

Helpdesk Research Report

Libyan Political Economy

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Question

Give an update of key actors, dynamics and issues of Libyan political economy since the 2014 GSDRC report¹ on the same topic.

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1. Overview

Much has changed in Libya since April 2014 – there have been significant political developments, new actors have emerged and others have been eclipsed. However, the fundamentals have not changed: Libya remains highly unstable and divided along multiple fracture lines, there are still a multitude of non-armed groups and even more armed groups, and relations between them continue to be extremely fluid. Given this, the literature on the country situation becomes quickly outdated.

The **main political development** has been the establishment of two rival governments following contested elections in June 2014: a reconvened General National Congress (GNC) based in Tripoli and the House of Representatives (HoR) based in Tobruk. Coalitions of armed groups back each side: Operation Dignity opposed to Islamists and aligned to the HoR and Operation Libya Dawn coalition formed in response, comprising of Islamist groups and others supporting the GNC. In December 2015 the UN-backed Libya Political Agreement (LPA) was signed between representatives of both governments, setting up a Government of National Accord (GNA) with an executive Presidency Council. The Council established itself in Tripoli early this year (2016), but both the GNC and HoR persist – meaning Libya has three rival claimants to power.

¹ Combaz, E. (2014). *Key actors, dynamics and issues of Libyan political economy* (GSDRC Helpdesk Research Report 1106). Birmingham, UK: GSDRC, University of Birmingham.

With regard to **significant actors**:

- The **key political actors** in the country are: the GNC in Tripoli and its National Salvation Government, the GNA and its Presidency Council also in Tripoli, the HoR in Tobruk and its Interim Government in Bayda. Islamist political groups such as Muslim Brotherhood and the federalist movement in the east are also important. The National Oil Company oversees oil production and sales, while the Central Bank of Libya (CBL) manages revenue and expenditure: both have tried to maintain a neutral position with regard to the GNC and HoR.
- Libya has multiple **armed groups**, mostly localised but varying in size. In the east of the country General Haftar's forces and the Libyan National Army are the most important, as well as Ibrahim Jadhran's Petroleum Facilities Guard. Misrata has the most powerful militias in the country, while the influence of Zintan militias has waned since 2014. Tripoli has a number of armed groups, some supporting the GNC, others the GNA.
- **Islamist/jihadist armed groups** can be divided into Libyan and foreign groups. Among the former are anti-democracy Ansar al-Sharia, affiliated to al-Qaeda; the Benghazi Revolutionaries Shura Council (BRSC) – which has been fighting Haftar's Operation Dignity forces – and Daesh (also known as ISIL, Islamic State or ISIS). ISIS' presence in Libya began in 2012 in Derna, expanding to Sirte and Sabratha. Driven out of Derna and Sabratha by local forces/Islamist groups, ISIS headquarters in Libya are now in Sirte. The presence of large numbers of armed groups in Libya has prevented its wider expansion, but it has sleeper cells in the west of the country (including Tripoli), able to mount terrorist attacks and promote instability.

Major dynamics and issues include:

- **Ongoing transition, militarisation of politics and conflict:** While the GNA has international support, it is difficult to see how it will be able to establish dominance over its rival two governments and become the sole political authority in the country. A major reason for this is the involvement of armed groups in politics and the dependence of political parties on armed groups. Conflicts and alliances are highly fluid, driven by (changing) pragmatic interests rather than a specific ideology or value system. With violence seen as the means of protecting and furthering group/community interests, and in the absence of a neutral, professional state security structure, conflict remains endemic.
- **Economic crisis:** Libya faces a growing economic crisis. Instability and ongoing conflict have resulted in a massive drop in oil production (to less than a quarter of pre-revolution levels). At the same time, global oil prices have dropped, leading to far less oil revenue. Spending on salaries is disproportionately high in Libya – aggravated by the addition of militias to the public payroll after the revolution – and subsidies account for the next biggest share, leaving little for services and development. Growing budget deficits have forced the CBL to dip into foreign exchange reserves; once these run out (already less than half pre-2011 levels) the economic situation will be even worse, with analysts predicting increased conflict and violence.
- **Crime, smuggling and migration:** Libya's economic crisis, the lack of state security, ongoing conflict and the presence of large numbers of armed groups, have led to an increase in crime, smuggling of goods, the arms trade and human trafficking since 2011. Worryingly, the communities and networks involved in these activities have become highly organised and dependent on the revenue these generate. Armed groups are key players in these criminal

networks, both for revenue and to maintain territorial control. This dependence of communities, armed groups and state agencies on crime fuels corruption, and creates a systematic barrier to efforts for peace and reform.

- **Transnational influences:** Libya's neighbours, as well as the West, have all promoted their respective interests in the country. This has added to the polarisation and undermined attempts at political dialogue and peace building. The US and European countries appear to be engaging directly with specific armed groups, largely to fight ISIS in Libya. Egypt and the UAE provide arms and other support to the HoR and Libyan National Army, while Turkey and Qatar provide similar support (albeit less) to the rival GNC. Extremist Islamic ideology and violence is a further transnational influence in the country.

2. Key developments since 2014

There have been a number of significant developments in Libya since April 2014 (when the last [GSDRC report](#) was written). The General National Congress (GNC), elected in 2012, was supposed to hold new elections in January 2014 (when its mandate expired) but refused to do so. This refusal and its perceived association with Islamists led General Khalifa Haftar (see actors below) to launch a large-scale military assault against Islamist forces in Benghazi - Operation Dignity ('Karama') - on 16 May 2014. One week later the GNC set 25 June 2014 as the date for new elections. Turnout in these was low at 18 per cent (Clingendael, 2015: 3) and the Islamists were defeated but rejected the election results, accusing the new House of Representatives (HoR) of being dominated by Qadhafi supporters. On 13 July 2014 Islamists in Tripoli and armed militias from Misrata launched Operation Libya Dawn ('Fajr'), seizing control of Tripoli airport in August. Shortly afterwards GNC members formed a new General National Congress, voted themselves as replacement of the newly elected HoR. The HoR was forced to relocate to Tobruk in the east, aligning itself with Haftar's forces and eventually appointing him army chief. The Interim Government, reporting to the HoR, was set up at the end of August 2014 under Prime Minister Abdullah al-Thinni and based in Bayda.

A ceasefire was agreed between Operation Dignity and Operation Libya Dawn in January 2015, but Libya continued to be 'run' by two governments – the GNC based in Tripoli, and the HoR/Interim Government led by Prime Minister Abdullah al-Thani in Tobruk/Bayda and recognised by the international community. The Central Bank provided funds to both governments to enable them to pay salaries and (attempt to) maintain basic services. UN efforts from early 2015 to bring the rival governments together and end conflict resulted in the UN-backed Libyan Political Agreement (LPA), signed by (some) delegates from both governments on 17 December 2015. This led to the formation of the Government of National Accord (GNA), which held its first meeting in Tunis in January 2016.

Under the LPA the GNA Presidency Council, comprising representatives of key factions and regions, was to have decision-making power for national security and the economy, while the HoR would have legislative power. Members of the GNA Presidency Council were able to return to Tripoli at the end of March 2016. However, to date, the HoR has failed to endorse the GNA, while among the GNC, some have signalled support for the GNA but others see it as a foreign imposition. There are thus three governments in Libya at the moment: the GNA and GNC, both based in Tripoli and the HoR in Tobruk. Statements and

high level visits by international bodies have made it clear that they see the Presidency Council and GNA as the sole legitimate authority in Libya.

3. Significant actors

Political actors and state institutions

General National Congress (GNC) and National Salvation Government

The General National Congress was formed after the 2012 elections, and reconvened following the June 2014 elections by those rejecting the new House of Representatives (HoR). They justified this on the grounds that the HoR contained many people from the Qadhafi era, and because of the HoR's establishment in Tobruk rather than the planned Benghazi (the move was seen as rendering the HoR illegitimate). Many of those joining the reconvened GNC were from parties that had done badly in the 2014 elections, notably Islamist parties of the Justice and Reconstruction Bloc. In August 2014 the GNC appointed Omar al-Hassi as Prime Minister of the National Salvation Government, but he was replaced in April 2015 by Khalifa Ghwell. PM Ghwell heads the National Salvation Government, which is based in Tripoli but has limited capacity and funding and is dependent on armed forces.

Since the establishment of the Presidency Council in Tripoli in April 2016, the Ghwell government no longer controls any relevant institutions. Many members of the GNC have recognised the authority of the GNA and moved over to the State Council, a consultative body created under the Libyan Political Agreement, which convenes in Tripoli. However, Khalifa Ghwell and Nouri Abusahmain, speaker of the GNC, have been hostile to the GNA and subjected to EU sanctions as a result (Toaldo, 2016a).

Initially, the Misrata-led Libya Dawn coalition of militias as well as several armed groups from towns and communities in the west (e.g. Amazigh community) and the south (e.g. Tuareg community) primarily supported the GNC militarily. Internal divisions and the eventual collapse of the coalition, and the switch of allegiances by some armed groups to the GNA, have resulted in the National Salvation Government's military support now coming largely from Salah Bahdi's Steadfastness Front (see armed groups below).

House of Representatives (HoR) and Interim Government

The House of Representatives was formed after the 2014 elections and remains based in Tobruk. Prior to the Libyan Political Agreement (LPA), the international community recognised the HoR and the Interim Government of Prime Minister al-Thinni in Bayda as the sole legitimate authority in Libya. The Interim Government tried unsuccessfully to wrest control of the Central Bank of Libya and the National Oil Company from the GNC, including setting up rival offices in Bayda. Staff shortages, limited technical capacity, shortage of funds and limited reach have hampered the Interim Government (as well as the GNC) (UNDP, 2015).

Under the LPA, the HoR is to function as the legislative body with the Government of National Accord forming the executive branch. However, the HoR has so far failed to endorse the GNA through a vote (a requirement under the LPA) – this is partly because some members have been stopped from voting and threatened by those opposed to the GNA, and partly because of concerns about future security arrangements (the LPA assigns responsibility for this to the Presidency Council) (Toaldo, 2016a).

General Haftar and the Libyan National Army back the Interim Government and the HoR. Other armed groups supporting the HoR include forces in the west, notably in Zintan, and Tabu communities in the south (UNDP, 2015). General Haftar formally reports to the HoR, but in reality exerts control over it (UNDP, 2015; Toaldo, 2016a).

Presidency Council and Government of National Accord (GNA)

Prime Minister Fayed al-Sarraj, a former member of the HoR, heads the Presidency Council. It is located in the Abu Sittah naval base, close to the centre of Tripoli. While al-Sarraj himself is not considered a strong figure, some of the other eight members of the Council have close links with powerful groups (Toaldo, 2016):

- Ahmed Maiteeq represents the powerful city of Misrata, the biggest backer of the Government of National Accord both politically and militarily.
- Ali Faraj al-Qatrani represents General Haftar and the Libyan National Army (LNA); as of mid-2016 he was boycotting PC meetings on the grounds that they were not sufficiently inclusive.
- Omar Ahmad al-Aswad represents the city of Zintan, which played an important role in Qaddafi's downfall – he is a close ally of al-Qatrani.
- Abdessalam Kajman is affiliated with the Justice and Reconstruction Bloc, of which the largest component is the Muslim Brotherhood.
- Musa al-Kuni represents the south.
- Mohammed Ammari represents the pro-GNA faction within the GNC.
- Fathi al-Majburi is an ally of Ibrahim Jadhran, head of the Petroleum Facilities Guards (see armed groups below).²

Two important figures in the GNA are Interior Minister Al-Aref al-Khuja, in close contact with Tripoli's militias, and Defence Minister Mahdi al-Barghathi, an army colonel from the LNA but distant from General Haftar. Since the establishment of the Presidency Council in Tripoli at the end of March 2016, the key institutions of the Central Bank of Libya and the National Oil Company have come under its control. It has also received statements of support from several municipalities in the south and west of the country.

Islamist political groups

The main Islamist political grouping in Libya is the Justice and Reconstruction Bloc, the most important component of which is the Muslim Brotherhood. There are also a number of non-aligned Islamist groups with influence in their towns or regions, or linked to certain militias. Some of these were part of the powerful Wafa bloc within the GNC, and played an important role in the reconvening of the GNC in August 2014 (after Islamist parties did poorly in the elections). Islamist groups vary from those that are ultra-conservative and close to controversial mufti Sheikh Sadiq al-Gheriani,³ and those (such as the Muslim Brotherhood) that are more moderate or pragmatic.

² Most of the members of the Presidency Council from the east of Libya recently stepped down.

³ <http://www.economist.com/blogs/pomegranate/2014/09/libyas-mufti>

Fitzgerald (2016) makes a distinction between ‘first generation’ Islamists, who fought against the Soviet Union in Afghanistan and then formed the Libyan Islamic Fighting Group (LIFG) in opposition to Qadhafi, and second and third generation jihadists who fought in Iraq and Syria respectively. While the former have formed political parties and participated in elections, the latter ‘lean towards more radical ideologies and reject democracy as un-Islamic’ (Fitzgerald, 2016). A UNDP analysis echoes this: ‘the majority of elements of the former LIFG have generally operated within the bounds of the broader transitional political process in Libya’ (2015: 72). With regard to popular support Fitzgerald (2016) notes that, while Libyan society is deeply conservative, it has ‘shown little appetite for political Islam’.

Federalists

The federalist movement in Libya is made up almost entirely of tribes around Ajdabiya in the east of the country. The federalists want a return to the federalist system established under the 1951 Constitution. They are opposed to Islamist groups, among which they count Operation Libya Dawn and the GNC. They are also opposed to Operation Dignity and the Interim Government in Bayda – but have largely stayed out of the dispute between the GNC and HoR. The fact that federalist support is confined to Ajdabiya and surrounding tribes means it has limited reach and public support outside the region. Militia commander Ibrahim Jadhran brought together the coalition of tribes making up the federalist movement, which is backed militarily by his Petroleum Facilities Guard (see armed forces).

Central Bank of Libya (CBL) and National Oil Company (NOC)

These two key institutions have sought to maintain a neutral position in the dispute between the GNC and HoR. In comparison to other ministries, both the CBL and NOC have greater levels of capacity – due to their relatively protected status under the Qadhafi regime. The NOC, responsible for production and sale of oil, has tried to ensure this continues and has transferred revenue into the national bank account controlled by the CBL. The CBL, in turn, has provided funds for salaries and subsidies to both the GNC and HoR. A UNDP analysis notes: ‘This has been an important policy in reducing economic competition for both the GNC and HoR, with neither side needing to contest oil infrastructure’ (2015: 63). [The Interim Government did try to set up rival offices of the CBL and NOC in Bayda, but this proved largely unsuccessful.]

While the ‘fence sitting’ position of the CBL and NOC has reduced competition over resources and limited the humanitarian impact of the crisis on ordinary people, its longer-term effects could be serious. ‘Given that Libya’s oil revenue does not equal its expenditure, the CBL’s policy of indiscriminate payments and its lack of authority to reform payments has also contributed to the unsustainable decline of Libya’s reserves’ (UNDP, 2015: 64). The Presidency Council of the GNA in Tripoli now control both the CBL and the NOC.

Armed forces

Libyan National Army and General Haftar

The Libyan National Army (LNA) is a mix of military units and tribal or regional-based armed groups. General Khalifa Haftar was appointed commander of the LNA by the HoR, but in reality the units comprising the LNA are more divided. Some support the HoR (e.g. the Zintan-controlled Western Operations Room and Khalifa Haftar’s forces), but others support the GNC. Moreover, even among those

on the same side there are tensions and differences: the Zintan militias, for example, are aligned with, but largely independent of, Haftar's orders. Similarly, Ibrahim Jadhran's forces in the east, though aligned with the HoR, operate autonomously. The LNA units 'do not currently demonstrate hierarchy in the way that might be expected in a functioning military chain of command, and represent more conglomerations of armed groups under a common banner' (UNDP, 2015: 66).

General Haftar served under the Qadhafi regime, but later defected to the United States. He is backed by Egypt and the UAE. However, there is opposition to him within the HoR and armed groups in the east, as well as from the GNC. Wary of his political ambitions, a number of senior military figures in the east refused to join Operation Dignity despite being 'broadly sympathetic to the operation to root out Islamists' (Fitzgerald, 2016). Some have since joined forces with his opponents – armed groups that comprised Operation Libya Dawn, or local jihadist groups – to drive ISIS out of Derna. In September 2015 Haftar tried to set up and lead a supreme military council, but was resisted by 'a significant number of HoR members, who fear he may use it as a vehicle to seize power' (ibid.).

Operation Dignity

General Haftar launched Operation Dignity in May 2014 against Islamist forces in Benghazi. It comprised of Haftar's forces, as well as local tribal militias and other armed groups sharing the coalition's aims. Despite engaging in almost continual fighting outside and within Benghazi against the Benghazi Revolutionaries Shura Council (BRSC), 'Operation Dignity forces have not made significant territorial gains in the city' (UNDP, 2015: 71). They have also fought against ISIS in Derna. Operation Dignity was actively opposed to Operation Libya Dawn; it is also strongly opposed to the federalist movement in the east, and is closely aligned with the HoR and Interim Government in Bayda. A number of countries in the region, notably Egypt, the UAE and to a lesser extent Saudi Arabia have been providing assistance to Dignity forces (see Transnational influences below).

Operation Libya Dawn

The Libya Dawn coalition of armed groups was formed in response to Operation Dignity and drove Zintan militias, allied to Operation Dignity, from Tripoli and coalition areas. It was made up of both Islamist and non-Islamist groups, armed groups from Tripoli and Misrata, and other fighters in the west including members of the Amizegh community. Of these, the Misrata forces were the strongest component. While Libya Dawn supported the BRSC, this stemmed from the latter's participation in Libya Shield (a coalition of militias formed in 2012 and mainly supportive of the GNC) rather than from 'a particularly Islamist agenda'. Moreover, Misrata forces fought against ISIS in Sirte, and ISIS affiliates targeted Misrata with several suicide car bomb attacks. The Libya Dawn coalition received external assistance from Qatar and Turkey. Libya Dawn broke up even before the LPA was agreed, partially because of differences over the dialogue process – seen as positive by some, but opposed by others. Between September and October 2015 there was limited fighting between Libya Dawn militias in and around the Tripoli coast area. Since its break-up, some elements remain aligned with the GNC while others support the GNA.

Misrata

Misrata has Libya's largest and most powerful militias - the Halbous and Mahjoub brigades are the two biggest in the city - but there are local rivalries between different armed groups. Misrata brigades formed part of Operation Libya Dawn, and have also been involved in fighting against ISIS in Sirte. While Misrata has been able to stop the spread of ISIS westwards, they are not strong enough to drive ISIS from the city. In terms of political affiliation, most groups in Misrata are supportive of the GNA; in part because the Presidency Council includes prominent Misratan Ahmed Maiteeq. However, Salah Badi, a former parliamentarian, and commander of the Steadfastness Front, opposes the GNA and supports the GNC.

Misrata has also been involved in a number of localised conflicts with neighbouring communities, notably the Tawergha (massacred by Misratan forces in October 2011) and the Bani Walid tribe. A UN-initiated conflict resolution process between Misrata and Tawergha has made significant progress. Misratan forces were also deployed in a 'peace-keeping' role in Sabha to the south following conflict between the Tuareg and Tabu communities. However, the Tabu regarded them as being partial to the Tuareg, with whom Misrata has strong relationships. As well as support for the Tuareg, the presence of Misratan forces in Sabha is 'seen as an active insurance against the HoR being able to gain too much influence in the area' (UNDP, 2015: 70).

Zintan-led coalition

Militias from Zintan 'enjoyed outsized influence in western Libya' (Taoldo, 2016a), including control of Tripoli International Airport, from the 2011 revolution (in which they played a significant role) until summer 2014 when Misratan forces and Operation Libya Dawn drove them from Tripoli. By the end of 2015 many of the Zintan forces had been withdrawn back to Zintan, but were involved in a number of engagements with tribal allies (e.g. from the Warshefana region) around the Tripoli coast. Zintan forces form part of the LNA and officially report to General Haftar, but in practice enjoy a great deal of autonomy. They are the main force supporting the LNA's Western Operations Room, which is based in the city and covers operations in the west of the country. However, a number of Zintan armed groups have distanced themselves from Haftar. Zintan has struck a series of ceasefire agreements with nearby communities, e.g. Gharyan, Janzour, Zawiya and Rujban.

Tripoli groups

There are a number of significant armed groups in the capital Tripoli (see UN, 2016). Most are either supportive of the GNA or ambivalent towards it, waiting to see if their interests are protected under the new government. Those supporting the GNA include Abdel Rauf Kara, head of the Special Deterrent Force numbering around 1,500. Kara's forces once targeted alcohol and drug sellers, seeking to present themselves as the city's police, but their current focus is on targeting ISIS cells and sympathisers in Tripoli. They are forming a counter-terrorism unit with members of army special forces in western Libya who refused to join Haftar (Taoldo, 2016a). Other powerful armed groups in Tripoli include the Nawasi brigade, from the Suq al-Jumaa area of the capital, and the city's largest militia headed by Haitham Tajouri. Taoldo reports that Tajouri 'is not a particularly political figure. His priority is protecting the considerable interests he has accrued in the capital' (2016: 5), and for now he remains ambivalent about the GNA. Islamist-leaning militias in Tripoli 'tend to be the most sceptical of the unity government' (ibid.), but as yet have not taken any armed action against it.

Petroleum Facilities Guard (PFG) and Ibrahim Jadhran

The Petroleum Facilities Guard existed prior to the revolution and was present in several regions of the country, including in the south and Zintan. 'PFGs represent one of the primary vehicles by which communities control local oil infrastructure' (UNDP, 2015: 67) - recruitment is primarily from armed groups in local communities. The term now refers mostly to forces in the east under the command of Ibrahim Jadhran. Jadhran's militia is reported to number 15,000, mostly tribal members from around Ajdabiya (UNDP, 2015: 74). Ajdabiya militias have been active against Islamist armed groups in the city, and have periodically clashed with Operation Dignity forces. The PFG has repelled several ISIS attacks against oil infrastructure in the east of the country.

Ibrahim Jadhran brought together the federalist coalition of tribes but 'he is not universally popular within the wider movement seeking regional autonomy for eastern Libya, and he can better be described as a political pragmatist, if not an opportunist' (Toaldo, 2016a: 5). Jadhran did back the HoR and was allied to General Haftar, but is now a supporter of the rival Presidency Council – mostly because of a personal disagreement with Haftar dating back to early 2015. However, it is not clear if the rest of the PFG also support the unity government, or indeed if Jadhran controls the entire eastern PFG.

Islamists and jihadists

Ansar al-Sharia

Former revolutionaries seeking to establish an Islamic state in Libya formed Ansar al-Sharia in 2012. It was initially based in Benghazi, but affiliates later emerged in other towns including Derna, Sirte and Ajdabiya. These include Ajdabiya Revolutionaries Shura Council, an Ansar al-Sharia affiliate which has been involved in clashes with Operation Dignity forces as well as federalists in the east. It is led by Usama Jadhran, brother of PFG commander Ibrahim Jadhran.

Ansar al-Sharia has run training camps for fighters going to Syria, Iraq and Mali, and individuals associated with it were involved in the September 2012 attack on the US diplomatic mission in Benghazi. The UN put Ansar al-Sharia on its al-Qaeda sanctions list in November 2014, describing it as a group associated with Al-Qaida in the Islamic Maghreb (AQIM) (Toaldo, 2016a). Fitzgerald notes that, while Ansar al-Sharia remains an armed group, between 2012 and 2014 it adopted a strategy of focusing on preaching and charitable work to build popular support and win recruits. This helped it become the largest jihadist organisation in Libya (Toaldo, 2016a). Since the launch of Operation Dignity, it increasingly focused on military action fighting Haftar's forces in Benghazi.

There is rivalry between al-Qaeda affiliated groups such as Ansar al-Sharia and ISIS in Libya, largely due to competition for members and territory, and defections from the former to the latter as ISIS seeks to expand in the country. Fitzgerald asserts that this rivalry between ISIS and al-Qaeda affiliates 'is likely to define Libya's jihadist milieu for the foreseeable future' (Toaldo, 2016a: 6). Nonetheless, in Benghazi Ansar al-Sharia (and its 'successor' BRSC – see below) and ISIS still fight together against Haftar's forces. As well as defections to ISIS, Ansar al-Sharia has been hit by killings of senior figures, including founder Mohammed Zahawi.

Benghazi Revolutionaries Shura Council (BRSC)

The Benghazi Revolutionaries Shura Council (BRSC) was formed in the summer of 2014 when Ansar al-Sharia's Benghazi branch merged with other militias in the city. These include the February 17th Martyrs Brigade –the largest militia to emerge in eastern Libya during the revolution – and a regional branch of the Libya Shield force led by Wissam Ben Hamid. The BRSC and former Operation Libya Dawn forces in the west are aligned, in that they have a common enemy in General Haftar and the Zintan militias. Some fighters from Misrata militias joined the alliance, but Ansar al-Sharia's opposition to democracy has caused tensions with them.

Abu Slim Martyrs Brigade

Abu Slim Martyrs Brigade is a jihadist armed group in Derna, named after Abu Slim prison in which the Qadhafi regime massacred members of Libya's Islamist opposition. The Brigade is seen as an al-Qaeda affiliate, and has fought against LNA forces outside Derna as well as ISIS affiliates inside the city. The killing of an Abu Slim leader led to significant fighting between the Brigade and ISIS forces in July and August 2015. This resulted in ISIS being driven from the city.

Islamic State (IS) (also known as Daesh, ISIS, or ISIL)

According to Fitzgerald, local returnees from Syria, who had fought with ISIS battalions set up ISIS's first Libyan affiliate in Derna, in the east of the country, in 2014 (Toaldo, 2016). In 2015 ISIS began building its presence in Sirte, Qadhafi's home town, and it is now the group's stronghold and headquarters in Libya. To expand in Sirte, ISIS exploited grievances among local people and the feeling that they had been marginalised since the 2011 revolution. However, a local uprising against ISIS in summer 2015 was brutally quashed, and the group now holds the city through its characteristic regime of extreme violence.

ISIS was driven from Derna in 2015 by a coalition of local Islamist forces (including LIFG veterans and the Abu Slim Martyrs Brigade) and army personnel who had rejected Haftar and Operation Dignity. In 2016 the same alliance drove ISIS from the outskirts of the city. ISIS had a presence in Sabratha, a coastal town in western Libya, but local fighters as well as US airstrikes drove them out (Toaldo, 2016). ISIS has attempted to expand its territory through taking control of a number of small towns to the east of Sirte, and has tried to attack oil infrastructure in the oil crescent area of central coastal Libya but was beaten back. Overall it has struggled to gain a foothold beyond the Sirte region. A major reason for this is the presence of numerous other armed groups and rivalries between them (Toaldo, 2016a). In Benghazi ISIS fighters (both locals and foreigners) have aligned with the BRSC against Haftar and Operation Dignity.

ISIS also has sleeper cells operating in Tripoli and other cities. A UN report raises concern about the fact that the group 'can recruit with relative ease in Tripoli' (UN, 2016: 16). ISIS members/sympathisers have carried out a number of terrorist attacks in Libya, notably an attack on the Corinthia hotel in Tripoli killing over a dozen people, the kidnap and murder of 21 Egyptian Copts near Sirte, and bombing of a coastguard training centre in Zlitan in January 2016 which caused over 80 deaths (UN, 2016: 16). Fitzgerald points to increasing ISIS attacks on oil infrastructure since January 2016 as showing 'IS's determination to disrupt Libya's energy sector, if not seize control of oil facilities' but adds that it would be difficult for IS to replicate what they have done in Syria and Iraq in terms of tapping into oil revenues due to the nature of Libya's hydrocarbons sector (Council on Foreign Relations, 2016).

Estimates about the number of ISIS fighters in Libya vary: the Pentagon puts the figure at 6,000 but the UN and many others think it is lower (Taoldo, 2016a: 6).⁴ Further, ISIS's leadership in Libya has been dominated by foreigners; rank and file appear to be made up of both foreigners and local Libyans (some forcibly recruited) (UNSSC, 2016: 6). A UN report asserts that, in addition to foreign fighters, ISIS in Sirte comprises a mix of defectors from Ansar al-Sharia and former Qadhafi security personnel; this 'heterogeneous alliance allows the group to reach out to various sections of Libyan society, thereby increasing its mobilisation and recruitment capacity' (2016: 16).

Since March 2016, Misrata fighters have challenged ISIS control of Sirte. Andrew Engel notes that ISIS is 'quite adaptable, sometimes conducting terrorist and small-unit guerrilla attacks typically associated with groups that do not control territory, and at other times operating like a conventional force that does hold territory' (2016). Given this, he asserts that even if ISIS is driven out of Sirte the group could change tactics to execute smaller unit raids and terrorist attacks, and thus continue to pose a threat.

4. Major dynamics and issues

Ongoing transition, militarisation of politics and conflict

Over five years since the 2011 revolution, Libya remains far from reaching a consensus political settlement, or indeed even establishing a stable interim arrangement – it is still 'very much a country in transition' (UNDP, 2015: viii). There are currently three governments laying claim to power. The Libyan Political Agreement was signed by representatives of both the HoR and GNC, and has some support from both, but significant members on both sides remain opposed to the unity government. While the GNA has international support, it is difficult to see how it will be able to establish dominance over its rivals and become the sole political authority in the country. A major reason for this is the involvement of armed groups in politics and the dependence of political parties on armed groups. 'By reducing the need for political compromise, militias allow political actors to circumvent or undermine the transitional political processes' (UNDP, 2015: 36). With violence seen as the means of protecting and furthering group/community interests, and in the absence of a neutral, professional state security structure, conflict remains endemic.

A related point is the diversity and multiplicity of armed actors in Libya and – as stressed in the 2014 GSDRC report – the existence of multiple lines of division in Libyan society: communal, religious, political, tribal and economic. These differences drive a wide range of conflicts at local, regional and national level. Moreover, conflicts and alliances are highly fluid, driven by (changing) pragmatic interests rather than a specific ideology or value system. All these features make the process of establishing peace extremely difficult. The effects of ongoing instability and conflict are all too clear: there were 4,348 violent deaths in Libya in the two years from January 2014 to January 2016, while between January and mid-April 2016 there were a further 369 violent deaths (Taoldo, 2016b: 4). As of February 2016, 435,000 people were internally displaced (ibid.).

⁴ <http://foreignpolicy.com/2016/02/18/how-much-of-libya-does-the-islamic-state-control/>

Economic crisis

The Libyan economy is overwhelmingly dependent on oil – over 95 per cent of all government revenues come from oil exports (UNDP, 2015: 42). Oil production has dropped significantly from around 1.5 million barrels per day (bpd) before the 2011 revolution to current levels of between 300,000 and 400,000 bpd (UNDP, 2015: 43; CFR, 2016: 6) – a recent estimate put it even lower at 200,000 bpd.⁵ At the same time, global oil prices have dropped, further slashing government revenue. The World Bank estimates that oil receipts have declined to less than 15 per cent of their 2012 level.⁶

The presence of two rival governments (GNC and HoR) meant no budget was approved in 2015, and the Central Bank of Libya manages expenditure (revenue from oil exports is deposited with the bank by the NOC). Salaries and subsidies account for the biggest share of expenditure. Libya has one of the largest public sector payrolls in the world (CFR, 2016). This is a legacy of the Qadhafi era's drive to win popular support by providing secure employment, but also reflects the very weak state of the private sector in Libya (accounting for just 4 per cent of employment – UNDP, 2015: 46). A further very significant factor is the decision after the 2011 revolution to incorporate militias into security systems under the Ministry of Defence and Ministry of Interior, including paying them government salaries. Lax registration procedures and checks encouraged widespread fraud and inflation of numbers. The CBL, as part of its neutral policy and because of the fear that violence could erupt if it stopped, has been paying salaries to both GNC and HoR-affiliated militias. As well as being a huge drain on resources, this arrangement creates incentives for the persistence of militias and undermines efforts at reform. Subsidies accounted for 28 per cent of expenditure in 2014 – again, this is something the CBL faces difficulty in reducing because of the impact this would have on ordinary people. Spending on development and services is correspondingly squeezed, contributing to the inability in many sectors to provide even basic services (UNDP, 2015).

Reduced oil revenue and high spending on salaries and subsidies, have resulted in persistent budget deficits. The budget deficit rose from 43 per cent of GDP in 2014 to around 75 per cent in 2015, while the current account deficit reached around 76 per cent of GDP in 2015.⁷ The Central Bank has had to use its foreign currency reserves to cover the shortfall: these fell from around USD 100 billion in 2014 to around USD 50 billion as of May 2016 (Taoldo, 2016b: 5; CFR, 2016). There are real fears that Libya could run out of money before a political solution is reached – making the situation even worse (UNDP, 2015: p. x). 'If living conditions plunge and militia members' government salaries are not paid, the two governments competing for legitimacy will both lose support, and mutiny, mob rule and chaos will take over' (ICG, 2015: i).

Already, unemployment – particularly among youth – is very high, creating incentives for young people to join militias that can provide income and activity for them (UNDP, 2015). Per capita income in Libya has fallen from USD 13,000 a year before the revolution to USD 4,500 in 2015 (World Bank). Over 40 per cent of the population are in need of humanitarian assistance, and the UN launched a humanitarian crisis appeal for the country at the end of 2015. Out of an estimated USD 165.6 million humanitarian funding needed, only USD 30 million had been mobilised by April 2016 (Taoldo, 2016b: 4).

⁵ July 2016 testimony of Peter Millett, UK Ambassador to Libya, to House of Lords. <https://www.libyaherald.com/2016/07/11/rebuilding-of-confidence-and-security-is-key-to-libya-british-ambassador-peter-millett/>

⁶ <http://www.worldbank.org/en/country/libya/overview>

⁷ <http://www.worldbank.org/en/country/libya/overview>

Crime, smuggling and migration

A number of factors have combined to promote crime, smuggling and illicit trade in Libya: i) the effective collapse of state institutions; ii) the drop in oil revenue and lack of diversification in the economy mean people face economic hardship; iii) the country's vast terrain and permeable border regions; and iv) the presence of multiple armed groups all needing funds. This has led to rapid growth in a range of illicit activities.

Libya has become the region's primary arms market. An arms embargo was imposed in February 2011, but weapons and ammunition continue to flow into the country from abroad, both across land borders in the south and by air and sea. A UNDP analysis notes that: 'Control of, or access to, arms smuggling routes in the South has been a strategic priority for armed groups in the country, fuelling engagement with, and competition between, Southern communities' (2015: 49). Weapons from Libya are also being supplied to other conflict-affected countries such as Syria. With regard to drugs smuggling, Libya's role is primarily that of a transit point for drugs coming from Morocco and West Africa on their way to Egypt and the Mediterranean (ibid.: 48). Smuggling of subsidised goods, e.g. electrical goods, food stuffs and fuel, was an established practice among border communities even before the revolution, but profitability and volumes have increased since 2011. It has also become more organised. Informal cross border trade with southern Tunisia is estimated to account for around 50 per cent of all economic activity (UNDP, 2015: 47).

Human trafficking is a major source of income in Libya. The country falls on the route for migrants and refugees from the east and south, and increasingly Syria, seeking to go to Europe. Misrata and Zuwara are among the main ports for migrant trafficking to Europe. The numbers involved are substantial: it is estimated that 81,000 irregular migrants passed through Libya in the first half of 2014.⁸ The total number of illegal crossings to Europe via the Central Mediterranean route (of which Libya comprises the greatest part) was 160,000 in 2014, up from 70,000 in 2012 (Toaldo, 2016b: 7).

The activity is highly organised in Libya, involving communities particularly in the south and north-west. However, it is not just local communities which are becoming increasingly dependent on human trafficking and kidnapping for income, but the many armed groups in the country. For armed groups, involvement in trafficking and other criminal activities represents both a source of income, and a means of maintaining control of territory and preventing rivals from gaining power and influence. A recent Amnesty report highlights that migrants and refugees in Libya face rape, torture and abduction by traffickers and smugglers and other abuses by armed groups and criminal gangs.⁹ Toaldo warns that Libya has traditionally been a destination as well as transit route for migrants, and any improvement in its economic situation could lead to large numbers of migrants targeting the country (2016b).

The gains from crime and smuggling (esp. human trafficking) to communities and armed groups – and the necessary involvement of state agencies such as border officials and police in these activities – fuels corruption, further weakens state institutions and, perhaps most importantly, creates incentives for all these stakeholders to maintain the status quo and oppose efforts for peace and reform. 'As criminal networks thrive in the absence of state control, their existence creates a real incentive against the

⁸ <https://www.clingendael.nl/publication/understanding-instability-libya-will-peace-talks-end-chaos?lang=nl>

⁹ <https://www.amnesty.org.uk/press-releases/libya-wave-abductions-torture-and-gang-rape-driving-mediterranean-migrant-exodus-new>

establishment of a unified national government, thus posing a systematic barrier against peace in the long run'.¹⁰

Transnational influences

The actions of international actors, both neighbours and the West has fuelled instability and conflict in Libya and undermined the process of political dialogue and peace-building. Egypt and the UAE are strong supporters of the House of Representatives; this support has included provision of arms. Egypt shares the HoR and Haftar's goal of eliminating political Islam and enhancing the autonomy of eastern Libya, with HoR leaders regularly travelling to Cairo (Taoldo, 2016a). The UAE provides weapons to Haftar and Zintan militias, but 'has a more nuanced position on the situation in Libya' than Egypt, and has been diverted by the crisis in Yemen (ibid.). Qatar and Turkey back the GNC, though their relationship is less close than that of Egypt and the UAE with the HoR, while Tunisia has tried to maintain good relations with both Tobruk and Tripoli.

The expansion of ISIS in Libya has been a major source of concern for Libya's neighbours as well as the west. According to Taoldo (2016b), the US and several European countries have been carrying out Special Forces operations in the country for many months, mostly to fight ISIS; there are US forces in Misrata and the East, French and British forces in Benina airport and Tobruk, and Italian intelligence personnel in the west of Libya.

Taoldo (2016b: 3) highlights that this western military intervention is taking place without formal authorisation from the GNA; rather 'the US and some large European countries seem to be working directly with specific Libyan armed groups, above all the city-state of Misrata and General Khalifa Haftar's Libyan National Army'. He warns that this undermines peace processes: 'this type of direct support from abroad has strengthened the sense of many politicians and military leaders in eastern Libya that they don't need to strike a power-sharing deal with the forces now supporting the unity government –first and foremost Misrata – in order to have good relations with the US and Europe' (ibid.). He urges western countries to bring their military strategy against ISIS into line with support for the GNA, and to pressure regional powers not to interfere in Libya.

A further transnational factor that is having an impact on the situation in Libya is, of course, extremist Islamic ideology and violence. The presence of ISIS in Libya is the obvious example of this, but even local Islamist/jihadist groups are influenced by such transnational ideology. Moreover, as noted, Libya has attracted large numbers of foreign fighters.

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