redirect it from the neutral position it has maintained over the past years for the benefit of all Libyans." Finally, it is also important to note that the Summit, which included Dabaiba as a keynote speaker, did not have him due to his registration the previous day as a candidate for the presidential elections. As a result, the Summit was seen as an underachievement, particularly because there was no signs of large multi-billion contracts by either Eni or Totalenergies as announced a few months ago by Dabaiba.

## **LIBYA'S ECONOMIC VISION FOR THE FUTURE IS THAT OF MARKET LIBERALIZATION**

*State intervention and control in the economy are increasingly, and successfully, questioned by various economic stakeholders in Libya. The next step for the country could be that of privatisation and market liberalisation - but that comes with its own caveats.*

In early November, the Ministry of Economy had unveiled a decision to fix the price of 13 basic commodities such as flour, sugar and oil in a step to control inflation. The municipal guard of each Libyan city as well as police was tasked by the decision to take legal measures against shops or markets that did not comply with the set prices of such goods. A few weeks later, the Ministry reversed its decision following harsh criticism from economic stakeholder, particularly the Libyan Business Council, who complained that such methods were not only ineffective but also reflected an old-school approach based on a wrong assessment of the current economic situation. For a long time, the state has used local merchants as scapegoats responsible for inflation while missing the international supply/demand dynamics that inevitably impact local prices. The subsequent decision by the Ministry to simply have its Internal Trade Department prepare a weekly bulletin on local prices shows that bureaucrats are now more responsive to the market and supportive of local merchants. For instance, decree 537/21 unveiled by Dabaiba this month has exempted all food imports from tax duties so as to raise the level of strategic food stocks which runs low in the country.



Before leaving office, Dabaiba made sure to project what sort of projects he has initiated as PM and what the future could hold in a rare meeting held by his ministers and the American Chamber of Commerce (AmCham). Dabaiba made sure to get back at MPs who pushed against his development spending plans by saying they were “not patriotic” and did not understand the stakes behind the many projects he envisioned for Libya. According to him, 732 projects were included in his 2021 Reviving Life programme and spread between the Organisation for Development of Administrative Centres, the Housing and Infrastructure Board, as well as the transportation sector. During the first AmCham meeting in ten years, the Economy Minister sold the dream of an economy enjoying enormous growth over the next 7 years and attracting millions of foreign workers. According to him, this growth would in large part be fueled by construction projects to reconstruct Libya and house a population whose median will soon reach the age of settling down. New cities around both Tripoli and Benghazi, as well as roads should be part of Libya’s future construction spree should political transition secure long-term stability. Equally, the Minister also placed logistics at the core of Libya’s development, with several special trade zones and transit routes to transform the country into a key gateway between Europe and Africa. Energy production would also be doubled to 16GW by 2030 to end recurrent power shortages. Most of these projects would be private public partnerships with the bulk of the financial responsibility falling on the private sector and international investors. Calls for market liberalization by the GNU have been particularly strong over the last few months as former-PM Dabaiba insisted that both the medical and telecommunication sectors should be open for competition so as to make them more efficient.

If Libya is to take the above mentioned path of market liberalization and even privatization of state assets, it is important for economic stakeholders and the Libyan public to remember two important caveats; even with strong stability it will be very difficult for Libya to realise such an ambitious vision within a decade due to international competition over key sectors like energy and logistics. More importantly, market liberalization in post-war economies and politically fragile countries is often met with either strong reluctance from bureaucrats or is done in such a way that privatization deals are made to benefit those at the helm of political power.

## CONCLUSION & FORECASTS

December 2021 is going to be a pivotal month for the future of Libya. Hope still exists for a political transition that manages to bring a popularly elected government and parliament to ensure long-term stability and legitimacy, create meaningful national reconciliation, and ferry the country toward sustainable growth. However, initial indications on the ground show that serious roadblocks exist on the way to successful elections, prime of which is the lack of faith in the political roadmap. The resignation of Ján Kubiš from UNSMIL perfectly reflects this issue as some Mission staffers and a few countries at the Security Council have lost confidence in Libya's ability to hold fair and timely elections on December 24. These elections are likely poised to be called "premature" in hindsight by those who initially supported them but failed to garner enough will to pressure Libyan national institutions into choosing fruitful cooperation over political machinations and spoiling tactics. Less than a month before polling day, there is still too much uncertainty regarding elections, the security situation at polling stations, the possibility of voter fraud, people's responsiveness to calls for boycott, and the final list of candidates.

If these concerns can be resolved by postponing elections for a few weeks so as to ensure better preparation, there is no reason to stubbornly push for the date of December 24. However, the issue is that authorities had nearly a year to prepare elections and tackle issues such as security. Equally, pro- and anti-elections camps had the same time to solve their differences, but only managed to deepen the gap between one another. Prolonging such disputes would only further unravel the political process and raise the risk of having politicians without popular mandate decide on what Libyans want and do not want. Importantly, the debate over the legal basis of elections is as of itself the primary arena for political competition in Libya, not a genuine argument to ensure an optimal electoral process. One of the key reasons behind holding presidential and parliamentary elections is to attempt a clean slate of Libya's political scene and erase the sense of entitlement that heads of national institutions have despite overstaying their mandates. Yet, what is happening now is that the fate of a nation is principally tied to legal disputes between these same figures.

Allowing such disputes to spoil the political process after one decade of failed political transitions would undoubtedly create an immense sense of despair and frustration among Libyans, as they would continue to see their leaders place personal ambition over national interest. There needs to be enough pressure applied on the anti-elections camp to remove its calls for

boycott and accept the final list of candidates in exchange for guarantees from the international community against the renewal of “despotism” that supporters of a constitutional referendum seem to fear the most. There is still a way to convince the anti-elections camp that ballots are their best chance to have the Libyan people be the arbiter to their disputes. Ultimately, there are various scenarios panning out for Libya and observers should take them all seriously to better predict the next chapter of Libyan politics and find ways to minimise chaos should it arise. A plan B should therefore be conceived should elections, or their postponement, lead to the resurgence of violence. None of the international parties are to benefit from renewed instability in the country, and therefore, it is crucial for the international community to regain a sense of unity in the face of impending danger.

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