

Regional Program Political Dialogue South Mediterranean



Libyan Imbroglia: Navigating the Complexities of Finance, Power Struggles, and External Interference

Karim Bilel Gharsallaoui¹

Abstract

This paper examines the multifaceted crisis engulfing Libya, focusing on the recent turmoil surrounding the Central Bank of Libya (CBL) as a microcosm of broader national instability. It analyzes the fragmentation of political institutions, the prevalence of armed militias, and the country's strategic importance in regional dynamics. The article highlights how corruption, transactionalism, and clientelism have paralyzed state functions. The report concludes by emphasizing the urgent need for comprehensive reforms, genuine national reconciliation, and a reassessment of Libya's social contract. It calls for a UN-led, Libyan-owned inclusive dialogue to redefine shared values and establish a new governance system. The paper underscores the critical importance of immediate action to prevent further state failure and regional instability.

¹ Karim Bilel Gharsallaoui is an expert on Libyan affairs and the MENA region. Currently, he serves as project manager at the Konrad Adenauer Stiftung, Regional Program Political Dialogue South Mediterranean (PoDiMed), Tunis. Before joining KAS, he served as a stabilization advisor at the German Embassy to Tripoli and as diplomatic advisor to the Belgian Ambassador to Libya. Karim Bilel Gharsallaoui holds a master's degree in Advanced European and International Studies, with a focus on the Libyan conflict.

Introduction

Libya remains divided between two rival administrations: the internationally recognized Tripoli government led by PM Abdelhamid Dbeibah, and a parliament-endorsed government aligned with Khalifa Haftar's Libyan National Army under PM Osama Hammad. This persistent political divide has recently been exacerbated by an unexpected decision from Mohamed al-Mnefi, head of the Presidential Council (PC), to oust Seddiq al-Kabir, the long-standing Governor of the Central Bank of Libya (CBL). This controversial move has triggered a new political and financial crisis marked by an oil blockade, further shattering the nation's fragile stability and imperiling its vital oil industry, which serves as the cornerstone of Libya's economy and primary source of national income.

In her recent [briefing](#) to the United Nations Security Council, Acting Special Representative Stephanie Khoury painted an alarming picture of Libya's deteriorating situation. Her assessment, even more pessimistic than outgoing SRSG Bathily's notably grim [address](#) in April 2024, highlights a rapid decline across political, economic, and security domains.

Khoury's briefing underscores the multifaceted challenges facing Libya. The sudden attempt to remove the CBL Governor has not only disrupted the oil sector, a critical economic lifeline, but also intensified political rivalries. This is further exemplified by conflicts within the High Council of State over its leadership. Adding to these concerns, both state and non-state armed actors have mobilized around Tripoli and along Libya's southern borders with Algeria, further undermining the country's security.

These escalating events prompted both the UN Security Council and EU member states to issue statements expressing deep concern. They have urged Libyan stakeholders to de-escalate tensions, seek compromise solutions, and refrain from unilateral decisions that could jeopardize the nation's fragile peace. Despite previous stabilization efforts, including the 2020 ceasefire agreement, Libya now finds itself on the precipice of a potentially destabilizing crisis, highlighting the persistent challenges that continue to plague the nation.

Financial Tug of War: Libya's Central Bank at the Heart of a Nation's Struggle

The ongoing institutional fragmentation in Libya has escalated into a profound power struggle between the Tripoli-based Government of National Unity (GNU) and the eastern factions, including the House of Representatives (HoR)-recognized government and the Libyan National Army (LNA). This confrontation has now infiltrated the heart of Libya's financial system, centering on the control of the CBL.

In a politically charged and unexpected move, the Presidential Council (PC)—traditionally viewed as a neutral and unifying national body—aligned itself with the GNU by unilaterally dismissing Sadiq al-Kabir from his position as Governor of the CBL on August 18th. In conjunction with this, [the PC appointed Abdul Fattah Ghaffar](#) as the temporary CBL Governor and established a new board. This appointment followed the initial nominee, Mohamed [AL Shukri](#), declining to assume the position under unclear and conflicted circumstances, particularly without the endorsement of both legislative chambers.

Since 2011, [Al-Kabir](#), a pivotal figure in Tripoli's political circles, has long been considered the de facto ruler of the capital, wielding significant influence over its economic and political affairs.

This decision by the PC has provoked a swift and severe backlash from the eastern-based administration led by PM Hammad, further deepening the divisions that have plagued Libya since the fall of Gaddafi. In a dramatic escalation, the eastern government condemned the PC's action and declared a state of emergency, which included an order [to suspend](#) all oil production and exports across the country. This revelation carries profound economic implications and threatens to further destabilize Libya's already fragile political environment.

The roots of this conflict can be traced back to the beginning of the year when al-Kabir, initially perceived as an ally of GNU Prime Minister Abdulhamid Dbeibah, [published](#) a financial report that exposed significant and unexplained expenditures by the GNU. The report highlighted a troubling surge in fuel imports, a sector notoriously linked to oil smuggling—a lucrative business allegedly involving figures close to both Dbeibah and Khalifa Haftar. This puts al-Kabir at odds with the GNU, intensifying the pressure on his position.

Very soon and in response to these revelations, after al-Kabir published the alarming figures, the [International Monetary Fund](#) (IMF) publicly praised the Central Bank for its oversight of the funds, indirectly endorsing the concerns al-Kabir raised about Dbeibah's administration. The IMF's support underscored the gravity of the accusations and placed additional international scrutiny on Dbeibah's governance.

Facing mounting pressure, Dbeibah sought Turkish mediation to bridge the growing rift with al-Kabir. In an emergency closed meeting at the end of May, Dbeibah appealed to Turkish President Recep Tayyip Erdoğan for intervention. However, Erdoğan responded that the gap had become too wide and expressed Ankara's surprise at the extent of corruption revealed in al-Kabir's report. Erdoğan confirmed Turkey's full support for al-Kabir, despite the signing of a new [MoU](#) between Ankara and the GNU. The agreement, not yet ratified by the Turkish parliament, grants Turkey vast privileges in Libya, including legal immunity, operational freedom, and financial support from the Libyan state. This agreement was intended to secure Turkish support for the GNU and ensure Dbeibah's political survival, but it was not enough to shift Turkey's backing away from al-Kabir.

The unwavering Turkish support for al-Kabir, despite the historically strong ties between the Dbeibah family and President Erdogan, dating back to the latter's tenure as Istanbul's Governor, raises questions about Ankara's motivations. A plausible explanation for this stance lies in Turkey's pragmatic and self-interested approach to regional politics. Reports suggest that al-Kabir has facilitated substantial financial deposits, reportedly totaling approximately [8 billion US dollars](#), in Turkish banks. This significant injection of capital into Turkey's banking system could be a crucial factor influencing Ankara's position, especially given Turkey's current economic challenges. The preservation of these deposits may well be a strategic priority for Turkey, providing a strong incentive to extend al-Kabir's tenure as long as possible.

Amidst these developments, rumors emerged that the Dbeibah and Haftar families (Ibrahim and Saddam) were conspiring to remove al-Kabir, much like they did with Mustafa Sanallah, the former chairman of the National Oil Corporation (NOC), who was replaced by the compromised Farhat Bengdara—a deal reportedly brokered by the UAE. Faced with [threats](#) to his position and possibly his life—including alleged death threats and a reported assassination attempt in Turkey in late 2023—al-Kabir sought to fortify his position by forging new alliances. He aligned himself with HoR Speaker Aguila Saleh, gaining official re-endorsement from the parliament, and secured the backing of Misrata's influential billionaire Mohamed Taher Issa, a fierce rival of his city-native fellow Dbeibah.

In retaliation, al-Kabir began imposing financial restrictions on the GNU, exacerbating Libya's deteriorating living conditions. Persistent fuel shortages, cash deficits, the devaluation of the Libyan Dinar, and recurring medicine shortages have increased the pressure on the GNU, compelling Dbeibah to seek al-Kabir's removal. The Presidential Council's (PC) unprecedented involvement in this power struggle marks a significant and controversial departure from its traditionally neutral stance in Tripoli's factional conflicts.

The PC's decision to intervene in this manner appears to be politically counterproductive, potentially threatening its own existence, damaging its credibility and standing among various factions. Moreover, according to the [Libyan Political Agreement](#), the PC lacks the constitutional authority to appoint or dismiss heads of sovereign positions, including the Central Bank Governor. Given these considerations, speculation has emerged within Libyan political circles about potential ulterior motives behind the PC's actions. A persistent narrative circulating

among politicians from diverse and often opposing factions suggests a more personal motivation. According to these unverified claims, Dbeibah allegedly provided a substantial financial incentive—reportedly 100 million Libyan Dinars—to Mohamed al-Mnefi, the head of the PC, to orchestrate al-Kabir's removal.

Despite the PC's efforts and the GNU-affiliated militias' attempts to intimidate by storming the CBL's headquarters, resorting to blackmail, and even kidnapping [bank officials](#), Sadiq al-Kabir's extensive foreign connections—particularly with the United States and Turkey—have allowed him to endure multiple government transitions, two major civil wars, and an official suspension by the HoR. These international alliances, combined with his pivotal role in maintaining Libya's financial stability plus the new rapprochement with Agila Saleh and Hammad's government, make it increasingly likely that al-Kabir will be reinstated to his position, at least for a transitory period until a new board and new governor will be compromised on by the competent institutions. Notably, this potential reinstatement comes in the wake of al-Kabir having [fled](#) the country for security reasons.

The international community, including Turkey, the United States and UNSMIL, has swiftly [intervened](#), rejecting the PC's unilateral move and expressing strong support for al-Kabir's return to power via a negotiated deal (HoR/HCS). Moreover, international institutions have issued clear warnings that they will block any attempts by Dbeibah's administration—whose legitimacy is in question—to access international financial accounts and systems. If the crisis continues, Libya could be severed from the global financial network, with correspondent banks likely distancing themselves from any transactions related to Libya. According to the [US Department of State](#), some US and European banks have already suspended their operations with the CBL. Such isolation would significantly undermine the country's economic and political stability, further deepening the ongoing crisis, and reinforcing the necessity of al-Kabir's reinstatement to safeguard Libya's financial future, a lethal scenario for Dbeibah's GNU and Mnefi's PC.

The Emerging Crisis within the High Council of State (HCS): Leadership Dispute and Its Implications

Amidst Libya's already fragmented political landscape, a new and significant complication is emerging from within the High Council of State (HCS), threatening to further exacerbate the ongoing political bottleneck. The deep division within the HCS has surfaced following a disputed leadership election, casting doubt on the council's ability to function as a cohesive advisory body.

In a highly contentious [election](#), former HCS President Khaled Al-Mishri (69 votes) narrowly claimed victory over the incumbent, Mohamed Takala (68 votes). However, the results remain hotly contested due to a controversial ballot that has sparked significant discord within the council. Takala, refusing to concede, has called for judicial intervention and is pushing for a potential revote. This move directly conflicts with Al-Mishri's assertion of his legitimacy as the newly elected president, setting the stage for a prolonged internal power struggle.

The United Nations Mission in Libya (UNSMIL) has taken notice of these developments, attending the session to elect the first and second deputies of the HCS as an observer. This involvement underscores the seriousness of the situation, as the HCS remains a crucial advisory body within Libya's political framework. In this session, the HCS proceeded to elect Naji Mukhtar as First Deputy and Omar Al-Obeidi as Second Deputy of the Council of State, with 67 votes in favor of approving the Legal Committee's opinion to cancel a disputed ballot from the presidential election. With 78 members in attendance, the session met the legal quorum required for decision-making, yet the session was suspended after these elections, reflecting the ongoing tensions.

Despite the ongoing electoral dispute within the High Council of State (HCS), Mohamed Takala, widely known for his close affiliation with Prime Minister Abdulhamid Dbeibah, has refused to relinquish his claim to the presidency. In an assertive move, Takala recently occupied the former headquarters of the [Ministry of Tourism](#) in Tripoli, a facility provided by the Government of National Unity (GNU). Accompanied by his office staff and a member of the council, Takala has effectively established a parallel base of operations, reinforcing his position as the self-declared «President of the Council of State.» This action not only intensifies the leadership crisis within the HCS but also serves as a calculated maneuver to create political confusion and disrupt any efforts toward governmental change.

Takala's actions appear to align with those benefiting from the political status quo, particularly Prime Minister Dbeibah, who enjoys a close relationship with Takala. By maintaining his claim to the HCS leadership, Takala provides Dbeibah with a pretext to resist any transition of power, arguing that the HCS itself is too politically fragmented and biased to facilitate such a change. This dynamic allows Dbeibah to sidestep calls for a new government, further entrenching his administration.

Takala has employed similar tactics in the past. In October 2023, he [suspended](#) the participation of the HCS in the 6+6 committee by withdrawing its six members. The committee was tasked with drafting electoral laws and establishing a new roadmap for the country, which included the formation of a unified government. By obstructing this process, Takala has once again positioned himself as a key player in undermining efforts aimed at political reform, further complicating Libya's fragile political landscape.

This internal conflict within the HCS, if unresolved, poses a serious threat to Libya's delicate political process. The power struggle risks paralyzing the council, potentially derailing efforts to achieve political unity and stability in a country already beset by multiple layers of division. The situation demands urgent attention, as the fallout from this leadership dispute could further complicate the broader efforts to resolve Libya's prolonged political crisis.

It is crucial to understand that the ongoing crises within the CBL and the HCS are intricately interconnected, rather than parallel issues. According to a member of the HCS, PM Dbeibah has proposed a tactical compromise to address this complex political impasse. The deal involves temporarily reinstating al-Kabir as CBL Governor for about a month, allowing time for proper appointment procedures between the two chambers. In exchange, Dbeibah seeks the withdrawal of Mohamed Takkala, aiming to resolve the ongoing internal divisions regarding the presidency of the State Council. This nuanced approach represents a calculated gambit by Dbeibah to simultaneously address both crises while potentially safeguarding his own political position. By offering a face-saving solution for all parties involved, including himself.

The Volatile Security Landscape in Western Libya: Armed Factions and Power Struggles

Libya's security situation, particularly in the western region, remains precarious, dominated by the proliferation of non-state armed actors, militias, illegal migration, trafficking and the persistent availability of heavy weaponry. The capital, Tripoli, and its surrounding areas have become battlegrounds for various militias vying for control, with these groups aligning themselves with different political players to reinforce their power and influence over the region. This dynamic has created a fragmented and volatile security environment, undermining any attempts at political stability or governance.

The recent clashes in [Tajoura](#), a city near Tripoli exemplify the severity of the militarization of civilian areas. On August 9, a fierce confrontation erupted between the Rahba Shields Battalion and the Shaheedah Sabria Battalion. Gunfire from light and medium weapons echoed through the city, before and during Friday prayers. The conflict quickly escalated, resulting in nine casualties and over fifteen wounded. The presence of such armed groups, deeply embedded in civilian zones, continues to pose a serious threat to public safety and to any efforts to demilitarize or restore state-controlled rule of law in western Libya.

Another event further underscoring the fragile security situation in western Libya was the [assassination](#) of Major Abdul Rahman Milad (Al-Bidja) on September 1, 2024. Milad, the commander of the Naval Academy Camp and a notorious figure involved in human trafficking, was killed in an ambush by unknown gunmen near the Janzour naval base. Milad's assassination highlights the dangerous intersection between militia activities and organized crime in Libya, where key figures involved in illicit networks continue to operate with impunity. Both the Ministry of Interior (MoI) and the Attorney General's office are investigating the incident. A notorious militia leader from Zawiya, [Mohamed Bahroun](#), nicknamed, al-Far, is currently under investigative arrest.

Milad had been a prominent figure in Libya's [human trafficking](#) networks, particularly in Al-Zawiya, a major hub for migrant departures to Europe. In 2018, he was the subject of an arrest warrant issued by Interpol, following sanctions imposed by the UN Security Council on six leaders of migrant smuggling operations in Libya. Both the United States and Britain had accused Milad of leading a large human trafficking syndicate, underscoring the extent to which armed groups are not only engaged in militia warfare but also deeply entrenched in transnational criminal activities.

The security situation in western Libya remains highly volatile due to the unchecked influence of militias, foreign fighters, and the widespread availability of heavy weaponry. Political factions continue to exploit this security vacuum, using armed groups to bolster their positions of power, making it increasingly difficult to achieve peace or unified governance. The fragmented loyalties across different regions further complicate the landscape, as alliances and battle lines shift unpredictably. The persisting clashes in and around Tripoli, the arbitrary kidnapping and blackmailing of public figures, illustrate the intersection of social, political, and regional dynamics, while the absence of a central authority capable of controlling armed groups leaves Libya vulnerable to ongoing conflict. In this environment, militias prioritize defending their interests over contributing to state-building, and without a clear political roadmap or reform efforts, instability will persist, accelerating the breakdown of Libya's institutions.

Expanding Ambitions: The LNA's Strategic Moves in Libya and the Sahel

The security landscape in Libya continues to be dominated by Marshall Khalifa Haftar's Libyan National Army (LNA), with recent developments indicating a significant expansion of their influence both within Libya and across the Sahel region. This evolution of Haftar's strategy from a primarily domestic focus to a broader regional agenda has raised alarm bells among international observers and neighboring countries alike. Crucially, this expansion appears to be closely aligned with Russia's growing strategic interests in Africa.

The LNA's regional ambitions are evidenced by a series of military and diplomatic engagements led by [Saddam Khalifa Haftar](#), acting as his father's special envoy. High-profile visits to Burkina Faso, Chad, and Niger have resulted in discussions on military cooperation, intelligence sharing, and joint efforts to combat terrorism and organized crime. These diplomatic overtures, often facilitated by Russia, suggest a coordinated effort to establish the LNA as a key player in regional security dynamics. However, it's important to note that these activities may not solely reflect the LNA's own expansionist goals. Rather, the LNA is likely acting more as a proxy for external powers, particularly Russia, who seek to extend their influence in the region through local actors. In this context, the LNA's regional engagements serve not only its own interests but also those of its international backers.

Concurrently, there are indications of the LNA preparing for potential renewed conflict. The discovery of 95 Libyans undergoing specialized military training in [South Africa](#), allegedly led by either Saddam or his older brother Khaled Haftar, points to efforts to enhance the LNA's military capabilities. The seizure of weapons, military equipment, and the involvement of private security firms in this training further underscores the scale of these preparations.

Russia's role in this evolving situation cannot be overstated. The country appears to be pursuing a broader strategic agenda across Africa, with Libya emerging as a crucial launching pad for those ambitions. Frequent visits by high-ranking Russian defense officials, including five trips to Benghazi by Deputy Defense Minister Yunus-bek Yevkurov within one year, exemplify Russia's intensifying engagement in the Libyan arena. This engagement is part of a larger strategy to bolster governments aligned with Moscow's interests throughout the eastern and western regions of the continent.

The acceleration of Russian activities in Libya since early this year is particularly noteworthy. Reports from the investigative group [All Eyes on Wagner](#) detail the transfer of Russian soldiers and fighters to Libya over the past six months, including the delivery of military equipment and vehicles from Syria. With around 1,800 Russian personnel now reportedly spread across the country, mainly in Al-Jufra, Tamanhint, Sirte, Baraq Alshatti and al-Qaradhabiya bases. Libya is serving as a vital platform for Russia to transfer equipment and personnel to neighboring countries such as Sudan, Niger, Mali, and Burkina Faso, where Moscow seeks to expand its influence.

These developments have not gone unnoticed by Libya's neighbors. [Algeria](#) has expressed deep concern over the LNA's redeployment of forces to Libya's southwest, perceiving it as a provocation. Similarly, Sudan has accused the LNA's Subul al-Salam Brigade of supplying ammunition and intelligence to Hmedti's RSF involved in the Sudanese civil war, further complicating regional dynamics.

The LNA's actions, in conjunction with Russia's strategic moves, reflect a calculated strategy to position both entities as dominant forces not only in Libya but across North Africa and the Sahel. By leveraging diplomatic ties, military preparedness, and strategic alliances, Haftar and Russia are attempting to create a narrative of indispensability in regional security matters.

This expansion of influence serves multiple purposes. Domestically, it strengthens Haftar's position in Libya's fractured political landscape. It is noteworthy that diplomatic sources have consistently reported off-the-record statements from Marshal Khalifa Haftar regarding the LNA's self-proclaimed mandate. These sources indicate that Haftar frequently asserts the LNA's perceived responsibility to «liberate» the capital, Tripoli, which he characterizes as being under the control of what he terms «criminal and terrorist militias.» Haftar's recurring narrative sheds light on the LNA's strategic objectives and its justification for potential military actions. Regionally, it allows both the LNA and Russia to project power beyond Libya's borders, potentially influencing political dynamics in neighboring countries and positioning themselves as key players in Sahel security initiatives, by controlling the smuggling routes connecting Libya and the Sahel.

For Russia, this strategy aligns with its broader goal of expanding influence in regions where Western powers, particularly France and the U.S., are facing increasing hostility.

However, this strategy carries significant risks. The militarization and potential for renewed conflict in Libya threaten to further destabilize an already fragile region. Moreover, these actions have alarmed neighboring countries and international powers, potentially leading to increased regional tensions and international intervention.

Adding further complexity to this already intricate geopolitical landscape is the emerging narrative of Ukraine's involvement in regional conflicts. Reports suggest that [Ukraine](#) has been providing military support to various actors in African conflicts, potentially as a strategy to indirectly confront Russian interests on the continent. In Sudan, Ukrainian-supplied the Army under General al-Borhan, suicide drones and tactical support have allegedly bolstered the Sudanese Armed Forces, particularly the Air Force, in their conflict against Russian and UAE backed RSF. Similarly, in Mali, Ukrainian arms were purportedly supplied to Touareg fighters [resisting](#) Malian forces and Wagner mercenaries near Tinzaouaten, a few hundred kilometers away from the Algerian borders, resulting in significant casualties for Wagner forces. These developments, if confirmed, suggest a new dimension to the region's conflicts, with Ukraine

potentially viewing African arenas as opportunities to challenge Russian influence and exact a higher cost for Moscow's aggression on Ukrainian soil. This emerging dynamic, coupled with alleged intelligence support from AFRICOM and regional actors like Algeria, further complicates the security situation in Libya and the broader Sahel region, potentially turning local conflicts into proxy battlegrounds for wider geopolitical rivalries.

The United States' proactive stance in exposing these activities signals growing concern about the broader geopolitical implications, particularly regarding Russian influence in the region. This situation places Libya at the center of a larger power struggle, with the potential to impact stability across North Africa and the Sahel.

In conclusion, the LNA's expanding regional footprint, coupled with Russia's strategic engagement, indicates a pivotal moment in Libya's ongoing crisis and the broader geopolitical landscape of North Africa. As Haftar and Russia seek to consolidate power and extend influence, the international community faces the complex challenge of balancing regional security concerns with the need to support Libya's fragile peace process and prevent further destabilization of the wider region. The situation underscores the transformation of Libya into a key battleground in the growing competition for influence between global powers in Africa.

Post-Disaster Reconstruction: A Political Opportunity for the Haftar Family

While the Haftar-led Libyan National Army (LNA) is expanding its military reach across Libya and the Sahel, it is also making significant political gains, both domestically and internationally. The LNA's strategic focus is not limited to battlefield success; it is equally concentrated on solidifying political control and enhancing its image. Through high-profile reconstruction projects and effective crisis management, the Haftar family has won favor among local populations and gained increasing acknowledgement on the global stage. This dual approach—military expansion combined with political consolidation—has positioned the LNA as a formidable force and an inevitable actor in reshaping Libya's future.

One year after [Storm Daniel](#) devastated the eastern Libyan coast, particularly the city of Derna, with over 4,000 casualties, displaced families, and widespread destruction of infrastructure, the catastrophe, that has been described as mini doomsday, could have been a fatal blow to the political structure in eastern Libya. Instead, the Haftar-led regime—comprising the Libyan National Army (LNA), the House of Representatives (HoR), and the eastern government—has adeptly turned this crisis into an opportunity, showcasing their ability to govern and rebuild under the leadership of Marshal Khalifa Haftar and his sons.

Through the [Reconstruction and Development Fund](#), Belgacem Haftar has overseen what appears to be an impressive recovery effort, characterized by mega infrastructure projects, rehabilitation of essential services such as electricity and water networks, and the rapid reconstruction of roads, bridges, schools, and hospitals. The pace of these efforts has astonished international observers and diplomats, transforming the eastern region into an emerging hub for business and trade. The post-conflict gloom has shifted toward a climate of opportunity, attracting both international cooperation and investment.

[Egypt](#), which has secured lucrative contracts worth billions, remains a key player in this reconstruction effort. Its deepening involvement has further incentivized Cairo to push for the overthrow of Dbaiba's GNU, particularly after the PM's decision to [expel](#) two Egyptian diplomats. This diplomatic fallout has only emboldened Egypt's backing of the eastern administration. Interestingly, former rivals of the LNA, such as [Turkey](#), have also capitalized on the reconstruction process, securing major contracts for infrastructure projects. For Turkey, balancing its eastern Mediterranean energy ambitions with Egypt's influence has led to a more pragmatic stance, reducing its opposition to the LNA and its systematic support for the GNU.

These dynamics have greatly enhanced the political and international standing of the Haftar family. Their messaging has been clear and effective: in contrast to the chaos and militia-driven rule in Tripoli under the GNU, the eastern region under LNA governance exemplifies

security, discipline, and effective governance. The LNA's earlier military victories, particularly the Dignity Operation, which eliminated terrorist strongholds, are now being followed by a visible commitment to national rebuilding. Belgacem Haftar has distinguished himself with a pragmatic political vision, positioning himself as a modernizing force for Libya. His approach contrasts with the more militaristic strategies of his brothers, Saddam and Khaled, and offers Libyans—and the international community—a credible alternative to the current military regime. Ironically, these dynamics echo a struggle within the Gaddafi family. Under Muammar Gaddafi, a similar competition for political succession unfolded between his sons. On one side was Saif al-Islam Gaddafi, who promoted himself as a modernizer with a vision for reform and greater international engagement through his «Libya al-Ghad» project. On the other side stood Mutassim Gaddafi, who championed the preservation of the status quo, aligning himself more closely with the regime's entrenched military structures.

However, questions remain about the financial mechanisms behind these large-scale reconstruction efforts. Allegations suggest that the billions being funneled into the Development and Reconstruction Fund may be linked to opaque [financing](#) channels, with the Central Bank of Libya (CBL) suspected of facilitating these transactions through undisclosed means. The relationship between CBL Governor Seddiq al-Kabir and HoR Speaker Aguila Saleh, a key architect of the [Reconstruction Fund](#), has raised further suspicions. This financial opacity presents a significant challenge for the Tripoli-based GNU, which is struggling with budgetary constraints and may see al-Kabir's removal as a necessary step to regain control over the nation's financial levers.

In sum, the Haftars and the LNA have successfully turned a natural disaster into an opportunity for political consolidation and international legitimacy. Their achievements in reconstruction, coupled with deft political maneuvering, have amplified their standing both domestically and abroad, reinforcing their narrative of a stable, secure, and rebuilt Libya under their leadership.

Conclusion: A Call for Urgent Action

Libya stands at a perilous crossroads, with its institutions paralyzed and political structures riddled with corruption, transactionalism, and clientelism. The recent crisis surrounding the Central Bank of Libya (CBL) has underscored this fragility. Despite considerable efforts to reunify the CBL after years of division and the approval of a unified budget, the ongoing political conflict risks a new fragmentation, undermining hard-won progress. The Presidential Council's unilateral attempts to alter the bank's leadership have sparked serious international concerns, jeopardizing the institution's credibility and Libya's standing within the global financial system. While the immediate storm around the CBL may pass, the deeper political damage will be far-reaching. Al-Siddiq al-Kabir might retain his position, but the survival of Libya's current political players in the medium and long term is increasingly unlikely (including al-Kabir) due to the enormous stakes and factional infighting.

Libya today is defined by its fractured state. All key political bodies, from the Government of National Unity to the House of Representatives, lack full legitimacy. State institutions are barely functioning, with armed militias controlling Tripoli and other key areas. These a non-state armed actor, often linked to foreign powers, have turned the capital into a battleground, further weakening the state's ability to impose order and the rule of law. Daylight assassinations, human trafficking, illegal migration, organized crime, and fuel smuggling are rampant, making Libya a fertile environment for terrorist networks and activities across the volatile Sahel region.

The sole revenue source for Libya, oil, remains hostage to political struggles, with one dominant military actor vying for control of oil fields and export facilities. Despite this resource, the country suffers from cash insufficiency in banks, exacerbated by the printing of money by parallel institutions.

Libya's political structures have reverted to the rule of clans and families—ironically, after an uprising aimed precisely at ending the Gaddafi family's decades-long grip on power. The current conflict between the Tripoli-based bodies and the eastern establishment, combined with Libya's critical role in regional dynamics, particularly in the Sahel, compounds its instability. Khalifa Haftar's LNA recent moves in the south, involvement in external conflicts like those in Sudan, Chad, and Niger, as a Proxy, reflect his ambitions to expand his influence beyond Libya's borders, directly threatening the stability of neighboring countries like Algeria.

The urgency of the CBL crisis and Libya's broader instability have drawn high-level international attention. Recent ad hoc visits by key figures such as [Rosemary DiCarlo](#), the UN Under-Secretary-General for Political Affairs, and [AFRICOM](#) Commander General Michael Langley highlight the growing recognition of Libya's strategic importance. The country holds a pivotal role in global energy security, influencing oil prices, and in regional stability, particularly as terrorist networks in the Sahel region proliferate. However, without a cohesive, multilateral approach addressing Libya's root problems—corruption, militia influence, and weak institutions—such international initiatives risk becoming mere gestures in an escalating crisis.

The U.S. and its European allies are urged to make reinstating stability in Libya a top priority, emphasizing a transparent political process and firm measures like institutional and military reunification to counter Russia's growing influence.

Russia has used the vacuum left by an incoherent Western policy, coupled with U.S. distraction by global events like the war in Ukraine and in Gaza, to entrench itself as a dominant regional power. Many Libyans have criticized Washington for sidelining their country, further complicating efforts to rebuild.

Thirteen years after the fall of Gaddafi, Libya remains far from becoming a cohesive, functioning state. The ongoing international failure to stabilize the country is especially glaring given the Responsibility to Protect (R2P) doctrine that justified NATO's 2011 intervention. The "Operation Unified Protector", which promised stability and democracy, has instead left Libya fragmented, violent, and institutionally collapsed. Nations involved in the 2011 regime change intervention bear a not only a moral, but also a legal, obligation to meaningfully support Libya's reconstruction. This responsibility stems from the R2P doctrine, which is founded on three sequenced pillars: the responsibility to prevent, to protect, and to rebuild. The current situation starkly contrasts with the original promise of Democratic Peace.

The stakes are high, not just for Libya but for the region and the world. Without immediate, comprehensive reforms and genuine national reconciliation, Libya risks descending further into conflict and state failure. The window for effective intervention is closing rapidly. It is imperative for Libyan stakeholders and the international community to seize this moment and chart a new course toward stability, democracy, and prosperity.

Libyans themselves must reassess the social contract that binds them as a nation. The persistent fragmentation and conflict have shown that the existing political framework is no longer viable. A new UN-led, Libyan-owned inclusive dialogue is essential for Libyans to redefine their shared values, rebuild trust, and establish a governance system that truly reflects the aspirations of all segments of society under a transparent electoral roadmap. Without a foundational agreement that prioritizes national unity over factional interests, any attempts at state-building will remain fragile and unsustainable.

Konrad-Adenauer-Stiftung

Dr. Malte Gaier
Interim Director
Regional Program Political Dialogue South Mediterranean
European and International Cooperation
www.kas.de/poldimed
malte.gaier@kas.de



The text of this work is licensed under the terms of "Creative Commons Attribution-Share Under same conditions 4.0 international", CC BY-SA 4.0 (available at: <https://creativecommons.org/licenses/by-sa/4.0/legalcode.com>)