Research Paper

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Libya's War Economy
Predation, Profiteering and State Weakness

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Summary

- Libya suffers from interlinked political, security and economic crises that are weakening state institutions, damaging its economy and facilitating the continued existence of non-state armed groups. As rival authorities continue to compete for power, the resulting fragmentation and dysfunction have provided a fertile environment for the development of a pervasive war economy dependent on violence.

- This war economy is dynamic and constantly in flux. Relative to earlier problems, there were signs of progress on several fronts in 2017: a reduction in human smuggling, a tripling in oil revenues, and increased local action against fuel smuggling. Yet the dynamics that have supported the war economy's rise remain.

- Libya's war economy is highly damaging for the future of the state for three reasons:

  - First, it provides an enabling environment for networks of armed groups, criminal networks, corrupt businessmen and political elites to sustain their activities through illicit sales and predatory practices. Their operations are closely linked to the dispensation of violence, and are thus a spur for further conflict.

  - Second, the war economy perpetuates negative incentives for those who profit from the state's dysfunction. Only effective governance, supported by a durable political settlement, can tackle the foundations of Libya's war economy. But neither a return to functioning central governance nor the development of a security sector that is fit for purpose is in the interests of war economy profiteers, who are therefore motivated to act as powerful spoilers of reform.

  - Third, the political contestation and resource predation practised by those engaged in the war economy are having a disastrous impact on Libya's formal economy, undermining what remains of its institutions. As the war economy persists, therefore, the prospects for the restoration of functioning central governance become more distant. This threatens to create a vicious cycle that accelerates further state collapse.

- Due to the limited capacity for coercion available to any actor or entity connected with the state, a strategy of co-opting networks of war economy profiteers has almost exclusively prevailed. This has failed. Drawing on the lessons from these attempts, a more successful policy must pursue targeted measures to combat the enabling structures of Libya's war economy where possible, and to co-opt war economy profiteers only where necessary.

- In this, state authorities can do more to utilize what power they have to name and shame war economy profiteers in order to weaken the local legitimacy critical to profiteers' survival. The state must present credible alternative livelihood opportunities to those engaged in, or benefiting from, the war economy. Progress will depend in part on the creation of positive incentives to abandon such activity. Where profiteers cannot be incentivized to move towards

more legitimate economic activities, greater and more effective efforts must be made to reduce the profit margins of illicit schemes.

- The international community can do more to support Libyan efforts in countering the war economy. Cooperation over the targeting of criminal groups' overseas assets, support for increased transparency over the dispensation of state funds, and measures to reduce the viability of illicit activities can all help to strengthen the position of state authorities.

Map 1: Libya

Source: United Nations.

1. Introduction

Libya suffers from interlinked political, security and economic crises that are weakening state institutions, damaging its economy and facilitating the continued growth of non-state armed groups. Political authority is contested and highly fragmented, particularly since 2014. The Government of National Accord (GNA) – formed following the implementation of the Libyan Political Agreement, also known as the Skhirat Agreement, in December 2015 – has the backing of the UN and the majority of the international community. But the GNA has been unable to function as the unity government it was envisaged to be. Under the leadership of Prime Minister Fayez al-Serraj, the nine-member Presidency Council[1] that spearheads the GNA has been able to deliver little for Libyans, and has been criticized for its reliance upon Tripolitanian militias to safeguard its presence in the capital. It has limited influence in Tripoli, let alone beyond.

The House of Representatives (HoR), elected in 2014 and based in the east of the country, has not recognized the GNA. Nominally the national legislative body under the terms of the Libyan Political Agreement, the HoR in practice has long been reduced to a rump parliament. Its mandate has expired, although its members have voted to renew its term. Military influence is equally fragmented, with Field Marshal Khalifa Haftar holding a dominant position in eastern Libya but lacking the capacity to control the whole of the country.[2] The appointment of a new UN Special Representative to Libya, Ghassan Salamé, in June 2017 reinvigorated international attempts to reconcile rival actors. Yet at the time of writing, little progress had been made.

In such a context, the extent to which Libya fulfils the criteria of a state is a matter for debate. Muammar Gaddafi's *Jamahuriya* ('stateless state') utilized income from Libya's natural resources to forge a system of patronage and dependence that did not build modern state institutions but rather sought to embed pre-existing social formations within state structures. These social formations now compete to shape the state following the collapse of the former regime's monopoly on violence, which had hitherto been used to stabilize the system. This can be seen in a return to effective statelessness,[3] or what could be termed a new, less durable *Jamahuriya*.[4] The resulting fragmentation and dysfunction of post-revolutionary Libya have provided a fertile environment for the development of a pervasive war economy.

> The term 'war economy' encompasses economic activities dependent – directly or indirectly – on the dispensation or perpetuation of violence.

For the purposes of this paper, the term 'war economy' encompasses economic activities dependent – directly or indirectly – on the dispensation or perpetuation of violence. Within Libya's war economy, individuals, groups and communities continue to vie for control of smuggling routes, oil

[1] Two members of the Council, Ali Qatrani and Omar al-Aswad, have long boycotted the Presidency Council, while the former deputy leader of the Council, Musa al-Koni, resigned in January 2017. Only Serraj and his deputy, Ahmed al-Maiteeg, appear active on a daily basis.
[2] In March 2015, Haftar was appointed commander-in-chief of the Libyan armed forces by the House of Representatives, and elevated from the rank of general to field marshal. Opponents reject the validity of this appointment and therefore continue to ascribe to him the rank of general.
[3] Alageli, A. (2016), 'Libyan Statelessness: Past and Present', unpublished dissertation, p. 63.
[4] Megerisi, T. (2018), comment from reviewer of manuscript.

and gas infrastructure, state entities, border posts, transportation infrastructure, and key import and export nodes. The logic of these competitive rivalries is predominantly local. Few groups, if any, have a realistic prospect of controlling the whole of the country. So instead, the country's various actors have focused on enhancing their local position to the greatest extent possible prior to the formation of any post-settlement order.

The form and modalities of Libya's war economy vary across the country. In the south and west, the absence of dominant security actors or state enforcement in Libya's hybrid security sector[5] has allowed the development of illicit markets and a vibrant smuggling sector. In Tripoli, where local militias have been subsumed into the capital's security architecture, the war economy translates into groups and individuals seeking to maximize opportunities for graft and predation of state revenues. In the east, where security is, broadly, under the control of Haftar's self-styled Libyan National Army (LNA),[6] a form of military rule has been established. Civilian municipal leaders have been replaced with military governors.

Human smuggling and fuel smuggling are recorded on less significant levels in the east, which is both further from human-traffickers' target destinations in Europe and closer to Egypt (where the presence of fuel subsidies renders cross-border smuggling of Libyan oil less profitable). Nonetheless, smuggling across the Egyptian border is a long-standing practice. It ranges in scope and scale from the carrying of small quantities of goods on foot, to smuggling by sea, to the transport of goods through the desert by pick-up truck. The latter desert routes form the principal conduit for the movement of drugs, cigarettes, arms and migrants across the Libya–Egypt border.[7]

In the east, furthermore, the political dispute with Tripoli-based authorities has translated into competition for control of state revenues and the attempted creation of parallel institutions. The blurred line between state and non-state armed groups further complicates the situation. Groups that are technically affiliated to – and often in competition with – state entities more often than not operate autonomously; in many cases, they profit from the war economy in spite of their nominally official mandate.

Yet the war economy is more than a symptom of Libya's governance crisis. The system of incentives within the war economy has become a cause of its persistence, frustrating the reassertion of state authority at a local and national level. This dynamic is self-reinforcing: the inability of the state to provide resources, services and security strengthens the arguments of locally based individuals and groups who claim that they are filling this need (and who often have affiliations with the state). At the same time, the existence of these groups undermines the ability of the state to fulfil its obligations. Paradoxically, the increasing sophistication of illicit trade and the market stability of

[5] The term 'hybrid' reflects the co-existence of formal and informal actors and interest groups that both co-operate and compete with each other, thereby sustaining loosely organized or ad hoc power structures. For further elaboration and an analysis of the development of Libya's hybrid security sector, see Lacher, W. and Cole, P. (2014), *Politics by Other Means: Conflicting Interests in Libya's Security Sector*, Geneva: Small Arms Survey, October 2014, http://www.smallarmssurvey.org/fileadmin/docs/F-Working-papers/SAS-SANA-WP20-Libya-Security-Sector.pdf.
[6] The LNA label is contested, with multiple groupings claiming to be the country's rightful and legitimate armed forces.
[7] Hüsken, T. (2017), 'The practice and culture of smuggling in the borderland of Egypt and Libya', *International Affairs*, Volume 93, Issue 4, 1 July 2017, https://doi.org/10.1093/ia/iix121.

sorts provided by armed groups are binding Libya together, yet simultaneously splitting the country apart by undercutting efforts to build a system of joint and inclusive governance.[8]

Libya's war economy is dynamic and constantly in flux. In 2017 there were signs of progress on a number of fronts towards a more functional economy: boat crossings of the Mediterranean fell more than 30 per cent compared with 2016; the Brega Fuel Crisis Committee increased its efforts to tackle fuel smuggling; and oil revenues tripled.[9] Such developments could suggest that Libya's war economy reached its zenith in 2016. Yet the dynamics that have supported the war economy's rise remain. There is still the danger that economic predation continues to such an extent that Libya's finances and institutions are eroded further, with no actor in the war economy incentivized (or likely) to bring damaging activities to a halt. Increased oil production allowed Libya to halve its balance-of-payments deficit in 2017, but the deficit still stands at over $10 billion. Between 2013 and 2016, Libya's foreign exchange reserves fell from $109 billion to around $70 billion, according to the World Bank.[10] These reserves are believed to have fallen further since then. The possibility remains that the state will be unable to sustain its bloated liabilities.

The modalities of the war economy

This paper documents three modalities of Libya's developing war economy: the direct sale of commodities/goods through smuggling; the generation of rents and use of extortion; and predation on state resources. While external patronage undoubtedly forms a fourth modality, this paper focuses on local dynamics, which have been underexplored in policy analysis despite significant developments since 2014. Together, these three modalities are presented as a frame for activities within Libya's war economy. It should be noted, of course, that the modalities do not exist in isolation from one another, and many activities in the war economy will contain elements of more than one modality.

The paper consists of four principal chapters, in addition to this introduction. Chapters 2, 3 and 4 describe each of the modalities of the war economy in turn, and provide examples of their incidence and impact. Chapter 5 discusses the challenges of tackling the war economy, and outlines some of the options available to policymakers for doing so.

[8] Mangan, F. (2017), presentation at Chatham House, July 2017, https://www.chathamhouse.org/event/political-economy-central-mediterranean-route.
[9] Paraskova, T. (2018), 'Libya Triples Oil Revenues in 2017 As Production Recovers', Oilprice.com, 5 January 2018, https://oilprice.com/Latest-Energy-News/World-News/Libya-Triples-Oil-Revenues-In-2017-As-Production-Recovers.html (accessed 3 Feb. 2018).
[10] TheGlobalEconomy.com (2018), 'Libya: Reserves', https://www.theglobaleconomy.com/Libya/Reserves/ (accessed 23 Mar. 2018).

2. Smuggling

Libya's smuggling sector has been transformed since 2011. Previously, Gaddafi had exerted a degree of control over smuggling, allowing favoured families, tribes and groups to participate as part of a system of divide and rule. The fall of his regime brought open competition to the control of smuggling routes, as decades-old concessions no longer held sway and previous understandings among groups over the division of territory were re-contested. Competition over smuggling routes has contributed to the outbreak of localized conflict across the country. Individuals, networks and communities – ethnic, tribal and city-based – all compete for primacy in Libya's dynamic illicit marketplace. This marketplace has accelerated pre-2011 trends: trans-Saharan smuggling routes have evolved from passageways for the informal trade of licit goods to conduits for the smuggling of weapons, drugs, fuel, counterfeit cigarettes and people.[11] In the borderlands, smuggling of subsidized goods such as fuel, rice and other foodstuffs has long been a critical element of economic life. Yet reduced subsidies and rises in foodstuff prices have hit consumers and impacted smuggling dynamics.[12]

The absence of state enforcement has enlarged the space for smuggling networks to develop, resulting in an industrialization of the sector in terms of its level of integration and organization.[13] In addition, the proliferation of arms and armed groups within Libya has fundamentally changed the composition of the smuggling sector, forcing out many old actors and enticing new ones. Smugglers can no longer operate without protection, and this has given rise to a protection market that provides significant opportunities for rent-seeking from armed groups – in many cases, such groups have also become directly involved in smuggling.

Human smuggling

Under Gaddafi's regime, human smuggling across the Mediterranean had been allowed in relatively limited numbers. This served the dual purpose of providing incentives to local allies of the regime and presenting a mode of exerting political leverage over European states. But following the revolution, the old restraints have ceased to apply. Since 2013, in particular, Libya has witnessed a significant increase in smuggling[14] and trafficking[15] of migrants, refugees and asylum-seekers (the three are referred to collectively in this paper as 'migrants'). Although human smuggling and

[11] Grégoire, E. (2017), presentation at Chatham House, July 2017, https://www.chathamhouse.org/event/political-economy-central-mediterranean-route.
[12] Libya's economic crisis has seen the level of funding available for subsidies reduced. REACH notes that local markets and supply chains have remained resilient but not unaffected, as conflict dynamics have also hampered subsidy regimes for certain items. REACH Initiative (2017), *Market Systems in Libya: Assessment of the Wheat Flour, Insulin, Tomato and Soap Supply Chains*, Geneva: REACH, October 2017, https://reliefweb.int/report/libya/market-systems-libya-assessment-wheat-flour-insulin-tomato-and-soap-supply-chains.
[13] Micallef, M. (2017), *The Human Conveyor Belt: trends in human trafficking and smuggling in post-revolution Libya,* Geneva: Global Initiative Against Transnational Organized Crime, March 2017, http://globalinitiative.net/wp-content/uploads/2017/03/global-initiative-human-conveyor-belt-human-smuggling-in-libya-march-2017.pdf.
[14] The UN defines human smuggling as 'a crime involving the procurement for financial or other material benefit of illegal entry of a person into a State of which that person is not a national or resident'.
[15] The UN defines human trafficking as 'the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation'.

human trafficking are defined differently by the UN, for simplicity this paper refers to both using the term 'human smuggling'.

By 2016, Libya had become the main launching point for mixed migration[16] to Europe along the so-called 'Central Mediterranean Route'. In 2012, around 15,000 migrants used this route. By 2016, that number had reached around 163,000.[17] While this figure is significant, it still represents a relatively small proportion of the overall number of migrants in Libya, which the International Organization for Migration (IOM) estimates at between 700,000 and 1 million. It should be noted that not all migrants in Libya are seeking to reach Europe. According to IOM migrant surveys, 57 per cent of those interviewed between April and August 2017 listed Libya as their final destination.[18]

Box 1: Anatomy of Libya's human smuggling sector

'Circular migration'[19] between Libya and sub-Saharan Africa has been common since at least the 1980s. It increased markedly from the 1990s following Gaddafi's pursuit of closer relationships with African states in response to the imposition of international sanctions.[20] Despite Libya's challenges, remittances from migrant labourers in Libya remain an important source of income for their families in other African countries.

For those seeking to reach Europe, however, there are two principal corridors. The western corridor brings predominantly West Africans through Mali, Niger and Algeria and across Libya's southwestern border. Specific routes vary according to local dynamics, security concerns and the smugglers employed. Typically, migrants will pay for a journey from the neighbouring states to key hubs in southern Libya – most often the cities of Ubari, Qatrun and Sebha – from where they will pay for travel to the Libyan coast, and then pay once more to cross the Mediterranean. Of the 163,000 migrants intercepted while crossing the Mediterranean in 2016, an estimated 108,000 followed this western route.[21]

The eastern corridor brings predominantly East Africans via Sudan and Chad across Libya's southeastern border. Key hubs along this route are the Rebiana Oasis and Kufra, from where migrants will either be transported directly north towards the coast or head west to other cities in southern Libya before heading north. Around 40,000 East Africans were intercepted at sea after using the eastern route in 2016.[22]

[16] Mixed flows have been defined by the International Organization for Migration (IOM) as 'complex population movements including refugees, asylum seekers, economic migrants and other migrants'. Unaccompanied minors, environmental migrants, smuggled persons, victims of trafficking and stranded migrants, among others, may also form part of a mixed flow.
[17] According to UNHCR, 181,459 migrants were intercepted crossing the Mediterranean to Italy in 2016. UNHCR calculates that 89.7 per cent of migrants departed from Libya.
[18] Data taken from IOM Displacement Tracking Monitor. IOM began to ask this question in its surveys from April 2017. The latest publicly available migrant interview survey dataset is from August 2017.
[19] The Global Forum on Migration and Development defines circular migration as 'the temporary, recurrent movement of people between two or more countries mainly for purposes of work or study'.
[20] de Haas, H. (2006), 'Trans-Saharan Migration to North Africa and the EU: Historical Roots and Current Trends', Migration Policy Institute, 1 November 2006, http://www.migrationinformation.org/feature/display.cfm?ID=484.
[21] This figure is reached by calculating 89.7 per cent (the share believed to have departed from Libya) of West African citizens detected by UNHCR at sea while crossing to Italy.
[22] As above: 89.7 per cent of East African citizens detected by UNHCR at sea while crossing to Italy.

To a much more limited degree, migrants from the Mashreq and South Asia also use air travel to arrive in Libya (usually Tripoli). Others enter via the Egyptian border and then travel overland to the western coastal cities, before seeking to cross the Mediterranean by boat. These air and land routes were heavily used by Syrians, Iraqis and others until 2015. Air travel was used by Bangladeshi migrants in substantial numbers in 2017.[23] Tunisians cross the Libyan land border visa-free, and while conditions at the official border points of Egypt are subject to change, the informal movement of Egyptians in and out of Libya is long established.[24]

There are, broadly, two types of journey: those that are 'organized' – meaning that a price is negotiated at origin for the entire trip (though it may not be paid in one instalment); and those that are arranged in instalments on a 'pay-as-you-travel' basis. In the latter case, migrants are likely to pay for individual legs of their journey as and when they can raise the money, and often work en route to do so. Overall, the pay-as-you-travel model is more common on the western route than on the eastern one, where a greater number of migrants use organized journeys. This is likely because smuggling networks along the eastern route are more coordinated.[25]

Despite the international community's focus on reducing mixed migration flows into Europe, comparatively little attention has been paid to the underlying political economy of Libya's human smuggling sector. Yet such smuggling has emerged as a critical component of Libya's war economy. While the overall value of illicit economies is both notoriously difficult to estimate and volatile, an indicative assessment by the author estimated that revenues from human smuggling in Libya were around $978 million in 2016.[26] This is equivalent to 3.4 per cent of Libya's 2015 GDP of $29.1 billion. The estimate consists of two elements: fees generated from overland travel – $726.3 million; and fees generated from crossings of the Mediterranean – estimated at $251.4 million. In respect of the latter figure, it is worthy of note that the fees are generated from a stretch of coastline less than 300 km in length,[27] with the majority of crossings starting along a section extending less than 110 km between Tripoli and Zwara. A significant proportion of the revenue from overland travel, meanwhile, is generated in the south of the country.

There are thus powerful financial incentives for involvement in human smuggling. Incomes from the sector support a complex array of actors, and also filter down to communities in locations where alternative forms of income are often limited, and where earnings from smuggling cannot be rivalled. This is particularly true of the south. With regard to those directly involved in human smuggling, some are individuals providing services at local level for small elements of a journey, with only loose connections between the smugglers operating at each location. Others form part of increasingly coordinated transnational networks that organize journeys from beginning to end. The nature of the relationship between smugglers and armed groups varies significantly depending on the location. In the south, it generally appears that smugglers leverage their local connections – usually ethnic, tribal and familial – to ensure their ability to move through 'friendly' areas. Once

[23] Between January and October 2017, more than 7,500 Bangladeshi migrants arrived in Italy, according to UNHCR. This number was second only to the number of Nigerians.
[24] Hüsken (2017), 'The practice and culture of smuggling in the borderland of Egypt and Libya'.
[25] This conclusion can also be inferred from the under-representation of East Africans in the IOM Displacement Tracking Monitor of visible migrants. Eleven per cent of migrants intercepted at sea in 2016 were Eritrean (the second-largest nationality), while only 0.5 per cent of all migrants surveyed by IOM were Eritrean.
[26] Draft analysis by author, currently under peer review.
[27] The distance from Zwara to Misrata is 289 km.

they reach areas where they can no longer travel unhindered, they are likely to pass migrants to other smugglers with the connections necessary for the places in question. Many Tebu and Tuareg groups conduct smuggling operations in this decentralized manner. In the southwest, the hub of Sebha appears to be the most common point of transition between smugglers who handle the cross-border flows of migrants from neighbouring states and those who move/facilitate the movement of migrants to the coast.

North of Sebha, and in the northern coastal cities in particular, armed groups are often involved directly in smuggling operations. Even where they aren't, it is very difficult for smugglers to operate without paying rents to such groups. In these locations, armed groups physically control staging areas near the coast and launch points for boats. Their de facto control of some official detention centres and outright control of unofficial detention centres[28] present significant opportunities for the extortion of money from migrants. The Department to Counter Illegal Migration (DCIM), the Libyan state agency charged with running detention centres, often has limited control over these groups.

The city of Zawiya, one of the primary points of departure for migrants travelling to Europe, offers a case in point, and a window into the workings of the war economy. The DCIM centre in Zawiya is in fact under the control of a local militia named the Nasr Brigade. The militia's headquarters are on the same site as the detention centre. In June 2017, the UN Panel of Experts on Libya reported having received information that the detention centre was used to 'sell' migrants to other smugglers.[29] Moreover, the head of the Zawiya coastguard, Abd al-Rahman Milad (also known as 'Al-Bija'), is reported to be closely connected to one of the Nasr Brigade's commanders, Mohamed al-Khushlaf.[30] There are numerous reports of collusion between Libyan coastguard units and smugglers, although Milad has denied wrongdoing, insisting that his coastguard unit is responsible for the most interceptions of migrant boats.[31] Citing interviews with migrants, Amnesty International says that marks are placed on migrants' boats to signal that the smuggler has paid to secure safe passage out of Libyan waters.[32] Amnesty International's interviewees allege that the Zawiya coastguard allows through migrant boats when the smugglers have paid the Libyan coastguard. Migrants in boats that are intercepted go to detention centres – including the centre run by the Nasr Brigade – where they can be subjected to extortion. Such extortion includes contacting relatives of detainees to demand ransoms.[33]

As with other aspects of Libya's war economy, entrepreneurs find means of exploiting the situation. One case reported to the author described the so-called 'Issma Boys', a small criminal group that uses jet skis to rob or extort money from migrants already on the boats – having stopped a boat, the group steals from its passengers and/or forcibly returns the boat to the coast in Misrata,

[28] There are 33 officially recognized detention centres under the control of the DCIM, according to UNHCR. Amnesty International refers to detention centres that are not recognized as 'places of captivity'.
[29] Spittaels, S., Abou-Khalil, N., Bouhou, K., Kartas, M., McFarland, D. and Pintos Servia, J. A. (2017), *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011)* (S/2017/466), Geneva: UN Security Council, p. 103.
[30] Ibid., p. 133.
[31] Micallef, M. and Reitano, T. (2017), *The anti-human smuggling business and Libya's political end game*, Geneva: Global Initiative Against Transnational Organized Crime, December 2017, p. 12, http://globalinitiative.net/wp-content/uploads/2018/01/libya_iss_smuggling.pdf.
[32] Amnesty International (2017), *Libya's Dark Web of Collusion*, London: December 2017, p. 39, https://www.amnesty.org/en/documents/mde19/7561/2017/en/.
[33] Ibid., p. 31.

where the migrants may face detention or have to pay once again for a crossing. The Issma Boys are believed to operate on tip-offs from smugglers.[34]

The search to maximize profit has led to ever greater dangers for migrants. From 2012 onwards, a combination of a shortage of wooden vessels and the greater proximity of rescue services precipitated a shift towards the use of rubber boats for crossings. The presence of international rescue boats meant that migrant boats simply needed to reach the 'rescue zone' of international waters and no longer needed to reach European waters. The use of rubber boats reduced the costs and logistical burdens for smugglers, who used the presence of international rescuers as an excuse for launching less seaworthy vessels. Numerous cases have been reported in which a rubber boat full of migrants was towing another boat lacking even a motor. The use of more primitive vessels was reflected in the prices charged for crossings. In 2013, a crossing cost in the region of $1,000. By the summer of 2016, this had reportedly dropped to $250 in some cases, before reaching an unprecedented low of $60–90 in June 2017.[35]

Libyan and international authorities intensified efforts to disrupt human smuggling in 2017. Yet their prevailing approach has involved pay-offs and co-option, bringing a number of pitfalls. In this context, it is worth focusing in some detail on events in Sabratha, one of the principal launching points for crossings of the Mediterranean. In the opening months of 2017, migrant crossings of the Mediterranean were on track to surpass 2016 levels. However, in July of 2017, the number of crossings dropped by 50 per cent compared with the same month a year earlier, and by over 80 per cent in August 2017 compared to August 2016,[36] principally as a result of events in Sabratha.

The Anas al-Dabbashi Brigade – a militia led by Ahmed al-Dabbashi, also known as 'Ammo' ('Uncle') – had previously been heavily implicated in human smuggling in Sabratha.[37] However, the Brigade shifted its approach in 2017, instead seeking to disrupt human smuggling activities following a deal with the GNA (some accounts contend that Italy was either complicit or directly involved in this agreement, but Italian authorities have denied this).[38] The facilitating mechanism was the formation of a new brigade, Battalion 48, led by Ahmed's brother, Emhedem al-Dabbashi. Battalion 48 was established under the auspices of the Ministry of Defence in early 2017,[39] initially with a mandate to police the city. By June, its remit had extended to the prevention of human smuggling.[40] The creation of Battalion 48 appears to have been a means of rebranding elements of the Anas al-Dabbashi Brigade under the auspices of the state. In August, the Anas al-Dabbashi

[34] Telephone interview with Abdelkader Rahmane, November 2017.
[35] Micallef, M. and Reitano, T. (2017), *The anti-human smuggling business and Libya's political end game*, p. 11.
[36] According to UNHCR, the number of sea arrivals in Italy in June 2016 (22,339) was broadly similar in June 2017 (23,524). However, there were 23,552 sea arrivals in Italy in July 2016, compared with 11,461 in July 2017. There were 21,294 sea arrivals in August 2016, compared with 3,914 in August 2017.
[37] Spittaels et al. (2017), *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011)* (S/2017/466), p. 63.
[38] The nature of the deal is disputed. An Associated Press report included a statement from a member of the Anas al-Dabbashi Brigade who said that the militia had reached a 'verbal' agreement with the Italian government and the GNA, but Italy has denied involvement. It appears that the GNA implemented the deal with the Dabbashis. See Michael, M. (2017), 'Backed by Italy, Libya enlists militias to stop migrants', Associated Press, 29 August 2017, https://www.seattletimes.com/nation-world/backed-by-italy-libya-enlists-militias-to-stop-migrants/ (accessed 1 Feb. 2018).
[39] An image of a letter announcing the establishment of Battalion 48, apparently signed by the Ministry of Defence, was published on the newly created Battalion 48 Facebook page on 29 March 2017. The letter appears to be dated 1 February 2017: https://www.facebook.com/1394267367282743/photos/pcb.1394412743934872/1394412603934886/?type=3&theater.
[40] Lewis, A. and Sherer, S. (2017), 'Exclusive: Armed group stopping migrant boats leaving Libya', Reuters, 21 August 2017, https://www.reuters.com/article/us-europe-migrants-libya-italy-exclusive/exclusive-armed-group-stopping-migrant-boats-leaving-libya-idUSKCN1B11XC (accessed 3 Jan. 2018); and Feneux, T. (2017), 'The 48th Infantry Battalion of Sabratha', Medium, 29 August 2017, https://medium.com/@tomfeneux/the-48th-infantry-battalion-of-sabratha-5a454e50b041 (accessed 3 Jan. 2018).

Brigade issued a statement detailing its discussions with the GNA, along with pictures of new police vehicles that it claimed to have received.[41] The deal appears to have translated into an immediate reduction in migrant departures.

The deal unsettled the power balance among armed groups and sparked local conflict, however.[42] The Dabbashis' attempt to expand the areas under their control encroached on the activities of other groups, including those involved in smuggling. In September 2017, the Sabratha-based Anti-Islamic State Operations Room launched a campaign to oust the Dabbashis' forces from the city. Reports have indicated that, upon the campaign's conclusion in October, 39 people had been killed and 3,000 forced to flee the fighting.[43] More than 10,000 migrants reportedly escaped from detention centres.[44]

At the time of writing, flows across the Mediterranean have not returned to the levels seen in early 2017. While an approach that involves preventing migrants from leaving the Libyan coast has received significant criticism from human rights groups, the reduction in illegal crossings of the Mediterranean has been seen as a success in some political quarters. Yet a recent analysis by the Institute for Strategic Studies indicates that the international focus – particularly Italian – on reducing migration has in fact created a market for activities that counter human smuggling.[45] It has thus reconditioned rent-seeking behaviours, this time catering to European preferences. Such a finding suggests that, should no durable arrangement be made with armed groups by national and international stakeholders, the number of crossings may once again increase. On a structural level, the deal reinforces the problematic dynamic within Libya's war economy wherein actors representing the state seek to resolve challenges through pay-offs and the incorporation into the state of groups acting illegally. It is a system, in effect, of many carrots and few sticks.

The principal problem with efforts to incorporate armed groups into the state architecture is that they have been able to retain their chains of command. This means that they operate autonomously, and that in practice they simply get paid twice for their activities. If the Anas al-Dabbashi Brigade was indeed part of the state military – as its insignia had long indicated – then this had not impeded its involvement in illicit activity. There is little to stop Libya's armed groups from seeking to renegotiate their terms from a position of strength, and this also incentivizes others to seek similar accommodations with the state. Such deals reinforce the view of the state as a resource to be raided, rather than as an authority to be respected. A further impact of pay-offs to groups such as the Anas al-Dabbashi Brigade is that it inhibits the building of credible state institutions to tackle activities such as human smuggling. 'Yesterday's traffickers are today's anti-trafficking force,' one security official told Associated Press when referring to allegations of the deal in Sabratha.[46]

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[41] See the Anas al-Dabbashi Battalion Facebook page: https://www.facebook.com/anas.battalion/posts/1422434604509014. Rumours abound regarding supposed cash payments to the Anas al-Dabbashi Brigade, although no evidence has been produced.
[42] For a detailed account of events in Sabratha, see Micallef and Reitano (2017), *The anti-human smuggling business and Libya's political end game*.
[43] Shennib, G. (2017), 'Libyan Fighters Say They've Captured Smuggling Hub of Sabratha', Bloomberg, 6 October 2017, https://www.bloomberg.com/news/articles/2017-10-06/libyan-fighters-say-they-ve-captured-smuggling-hub-of-sabratha (accessed 3 Feb. 2018).
[44] UNHCR (2017), 'UNHCR helping 10,000 refugees & migrants, thousands of internally displaced in Libya's Sabratha', 13 October 2017, http://www.unhcr.org/uk/news/briefing/2017/10/59e07d6d4/unhcr-helping-10000-refugees-migrants-thousands-internally-displaced-libyas.html (accessed 3 Jan. 2018).
[45] Micallef and Reitano (2017), *The anti-human smuggling business and Libya's political end game*.
[46] Michael (2017), 'Backed by Italy, Libya enlists militias to stop migrants'.

Fuel smuggling

Fuel smuggling is doubly damaging for the state because Libya refines most of its crude oil overseas. Imports of refined products have reportedly increased by nearly 65 per cent since 2012. According to leaked reports, the cost of these imports was $2.9 billion in 2016 but may have climbed to approximately $5 billion in 2017.[47] Libyan authorities have several broad estimates of the scale of fuel smuggling. However, it is not clear how any of these figures are calculated, and there is a demonstrable need for greater scrutiny of the problem.

In January 2017, the head of the investigations office of the Libyan attorney general told a press conference that fuel smuggling had cost the country LYD5 billion ($3.6 billion), although it was unclear over what period the losses had occurred.[48] A leaked report citing confidential sources has indicated that only around 15 per cent of the projected income from taxes of domestically distributed refined fuel products was received by the state from January to November 2017.[49] This would indicate that as much as 85 per cent of those supplies may have been diverted in some way. The Libyan Audit Bureau, meanwhile, believes that around 30 per cent of subsidized fuel is smuggled.[50] The Bureau's figures would place the loss to the Libyan state at around $1.8 billion per annum over the past five years.

The cost to the state must be distinguished from the amount of illicit revenues earned by smugglers, who in some cases appear to steal fuel outright and in other cases benefit from arbitrage opportunities. Fuel smuggling in Libya falls into three principal categories: cross-border overland smuggling of small volumes of fuel; the diversion of fuel supplies within the country, which are then sold at black-market rates instead of subsidized rates; and maritime smuggling of much larger quantities of diesel.

The political economy of each type of smuggling is different. The cross-border smuggling of refined fuel is well established. In its most overt form, it consists of relatively small-scale smugglers crossing the Tunisian border, using modified cars and vans fitted with oversized fuel tanks or series of jerry cans. Typically, these operators pay a local subsidized rate within Libya and then sell the fuel at a profit once they cross the border into Tunisia.[51] The official price at the pump in Tunisia is currently DT1.8 ($0.75) per litre for petrol (for vehicles), while the official subsidized rate in Libya is LYD0.15 ($0.11) per litre, offering a significant margin.

[47] These figures are reported to be from the 2018 UN Panel of Experts' interim report.
[48] YouTube (2017), 'Al-muʾtamar aṣ-ṣahafy liraʾīs maktab at-taḥqīqāt lada maktab an-nāʾib al-ʿām fī lībya aṣ-ṣadīq aṣ-ṣūr' [Press conference of the investigations office of the office of the attorney general in Libya, Sadeq al-Soor] (Arabic), https://www.youtube.com/watch?v=QAANeIAi22E (accessed 1 Mar. 2018). See also Zaptia, S. (2018), 'Diversion of state funds and financing of armed groups: UN Libya Experts Panel report', *Libya Herald,* 9 March 2018, https://www.libyaherald.com/2018/03/09/diversion-of-state-funds-and-financing-of-armed-groups-un-libya-experts-panel-report/ (accessed 9 Mar. 2018).
[49] These figures are reported to be from the 2018 UN Panel of Experts' interim report. The article says that only $75 million was generated from 'at least' $500 million in expected revenues. This is the equivalent of 15 per cent. See Zaptia (2018), 'Diversion of state funds and financing of armed groups: UN Libya Experts Panel report'.
[50] The Libyan Audit Bureau says that Libya spent $30 billion on fuel subsidies in five years, and that 30 per cent of the product was diverted. Assad, A. (2017), 'Audit Bureau: Libya spent $30 billion on fuel subsidies in five years', *Libya Observer,* 19 August 2017, https://www.libyaobserver.ly/economy/audit-bureau-libya-spent-30-billion-fuel-subsidies-five-years (accessed 31 Jan. 2018).
[51] Levels of smuggling across the border appear to have dropped significantly in recent months. The reason for this drop is not clear, but may reflect the reduced availability of subsidized fuel at the pump. In January 2018, the forces of Osama Juweili – the Presidency Council's commander of the Western Military Zone – advanced on the Ras Jedir border crossing, briefly causing its closure, and its environs under the auspices of an anti-crime offensive from local Zwaran forces. But the amount of fuel smuggled already appeared to have waned.

Since 2011, larger-scale schemes have also developed in which fuel is diverted directly from refineries, ports and warehouses.[52] These schemes appear to have closer connections to Libya's war economy, requiring access to protection markets and international criminal networks. Such operations also require the use of falsified paperwork. In some cases, this is to enable trucks to load fuel and then sell it (at inflated rates) at informal and improperly registered petrol stations, instead of delivering it to formal petrol stations (which would sell the fuel at the official discounted rate). 'Ghost' petrol stations – which exist only on paper – are the destination for much of the fuel. In late 2017, a National Oil Corporation (NOC) team sent to spot-check 105 petrol stations believed to be receiving regular deliveries of fuel found that 87 of them were non-operational.[53] In an outspoken intervention on the issue in January 2018, the NOC's chairman, Mustafa Sanalla, said that attempts by the Brega Fuel and Marketing Company to end deliveries to petrol stations that had registered with the Ministry of Economy after 2010 – most of which were believed to be ghost stations – led to the NOC receiving a letter from the prime minister's office, opposing the decision as illegal. This was 'a classic case of state capture', said Sanalla, who implied that those running fuel smuggling schemes had either been able to place pressure on the prime minister's office or had had help from complicit officials.[54]

There is also the problem of legitimate fuel deliveries being diverted en route to their destinations. Numerous trucks heading to southern Libya have been hijacked, which has led the NOC to provide armed escorts on some occasions.[55] It is a source of much local frustration that many official petrol stations, particularly in the south, are closed while their unofficial rivals continue to sell fuel at increased prices nearby, sometimes at more than six times the subsidized rate. Some of these deliveries are also diverted out of the country. A recent report by the UN Panel of Experts on Sudan indicated that Darfurian rebel groups derive income through the diversion of fuel tankers in Libya, with the fuel sold in Darfur.[56]

Following the Libyan Audit Bureau's estimate that 30 per cent of petrol (for cars) is diverted, this would equate to over 1 million metric tonnes in 2016[57] that may have been arbitraged by smuggling networks with varying degrees of profit.

Libya's dysfunction has also underpinned the growth of higher-value seaborne smuggling of diesel. These schemes allow refined products to enter international fuel markets. The investigation surrounding a prominent smuggler, known as Fahmi Salim Ben Khalifa, and his network offers an

[52] The NOC and the Brega Fuel and Marketing Company have been keen to note that they do not hold responsibility for hydrocarbon distribution. By law, four companies (Alrahila, Sharara Oil Services, OiLibya Oil and Toriq Sari'a) are entitled to receive hydrocarbons from the Brega Fuel and Marketing Company and to distribute them to the network stations affiliated to each company. These companies are controlled by shareholders. National Oil Corporation (2016), 'National Oil Corporation Statement Regarding Hydrocarbons Smuggling Operations', 14 February 2016, http://noc.ly/index.php/en/new-4/1321-national-oil-corporation-statement-regarding-hydrocarbons-smuggling-operations (accessed 1 Feb. 2018).
[53] Speech by Mustafa Sanalla at Chatham House, 20 January 2018.
[54] Ibid.
[55] National Oil Corporation (2017), 'Sanalla discusses with a number of Representatives an emergency plan to urgently supply the Southern regions with fuel', 27 September 2017, http://noc.ly/index.php/en/new-4/2718-sanalla-discusses-with-a-number-of-representatives-an-emergency-plan-to-urgently-supply-the-southern-regions-with-fuel (accessed 10 Jan. 2018).
[56] Wanjala, T. B., Darracq, V., Kravetz Miranda, D., Melia, W. and Srivastav, A. K. (2017), *Final report of the Panel of Experts on the Sudan established pursuant to resolution 1591 (2005)* (S/2017/1125), New York: UN Security Council, 28 December 2017, p. 43, http://www.un.org/ga/search/view_doc.asp?symbol=S/2017/1125 (accessed 3 Feb. 2018).
[57] Leaked reports indicate that a total of 3,542,803 metric tonnes of petrol (for cars) was imported in 2016.

insight into these operations. Two months after Salim's arrest in Libya in August 2017,[58] Italian police announced the findings of an investigation that had tracked at least $35 million worth of smuggled low-grade Libyan diesel, allegedly delivered by Salim's network to petrol stations in Italy and beyond.[59] It appears that those involved in the scheme used fraudulent paperwork to obtain the fuel before loading it on to small boats, which then transferred the fuel to larger boats at sea. It was eventually sold in Europe at more than 60 per cent below the market rate.[60] This case does not seem to have been an isolated incident. In 2016, an Italian newspaper website published a graphic visualization of research by Windward, an Israeli maritime data analytics company, which claimed to have tracked the movements of four ships – the complex manoeuvres of these vessels were reportedly intended to disguise the flow of smuggled fuel from Libya.[61]

Months after the announcement of the Italian police investigation's findings, a press report published a translation of the letter of certification used by Salim's front company, indicating that it was signed by Ali Qatrani, a boycotting member of the Presidency Council with close links to Field Marshal Haftar.[62] Qatrani had apparently signed the letter in 2015 in his capacity as chairman of the Economy, Trade and Investment Committee of the HoR. He has denied wrongdoing.[63] Moreover, the investigation asserted that Salim had obtained the diesel from the refinery in Zawiya. This highlights the interconnections between different forms of smuggling in Libya. The head of the Zawiya Petroleum Facilities Guard (PFG), the arm of the NOC charged with securing assets, is Mohamed al-Khushlaf, who – as mentioned – is also a commander in the Nasr Brigade.[64] The distinction between the Zawiya PFG and the Nasr Brigade is unclear. The NOC's Sanalla has acknowledged the limitations of his power over elements of the PFG, admitting that it has 'devolved into local fiefs'.[65]

In 2017, a campaign by the Brega Fuel Crisis Committee – originally set up in 2015 to tackle fuel shortages in Tripoli – and the NOC sought to fight back against the fuel smugglers. As part of the campaign, in January 2017 Sanalla publicly accused the Western PFG of 'complicity with fuel

[58] Quwwat al-Rada al-Khassa [Rada Special Deterrence Forces] (2017), Facebook post, 24 August 2017, https://www.facebook.com/QwtAlradaAlhaast/photos/a.848440128509279.1073741842.520514087968553/1685063014846982/?type=3&theater (accessed 25 Aug. 2017).
[59] The investigation indicates that the diesel was smuggled via Malta to Italy. In Italy, the criminal network treated the agricultural-grade diesel to make it operational for use in standard road vehicles. See Sarzanini, F. and Naddeo, F. (2017), 'Gasolio rubato in Libia da miliziani dell'Isis e rivenduto in Italia ed Europa: 6 arresti' [Gas oil stolen in Libya by ISIS militants and resold in Italy and Europe: 6 arrests], *Corriere Della Sera*, 18 October 2017, http://corrieredelmezzogiorno.corriere.it/catania/cronaca/17_ottobre_18/gasolio-rubato-libia-venduto-italia-ed-europa-nove-arresti-73d0b250-b3cb-11e7-a16e-c85a3b50cb84.shtml (accessed 1 Nov. 2017).
[60] Reuters (2017), 'Italy breaks up Libyan fuel smuggling ring involving mafia', 18 October 2017, https://www.reuters.com/article/us-italy-crime-libya/italy-breaks-up-libyan-fuel-smuggling-ring-involving-mafia-idUSKBN1CN2HI (accessed 19 Oct. 2017).
[61] Frattini, D. (2016), 'Quelle petroliere fantasma dalla Libia all'Italia I traffici nel Mediterraneo (e i Big Data per tracciarli)' [Ghost Tankers from Libya to Italy: Trades in the Mediterranean (and Big Data to track them)], *Corriere Della Sera*, 25 February 2016, http://www.corriere.it/reportage/esteri/2016/quelle-petroliere-fantasma-dalla-libia-allitalia-i-traffici-nel-mediterraneo-e-i-big-data-per-tracciarli/?refresh_ce-cp (accessed 2 Jul. 2017).
[62] Vella, M. (2017), 'Smuggling kingpin got Libyan politician's 'stamp of approval' for fuel exports', *Malta Today*, 22 November 2017, https://www.maltatoday.com.mt/news/national/82332/smuggling_kingpin_got_libyan_politicians_stamp_of_approval_for_fuel_exports#.WsNTntPwZ-V (accessed 3 Apr. 2018).
[63] Salim is a well-known smuggler. He has been known variously as the 'king of smugglers' and 'the boss' for decades in Libya. One month before the letter of certification was signed, the company in question, Tiuboda Oil Services Ltd, was named by the *Asia Times* as a front for smuggling run by Salim. See Marlowe, A. (2015), 'Why does EU tolerate Libya's smuggler kingpin as migrants drown?', *Asia Times,* 16 October 2015, http://www.atimes.com/article/eu-turns-blind-eye-to-fuel-for-arms-smuggling-as-migrants-drown/. Qatrani's denial was carried by Libya Akhbar. See Libya Akhbar (2017), 'Mālṭa tatahim al-qaṭrānī bitahrīb an-nafṭ al-lībī' [Malta accuses Qatrani of Smuggling Libyan Oil] (Arabic), 22 November 2017, https://www.libyaakhbar.com/libya-news/494146.html (accessed 3 Apr. 2017).
[64] Spittaels et al. (2017), *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011)* (S/2017/466), p. 103.
[65] Sanalla, M. (2017), 'How to Save Libya from Itself? Protect Its Oil From Its Politics', *New York Times,* 19 June 2017, https://www.nytimes.com/2017/06/19/opinion/libya-and-another-oil-curse.html (accessed 1 Jan. 2018)

smugglers',[66] and even reportedly mentioned Khushlaf by name.[67] An NOC statement then asserted that fuel smuggling gangs were responsible for security breaches at the Zawiya refinery (where fuel smuggling had increased).[68] Yet the events that followed indicated the limits of the ability of the NOC and the Committee to enforce any clampdown. While Sanalla's comments led the Zawiya PFG, responsible for the refinery's security, to announce its withdrawal from the oil complex and angrily deny involvement in smuggling,[69] days later supplies to a power station in the same city were shut down by 'protesters' rumoured to be linked to Khushlaf's forces.[70] This left the power station unable to supply the electrical grid, causing a blackout that extended nearly 900 km along Libya's coastline, from the western border with Tunisia to the city of Ajdabiya. It was the largest such blackout in recent memory.[71] Despite the episode, at the time of writing, Khushlaf retains control over the refinery.[72]

Nonetheless, the NOC and the Committee have had some successes against fuel smugglers. The Committee, via its Facebook page, extensively documents its efforts to clamp down on the diversion of fuel deliveries, although it is difficult to know how successful these efforts have been.[73] In April 2017 the Committee announced the launch of an operation, 'Mediterranean Storm', in concert with Libyan navy and air force units, to combat seaborne smuggling. Two apparently significant interceptions followed only days after the aforementioned apprehension of Salim. On 28 August a tanker trying to smuggle 6 million litres of fuel was intercepted,[74] and on 31 August forces apprehended a tanker reportedly laden with 1.2 million litres of fuel.[75] Yet it is not known how many ships have evaded interception. In June 2017, the Committee announced that it had reduced fuel smuggling by around 90 per cent. But no data are available to back such a conclusion.

At the time of writing, the NOC is seeking to establish a strategy to counter fuel smuggling. Attempts to reform the PFG and fuel distribution practices are likely to be key areas of focus. This will be a challenging task, however, as it appears that the traditional small-scale cross-border smuggling of subsidized fuel is being eclipsed by larger-scale diversion – both overland and maritime – with closer connections to the war economy.

[66] Zaptia, S. (2017), 'Sanalla accuses Western PFG of complicity with fuel smugglers', *Libya Herald,* 3 January 2017, https://www.libyaherald.com/2017/01/03/sanalla-accuses-western-pfg-of-complicity-with-fuel-smugglers/ (accessed 13 Mar. 2018).
[67] Zaptia, S. (2017), 'Sanalla publicly names Western PFG head Mohamed Kashlaf in fuel smuggling accusation', *Libya Herald*, 4 January 2017, https://www.libyaherald.com/2017/01/04/sanalla-publicly-names-western-pfg-head-mohamed-kashlaf-in-fuel-smuggling-accusation/ (accessed 13 Mar. 2018).
[68] National Oil Corporation (2017), 'An Important Statement', 6 January 2017, http://noc.ly/index.php/en/new-4/1976-an-important-statement (accessed 1 Jun. 2017).
[69] The Zawiya PFG published a letter on its Facebook page (signed by Khushlaf) announcing its decision to withdraw from the oil complex following Sanalla's comments. The Brigade said that it would 'not be responsible for any security breaches that may occur'. See https://www.facebook.com/nan3660/photos/a.718874914884979.1073741827.718869508218853/987200831385718/?type=3&theater.
[70] Eaton, T. (2017), 'An Impediment to Peace: Libya's Lucrative and Destabilising War Economy', *War on the Rocks,* 15 June 2017, https://warontherocks.com/2017/06/an-impediment-to-peace-libyas-lucrative-and-destabilizing-war-economy/ (accessed 1 Jan. 2018).
[71] Reuters (2017), 'Blackout hits western and southern Libya', 14 January 2017, http://www.reuters.com/article/us-libya-security-blackout-idUSKBN14Y0U3?il=0 (accessed 1 Jun. 2017).
[72] Al Marsad (2017), 'Kushlāf: wiḥdat ʾisnād az-zawīa tatbaʿ jihāz ḥaras al-munshaʾāt an-nafṭīa at-tābiʿ lidifāʿ al-wafāq' [Kushlaf: Zawiya Support Unit is Part of the Petroleum Facilities' Guard, Following The Defence [Ministry of the Government of National] Accord] (Arabic), 16 October 2017, http://bit.ly/2FwvZlI (accessed 10 Feb. 2018). YouTube (2017), 'al-ʿamīd ʿabd al-ghani an-nisr: tam ʾistibdāl wiḥdat ḥimāyat miṣfāt az-zāwiya naẓran lilẓurūf ar-rāhina wal-ʾaḥdāth al-mutadāwila' [Brigadier Abdul Ghani Al-Nasr: The Zawiya Refinery Protection Unit Has Been Replaced Due To Current Conditions and Events] (Arabic), 16 October 2017, https://www.youtube.com/watch?v=Hk3dh59GSFw (accessed 22 Feb. 2018).
[73] Zaptia, S. (2017), 'NOC's Fuel Crisis Committee reports continued success in its anti-smuggling and profiteering efforts', *Libya Herald,* 6 June 2017, https://www.libyaherald.com/2017/06/06/nocs-fuel-crisis-committee-reports-continued-success-in-its-anti-smuggling-and-profiteering-efforts/ (accessed 3 Jan. 2018).
[74] *Libya Herald* (2017), 'Coastguard arrests Greek tanker, claims it was smuggling oil', 28 August 2017, https://www.libyaherald.com/2017/08/28/coastguard-arrests-greek-tanker-claims-it-was-smuggling-oil/ (accessed 3 Feb. 2018).
[75] Harrison, G. (2017), 'Another tanker detained by Libyan coastguard, plus a trawler', *Libya Herald*, 31 August 2017, https://www.libyaherald.com/2017/08/31/another-tanker-detained-by-libyan-coastguard-plus-a-trawler/ (accessed 3 Feb. 2018).

Other forms of smuggling

Unlike other forms of smuggling, drug and weapons smuggling is believed to be much more tightly controlled, and remains strictly within the purview of armed groups.[76] Libya remains both a market and transit point for weaponry. Overland weapons smuggling routes from West Africa and East Africa have been in existence for many years. It has been demonstrated that Gaddafi-era stockpiles of weaponry were used extensively in the 2012 Tuareg and Islamist insurgencies in Mali; and that these stockpiles supplied armed actors operating throughout the Sahel region with military hardware that included small arms and man-portable air defence systems (MANPADS). Weapons from Libya have also been detected in the Syrian theatre, with some arms believed to have reached the forces of Islamic State of Iraq and Syria (ISIS).[77] Yet while weapons continue to be smuggled from Libya, the outflows appear to have diminished. There continue to be documented examples of smuggling: for instance, the activity of Darfurian rebels transporting heavy weaponry such as anti-aircraft and anti-tank guns from Libya into Darfur.[78] However, while increased interdiction efforts are likely to have played a role in the reduction of such flows, it is noteworthy that the decline in smuggling from 2014 onwards coincided with increased domestic demand for weaponry in Libya, along with a rise in localized conflict.[79] In particular, the Libyan market for ammunition is believed to be significant.

Since 2011, sophisticated schemes involving international criminal networks and foreign states have also been employed to funnel arms and high-tech weaponry to Libyan actors in violation of the UN arms embargo. Prior to 2014, such activity often centred around the issuing of end-user certificates. A prominent example of this was when Khaled al-Sharif, then deputy minister for defence, was identified to have been circumventing official procurement processes to supply arms and materiel to favoured groups through this mechanism.[80] Illustrating the complicity of international actors, in its 2017 report the UN Panel of Experts documented the ‘material’ and ‘direct’ assistance provided by the United Arab Emirates to the LNA in support of the latter’s attempts to develop its air force.[81] A recent *New York Times* article citing anonymous intelligence sources claims that Egypt and Russia have also sold ‘a range of weapons’ to Haftar.[82]

Drug smuggling and consumption are believed to have increased since 2011. Available studies indicate that Libya is an established market and transit zone for hashish, a transit point for heroin and cocaine, and increasingly a market and transit zone for methamphetamines.[83] There are few detailed analyses of the drug smuggling sector, making it difficult to assess the scale of flows, but a

[76] Shaw, M. and Mangan, F. (2014), *Illicit Trafficking and Libya’s Transition: Profits and Losses*, Washington DC: United States Institute of Peace, February 2014, https://www.usip.org/publications/2014/02/illicit-trafficking-and-libyas-transition-profits-and-losses.
[77] Conflict Armament Research (2016) ‘Investigating Cross-Border Weapons Transfers in the Sahel’, November 2016, p. 7, http://www.conflictarm.com/download-file/?report_id=2433&file_id=2434 (accessed 2 Jan. 2018).
[78] Wanjala et al. (2017), *Final report of the Panel of Experts on the Sudan*, p. 43.
[79] Conflict Armament Research (2016), ‘Investigating Cross-Border Weapons Transfers in the Sahel’, p. 7.
[80] The UN Panel of Experts detailed two significant weapons transfers that were signed off by Sharif and not by the official Military Procurement Department of the Ministry of Defence. The Panel’s report concluded: ‘Interviews conducted since 2013 with the Military Procurement Department, Ministry of Defence staff and international officials, indicate that Mr. Alsharif [al-Sharif] was bypassing the Military Procurement Department, and using his position to secure arms deals and provide materiel to security bodies that he favoured.’ See Dilloway, S., Akhtar, S., Cherkaoui, M., Msan, K., Spittaels, S. and de Tessières, S. (2015), *Final report of the Panel of Experts established pursuant to resolution 1973 (2011)* (S/2015/128), New York: United Nations Security Council, 23 February 2015, p. 32, http://www.securitycouncilreport.org/un-documents/document/s2015128.php.
[81] Spittaels et al. (2017), *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011)* (S/2017/466), p. 34.
[82] Becker, J. and Schmitt, E. (2018), ‘As Trump Wavers on Libya, an ISIS Haven, Russia Presses On’, *New York Times*, 7 February 2018, https://www.nytimes.com/2018/02/07/world/africa/trump-libya-policy-russia.html.
[83] Shaw and Mangan (2014), *Illicit Trafficking and Libya’s Transition*.

number of interceptions of significant quantities of drugs have been documented. In April 2013, for example, a freighter laden with 15 metric tonnes of hashish was intercepted in Libyan waters,[84] while in November 2017 over 18 million tablets of the pain-relief opioid Tramadol were intercepted at Benghazi’s port.[85] Since 2011, the use of drugs – particularly prescription painkillers like Tramadol – is reported to have increased in Libya. A number of groups have sought to clamp down on drug smugglers and dealers. In Tripoli, the Rada Special Deterrence Forces have made this into a public campaign, producing videos of drug raids and drug-related arrests in the capital.[86]

[84] Callimachi, R. and Tondo, L. (2016), ‘Scaling Up a Drug Trade, Straight Through ISIS Turf’, *New York Times*, 13 September 2016, https://www.nytimes.com/2016/09/14/world/europe/italy-morocco-isis-drug-trade.html?_r=0 (accessed 3 Jan. 2018).
[85] *Libya Herald* (2017), ‘Major Benghazi port drugs bust’, 2 November 2017, https://www.libyaherald.com/2017/11/02/major-benghazi-port-drugs-bust/ (accessed 3 Jan. 2018).
[86] Rada Special Deterrence Forces Facebook page: https://www.facebook.com/QwtAlradaAlhaast/. Alleged criminals are often seen giving recorded confessions of their crimes.

3. Extortion and Rent-seeking

Where armed groups are not directly involved in smuggling, they have been able to generate revenues from taxation of the movement of goods through territory under their control. Similarly, the capture and control by force of key transport nodes, import and export nodes, and oil and gas infrastructure has enabled significant revenue generation through extortion and the establishment of rents. This chapter will assess the evolution of rent-seeking and extortion-based income models. It covers a range of activities and developments, including kidnapping for ransom, oil blockades secured by force, and continuing armed conflict over other valuable infrastructure such as airports.

The absence of a state monopoly on force, added to political dysfunction, has led to a significant deterioration in law and order. The most obvious manifestations of this are increased levels of crime, particularly violent means of extortion such as kidnapping. The environment also provides armed groups with opportunities to extract rents in areas under their control. These activities principally take the form of protection rackets and the levying of informal movement taxes and facilitation fees, although oil blockades have been the most damaging for the state coffers.

Kidnap for ransom is commonplace. Recent statistics for the whole country are unavailable. However, between February 2014 and April 2015, more than 600 people were reported to have gone missing in Libya.[87] This figure is eclipsed by the number of reported abductions in 2017 in Tripoli alone, where 676 individuals went missing; by the close of the year, only 100 had returned.[88] Sometimes kidnappings are related to political, ethnic, familial or tribal disputes, but often they are simply motivated by profit. Anyone can be a target, from prominent figures in politics, business and the local community to individuals who simply find themselves in the wrong place at the wrong time. The ransoms demanded can be high. One case in Sabratha, in 2016, reportedly involved a ransom of LYD2 million ($1.4 million).[89] In another example, a man was detained in Tobruk for over 18 months. He was released in October 2017 after his family had reportedly paid a fee of LYD400,000 ($285,000).[90] Kidnap gangs have been known to operate extensively in Tripoli.

In Libya, the membership of armed groups is overwhelmingly drawn from the communities they claim to protect. The most common justification for such groups' existence is the failure of the state to provide security on a local level. A particular group's ability to provide security is thus central to its local legitimacy. The importance of this legitimacy, along with the opportunities this presents, is explored in Chapter 5. But it should be noted that local perceptions matter to more organized armed groups in a way that they do not to lower-level criminal gangs, and this appears to condition approaches to generating revenues. For example, armed groups rarely seek to extort revenues

[87] BBC News (2017), 'Caught in the middle of Libya's kidnapping nightmare', 8 June 2017, http://www.bbc.co.uk/news/world-africa-40132969 (accessed 3 Jan. 2018).
[88] Al Marsad (2018), 'Bilʾarqām: al-baḥth al-jināʾī yuʿlin ʾiḥṣāʾīāt jarāʾim al-qatil wal-khaṭif wa hatik al-ʿariḍ was-sirqa fī ṭarāblus' [By the Numbers: Criminal Investigation Announces Statistics of Murders, Kidnapping, Harrassment and Robbery in Tripoli in 2017] (Arabic), 10 January 2018, http://bit.ly/2CI5kzu (accessed 20 Feb. 2018).
[89] Altai Consulting (2017), *Leaving Libya: Rapid Assessment of Municipalities of Departures of Migrants in Libya*, Tunis: Altai Consulting, June 2017, p. 80, http://www.altaiconsulting.com/wp-content/uploads/2017/08/2017_Altai-Consulting_Leaving-Libya-Rapid-Assessment-of-Municipalities-of-Departure-of-Migrants-in-Libya.pdf.
[90] Confidential source.

overtly from local residents, such as by demanding protection money from bakeries or checkpoint fees from vegetable sellers. Rather, they seek to generate revenues from clandestine or illicit activities likely to have fewer ramifications for their local reputation. Smuggling is an ideal business in this respect. As mentioned, armed groups often extract protection money and other payments from smugglers who operate within, or seek to pass through, their territory. In 2016, when groups from the Warshefana region of Tripoli's hinterland had control of a significant stretch of the coastal highway connecting Tripoli and the coastal cities, some checkpoints were reported to be charging as much as LYD100 ($71) for each migrant they allowed to pass.[91]

> Private businesses have also been targets for extortion. One businessman told the author that an armed group responded to his refusal to pay protection money by dismantling his warehouse and then seeking to sell it back to him.

Private businesses have also been targets for extortion. One businessman told the author that an armed group responded to his refusal to pay protection money by dismantling his warehouse and then seeking to sell it back to him.[92] The banking sector has emerged as a principal target of armed groups' predatory activities. Despite the economy's overwhelming dependence on physical cash, Libya's liquidity crunch has made it increasingly difficult to access cash from banks. Only a relatively small proportion of state salaries can be withdrawn in cash. This has resulted in competition to access the available liquidity within the banking system. Banks have thus become focal points of conflict, and the provision of security to banks has been used as a means to extort money from, or secure the collusion of, their employees. In a number of cases, kidnappers have been alerted to the fact that an individual has been due to receive a significant deposit in his or her account – the deposit has then been demanded in ransom following the kidnapping of the individual or a relative. In other cases, armed groups have stolen money from the banks outright.[93]

The positioning of armed groups at banks has also supported a thriving business in the provision of facilitation services. These may be small-scale, such as letting people jump what are often lengthy queues in return for small cash payments. Anecdotal testimony received by the author indicates that more significant schemes are also in existence, involving individuals and businesses having to pay significant fees to access a bank's liquidity. The most lucrative scheme, however, consists of collusion with bank officials over applications for letters of credit to import goods (see Chapter 4).

The control of territory and critical infrastructure such as airports and ports is integral to the logic of conflict in Libya. Airports and ports are particularly valuable as nodes for the import and export of goods. The destruction in 2014 of Tripoli International Airport – to the south of the city – has left Mitiga airport to the east of Tripoli as the sole functioning international airport serving the capital. Mitiga has been the subject of continued conflict and skirmishes. While an armed group known as the Buni Brigade controlled the airport's security, Mitiga appeared to be the arrival location for large numbers of Bangladeshi migrants seeking to reach Europe, who likely paid significant fees to enter Libya.[94] The ouster of the Buni Brigade by the Rada Special Deterrence Forces in July 2017

[91] Micallef (2017), *The Human Conveyor Belt*, p. 15.
[92] Interview with Husni Bey, Tunis, 19 July 2017.
[93] Stocker, V. (2017), 'How armed groups are plundering Libya's banks', *Middle East Eye*, 11 April 2017, http://www.middleeasteye.net/news/libya-bloodshed-how-spoils-war-are-divided-tripoli-451507400 (accessed 3 Jan. 2018).
[94] Confidential interview, Tunis, December 2017.

appears to have ended this flow. However, control of the airport continues to be contested, with a further outbreak of fighting reported in January 2018.

More broadly, one of the defining features of Libya's political economy is that relatively small, locally based groups can wreak significant damage on the resources of the state. In these cases, the state has little capacity to enforce its rule. Libya's oil infrastructure offers a case in point. The blockade of the 'oil crescent' – a region which stretches along the coast from Sirte to Ras Lanuf, and which extends down to the Jufra district – by the forces of Ibrahim Jadhran from 2013 to late 2016 cost Libya over $100 billion in lost revenues.[95] The Central Bank of Libya (CBL) estimated total losses for the state as a result of oil blockades at $160 billion in August 2017.[96] While Jadhran and his forces were ousted from the 'oil crescent' by Haftar's forces in September 2016, Jadhran had been able to obtain a payment of $42 million from the GNA some months prior to this.[97] Similar extortion practices have taken place in respect of other resources. In October 2017, forces under the command of Khalifa Ahnish turned off the valves of the Great Man Made River (an irrigation network supplying water to Tripoli and other parts of the country) as a means of forcing the release of his brother, Mabruk, from detention in Tripoli. Mabruk Ahnish was a key intermediary for Darfur rebel groups operating in Libya.[98] Homes in the capital that were dependent on the Great Man Made River went without water for around two weeks.[99] Mabruk Ahnish was not released.

While the production and export of oil from Libya's 'oil crescent' have largely resumed, the ability of local groups to simply turn off the taps at oil pipelines continues to pose a challenge to the NOC. This has happened on multiple occasions outside Rayayna, a small town in the Nafusa mountains that provides access to the pipeline from Sharara, Libya's largest oil field. The pipeline was shut down for two years from 2015 to 2017, reducing Libya's output by an estimated 283,000 barrels per day.[100] When the pipeline was shut off again in August 2017, a local group demanded that the NOC invest in the community. In the absence of the state's ability to provide services, such communities see extortion targeting the NOC as one of the few means they have of addressing local grievances. One official who was party to the negotiations to end the blockade noted: 'They are Libyans, they are suffering … they are asking for some development, repair some roads, repair schools, drilling some water wells, some water pumps, they want gas for the city, they have no gas in the city and they are suffering in the winter.'[101]

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[95] Ibrahim Jadhran contended that his blockade was a means of demanding payment of workers' outstanding wages. But his decision to abandon his role as central commander of the Petroleum Facilities Guard to found the Political Bureau of Cyrenaica (a grouping of federalists) is likely a better indication of his motivations. During the blockade, Jadhran attempted to sell oil on to the international market, but was prevented from doing so through international intervention. The decision of the then UN Special Representative, Martin Kobler, to meet with Jadhran created a local backlash, which was further aggravated by the fact that the GNA authorized a payment to Jadhran. A furious Sanalla wrote to Kobler that the payment 'sets a terrible precedent and will encourage anybody who can muster a militia to shut down a pipeline, an oilfield, or a port, to see what they can extort'. Ghaddar A., George, L. and Lewis, A. (2016), 'Exclusive: Libya oil exports threatened as NOC warns against port deal', Reuters, 24 July 2016, https://www.reuters.com/article/us-libya-oil-exports-exclusive/exclusive-libya-oil-exports-threatened-as-noc-warns-against-port-deal-idUSKCN1040DO (accessed 3 Jan. 2018).
[96] El-Tablawy, T. and El Wardany, S. (2017), 'Libya's Central Bank Sends Warning About Slashed Oil Production', Bloomberg, 29 August 2017, https://www.bloomberg.com/news/articles/2017-08-29/libya-central-bank-issues-revenue-warning-over-oil-disruption (accessed 3 Jan. 2018).
[97] Spittaels et al. (2017), *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011)* (S/2017/466), p. 53.
[98] Wanjala et al. (2017), *Final report of the Panel of Experts on the Sudan*, p. 67.
[99] Ali, M. (2017), 'Man-Made River company says water will be in Tripoli homes "within three days"', *Libya Herald*, 28 October 2017, https://www.libyaherald.com/2017/10/28/man-made-river-company-say-water-will-be-in-tripoli-homes-within-three-days/ (accessed 5 Feb. 2018).
[100] Paraskova, T. (2017), 'Libya's Sharara Oil Field Closed Again, 230,000 Bpd Output Offline', Oilprice.com, 2 October 2017, https://oilprice.com/Latest-Energy-News/World-News/Libyas-Sharara-Oil-Field-Closed-Again-230000-Bpd-Output-Offline.html (accessed 5 Feb. 2018).
[101] Confidential source.

4. State Dysfunction and Predation of State Resources

Despite the hyper-local nature of much of Libya's politics, the system of distributing resources is highly centralized. Oil and gas revenues account for around 96 per cent of state revenues,[102] and this infrastructure functions on a national basis. Thus, while the weakness of the state allows actors on the periphery to engage in illicit economic activity and to hold the state to ransom over its resources, the greater opportunity for predation remains at the centre. This chapter examines the third principal modality of the war economy: activities targeting the central resources of the state. In an environment in which no actor has an uncontested mandate, competition between rival actors for control of Libya's political centre has filtered down through the state bureaucracy, causing administrative chaos and increasing the opportunities for graft.

Since 2011 many competing armed groups have been incorporated into the state, either under the Ministry of Interior or the Ministry of Defence; their members continue to draw public-sector salaries. To some extent, then, Libya's civil conflict is state-funded. That said, the deterioration of the formal economy has limited the income that armed groups can receive from official sources. In light of this reduction, the rapid rise of Libya's black market offers significant opportunities for revenue generation. In the capital, control of territory and sites of state and business entities has also provided significant opportunities for the generation of rents.

Divisions among state entities

Political divisions mire the functioning of key state institutions in Libya. The three institutions most critical to keeping Libya afloat – the NOC, the CBL and the Libyan Investment Authority (LIA) – have each been subject to power struggles. Their survival to date must be seen as a significant success, but not one that should be taken for granted.

National-level disputes have caused a split in the NOC, with a rival eastern NOC claiming that it is the rightful steward of Libya's oil and gas. Those in the major oil-producing areas of the east have long contended that they do not get their fair share of revenues. Moreover, the international community has responded by affirming that only the NOC based in Tripoli can sell oil and gas on the international market. This has not prevented the eastern-based HoR and the eastern NOC from trying to agree contracts and sell oil to obtain revenues through other financial channels. The UN Panel of Experts has documented these activities in detail, and reports are ongoing of attempts to bypass the Tripoli-based NOC.[103] Nonetheless, at the time of writing there have been no documented examples of oil sales from the east into the international oil market. The effectiveness

[102] International Monetary Fund (2013), *Libya: 2013 Article IV Consultation*, IMF Country Report No. 13/150, 31 May 2013, Washington, DC: International Monetary Fund, http://www.imf.org/en/Publications/CR/Issues/2016/12/31/Libya-2013-Article-IV-Consultation-40624 (accessed 15 Feb. 2018).
[103] Spittaels et al. (2017), *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011)* (S/2017/466), pp. 206–11.

of efforts in fending off this challenge to the Tripoli-based NOC's authority constitutes a considerable success for the international community. As indicated in previous chapters, however, there remain severe limitations to the NOC's ability to control its entities and assets on the ground.

The dispute between the GNA and HoR has been accompanied by an expansion in the CBL's remit. The CBL must approve the state budget. Its governor, Saddek ElKaber, contends that the failure of the HoR to accept the GNA's ministerial line-up and budget means that regular funding cannot be provided to the GNA, owing to the lack of legislative oversight. This is a somewhat ironic position given that ElKaber has retained his position as governor despite having been nominally fired by the HoR.[104] He stays on principally due to the support of international actors, but procedurally due to the lack of agreement between the GNA and the HoR over his replacement.[105] In December 2017, in a move that marked the latest attempt to unseat ElKaber, the HoR elected Mohamed al-Shokry as governor of the CBL. Yet Shokry's appointment has not been accepted by ElKaber or the international community, having failed to satisfy the requirements of the Libyan Political Agreement.

Just as west–east divisions complicate national politics and management of the oil sector, the authority of the CBL in Tripoli is challenged by a rival central bank in the east of the country. The eastern CBL has sought to raise capital through the sale of treasury bills to banks in its locality.[106] It has also responded to the shortage of banknotes by circumventing Tripoli to get Libyan currency produced in Russia.[107] Being cut off from the capital city has undermined the eastern bank's ability to operate, however. At one stage, it was reported to have put out a recruitment call for safe-crackers to open a vault in a bank, as Tripoli would not release the funds or the code for the safe.[108] Moreover, expenditure and commitments by the eastern CBL are not recognized by the CBL in Tripoli, raising the issue of who is underwriting them.

Field Marshal Haftar, meanwhile, whose military forces largely control the east, has his own agenda for generating investment. He has established an LNA Authority for Investment and Public Works, emulating in some respects the model of Egypt's armed forces in terms of military involvement and ownership in the economy. The LNA Authority has been accumulating business interests. One example is its reported control of facilities for container unloading and storage security services at Benghazi's port since the port's reopening in October 2017. In that same month, Tobruk port was closed on Haftar's orders, ostensibly due to concerns over smuggling, security and corruption, and

[104] Kirkpatrick, D. (2014), 'Libyan Parliament Fires Central Bank Chairman', *New York Times,* 14 September 2014, https://www.nytimes.com/2014/09/15/world/africa/libyan-parliament-fires-central-bank-chairman.html (accessed 2 Jan. 2018).
[105] Zaptia, S. (2017), 'Shukri could take up new post as new CBL Governor in compromise move with HSC – HoR sources', *Libya Herald*, 23 December 2017, https://www.libyaherald.com/2017/12/23/shukri-could-take-up-new-post-as-new-cbl-governor-in-compromise-move-with-hsc-hor-sources/ (accessed 23 Dec. 2017).
[106] Ali Hibri, the then governor of the eastern CBL, told the *Financial Times* that the eastern CBL had sold LYD3 billion ($2.3 billion) of treasury bills to local banks in the last quarter of 2014. Saleh, H. (2014), 'Rival central bank governors vie for control of Libya's oil earnings', *Financial Times,* 8 December 2014, https://www.ft.com/content/4eb94b20-7bc1-11e4-b6ab-00144feabdc0 (accessed 3 Jan. 2018).
[107] The western CBL, in Tripoli, procures its banknotes from the UK. In May 2016, in response to cash shortages, the eastern CBL ordered banknotes printed in Russia. See Associated Press (2016), 'Libya's eastern bank to issue Russian-printed banknotes', *Al Arabiya*, 27 May 2016, http://english.alarabiya.net/en/business/economy/2016/05/27/Libya-s-eastern-bank-to-issue-Russian-printed-banknotes.html. In October 2017, the eastern CBL ordered one-dinar coins, also from Russia, to replace the mostly worn out one-dinar banknotes. See Warfalli, A. (2017), 'Eastern Libyan central bank launches its own coins made in Russia', Reuters, 20 October 2017, (https://www.reuters.com/article/libya-economy/eastern-libyan-central-bank-launches-its-own-coins-made-in-russia-idUSL8N1MV3VL.
[108] Morajea, H. and El-Ghobashy, T. (2016), 'Libya's Central Bank Needs Money Stashed in a Safe; Problem Is, Officials Don't Have the Code', *Wall Street Journal,* 13 May 2016, https://www.wsj.com/articles/libyas-central-bank-needs-money-stashed-in-a-safe-problem-is-officials-dont-have-the-code-1463153910 (accessed 3 Jan. 2018).

ships were re-routed through Benghazi.[109] Tobruk port remained closed until mid-December, but at the time of writing was operating again.[110]

The LIA, the state's sovereign wealth fund, has also been hindered by the legislative chaos and challenges over its leadership. The LIA is a labyrinthine consortium of over 550 companies reporting through five subsidiaries. It controls an estimated $67 billion of reserves.[111] Its rival heads, Abdulmajid Breish and Ali Mahmoud Hassan, took turns to oust each other from the organization's headquarters in Tripoli throughout the first half of 2017. Breish, who was originally appointed in 2014 only to be barred from the position as a result of the Political Isolation Law,[112] has continued to fight his removal. Armed with a court decision stating that Hassan's appointment by a GNA-selected board was invalid, and having successfully appealed the Political Isolation Law ruling against him, Breish resumed running the LIA in February 2017. However, Breish's efforts were subsequently frustrated by the lack of international acceptance of his role, which led Hassan to return to the building on 8 May. Only weeks later, Tripoli's Supreme Court rejected the GNA's appeal against the February court decision. The consequence is that for now Hassan, along with a GNA-appointed board, remains in control of the LIA contrary to court rulings. Amid this legal muddle, and as a sign of the strength of Libya's war economy, it appears that the security personnel who control the LIA's headquarters have been instrumental in determining which leadership is able to enter. This, wrote the UN Panel of Experts, '[is] a situation that is not tenable'.[113]

Armed groups and state entities

Control of the areas in which state institutions are based has allowed armed groups and political rivals to extract rents from those institutions. This was a particularly effective form of revenue generation for the now-defunct Government of National Salvation (GNS), led by Khalifa Ghwell.[114] The GNS controlled a number of areas of Tripoli until the spring of 2017, when its forces were largely ousted from the city. In particular, control of the Libyan Post, Telecommunication and Information Technology Company (LPTIC) was a significant source of revenue. LPTIC is the fourth-largest state institution, with around $20 billion in assets that include Al Madar and Libyana (the two dominant cellular networks in the country) and $7 billion in cash in Tripoli banks.[115] In 2014, LPTIC's management split. An HoR-aligned headquarters was established in Malta, while a management team loyal to the GNS in Tripoli took over de facto operation of LPTIC's operations in the west of the country. Sami al-Fantazi, the telecommunications minister in the GNS, controlled the building through his armed group, the National Mobile Force. From 2014 until the ouster of Fantazi and the reunification of LPTIC's board in Tripoli, the company was the subject of attempts

[109] Libya al-Akhbar (2017), 'ḥaftar yuqfil mīnāʾ ṭobruq ʾamām al-milāḥa ad-duwalīa wa yastabdil masār as-sufun ʾilā mīnāʾ binghāzi' [Haftar Closes Tobruk Port To International Shipping And Diverts Route To Benghazi Port] (Arabic), 13 October 2017, http://bit.ly/2EUCvpy (accessed 10 Feb. 2018).
[110] Al Mutawasit (2017), 'hāthihi shurūṭ ḥaftar liʾiʿ ādat fatiḥ mīnāʾ ṭobruq' [These Are Haftar's Conditions For Reopening Tobruk Port] (Arabic), 21 December 2017, http://bit.ly/2EXGNrY (accessed 15 Feb. 2018).
[111] Libyan Investment Authority, http://www.lia.com.mt/en/subsidiaries/ (accessed 15 Feb. 2018).
[112] Libya's General National Congress (GNC) passed the Political Isolation Law in May 2013. The law seeks to prevent members of the former regime of Muammar Gaddafi from holding public office during the country's transition. The House of Representatives repealed the law in February 2015.
[113] Spittaels et al. (2017), *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011)* (S/2017/466), p. 57.
[114] The Government of National Salvation is led by Prime Minister Khalifa Ghwell. Its claim to legitimacy is predicated on the contention that it holds the authority of a rump of the General National Congress that was originally elected in 2012. In spring 2017 it was largely forced from Tripoli along with affiliated armed groups. It no longer holds significant territory or controls state institutions.
[115] Spittaels et al. (2017), *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011)* (S/2017/466), p. 58.

to funnel funds to the GNS. The UN Panel of Experts tracked requests for two payments: the first, for LYD160 million ($114 million), to be made from an LPTIC account into a Ministry of Telecommunications account (bypassing the Ministry of Finance); the second, for $70 million, to be transferred from the account of Al Madar to that of the Ministry of Telecommunications.[116]

The growth of the black market

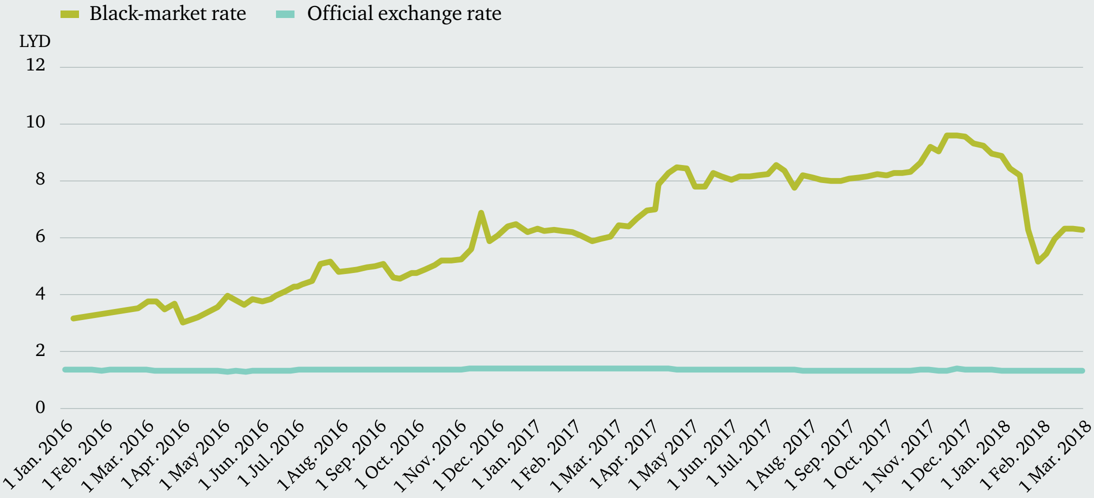
In 2014, a combination of an oversized public sector, reduced oil revenues and the growing difficulty of obtaining hard currency through official channels led to a run on the banks. Since then, businesses and individuals have had few incentives to bank their money,[117] and this has led to a process of 'black-marketization'.[118] As of September 2017, Libya had a money supply of LYD61.2 billion,[119] yet more than LYD29.7 billion of that was in circulation and therefore outside of the banking system.[120] The informal market has become increasingly central to the conduct of business and economic life. The spike in demand for foreign currency for use outside of the restrictions of the formal sector has led the Libyan dinar to weaken.

Box 2: The Libyan dinar on the black market

In 2014 the official rate of exchange from the US dollar to the dinar was close to the rate on the black market. Since then, the black-market rate has increased significantly (i.e. the dinar has weakened), at some points nearing LYD10:$1, while the official rate of exchange has remained steady at around LYD1.4:$1 (see Figure 1). This has contributed to a liquidity crisis and rising inflation. In early 2018, the dispensation of 'family allowances' of $500 per family member to heads of households by the Central Bank of Libya provided a foreign-currency influx of approximately $3.5 billion into the market.[121] This contributed to a recovery in the dinar's black-market value against the dollar, from LYD9.6:$1 in December 2017 to around LYD5:$1 in January 2018, and led to significant reductions in consumer prices (see Figure 2). It is unlikely, however, that this will lead to a sustained recovery in the dinar. Traders on the black market appear to be buying dollars and stockpiling them, which may simply reflect attempts to control the informal exchange rate and could soon lead to a return in the dinar's downward trend. At the time of writing, the black-market rate had already returned to over LYD6:$1.

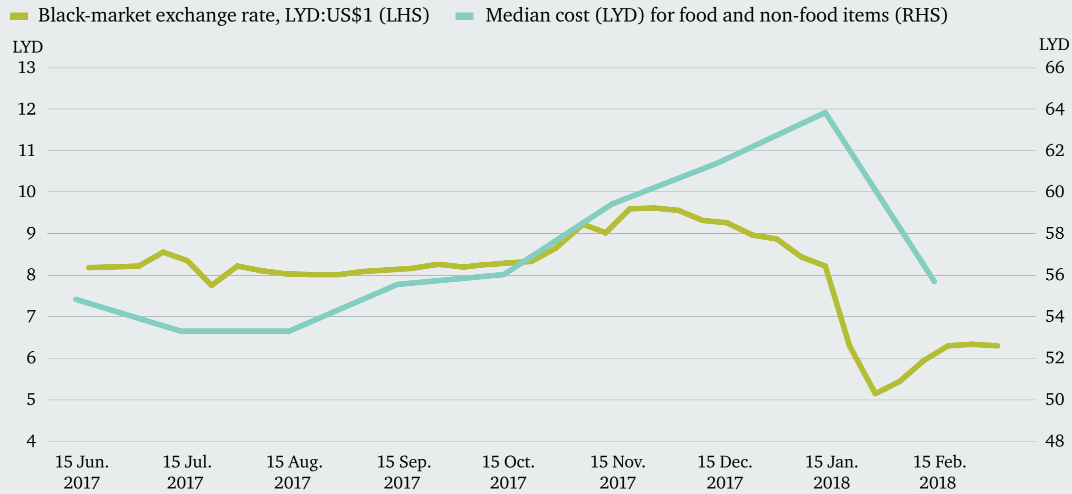
[116] Ibid., pp. 230–31.
[117] Harchaoui, J. (2017), 'Libya's Monetary Crisis', Lawfare Blog, 10 January 2018, https://lawfareblog.com/libyas-monetary-crisis (accessed 15 Jan. 2018).
[118] Zway, S. A. (2017), *Libya's Shadow Economy*, Edinburgh: Mercy Corps, June 2017, p. 1, https://www.mercycorps.org/sites/default/files/Mercy%20Corps_Libya%20Shadow%20Economy.pdf.
[119] Trading Economics (2018), 'Libya Money Supply M0', https://tradingeconomics.com/libya/money-supply-m0 (accessed 3 Feb. 2018).
[120] Central Bank of Libya (2017), 'Money Supply & Factors Affecting It Monthly 2004-September 2017', February 2018, https://cbl.gov.ly/en/wp-content/uploads/sites/2/2016/03/MONEY-SUPPLYFACTORS-AFFECTING-MONEY-SUPPLY-JUNE2017.pdf (accessed 26 Feb. 2018).
[121] In 2016, the CBL dispersed $2.8 billion in family allowances to heads of households at a rate of $400 per family member. In 2017, the allowance was increased to $500 per family member. The figure of $3.5 billion is an estimate based upon the percentage increase in the allowance.

Figure 1: The black-market rate of the dinar vs the official exchange rate (LYD:US$1)



Sources: www.Ewan.ly (black-market rates) and Oanda.com (official exchange rates).

Figure 2: Consumer prices vs black-market exchange rate, June 2017–February 2018



Sources: Consumer prices taken from the REACH Joint Market Monitoring Initiative. The values given are for an average cost of 24 food and nine non-food items from locations across Libya. Black-market rates taken from www.Ewan.ly. The graph indicates the extent to which the black-market rate for exchange of the dollar affects consumer prices.

The discrepancy between the official rate and the black-market rate has presented significant arbitrage opportunities for those who can access funds at the official rate and sell at the higher black-market rate. A number of schemes have emerged to take advantage of this opportunity. Small-scale ventures have involved the withdrawal of foreign currency (at the official rate) on credit cards overseas by runners known as *asafeer* ('birds'), and the subsequent sale of that currency back into the informal Libyan market at the black-market rate.

The most damaging scheme, however, has been the fraudulent use of letters of credit. Letters of credit provide access to foreign currency at the official rate for the import of goods into Libya. On many occasions, however, the amount of goods actually procured is smaller than the amount agreed in the letter of credit, leaving the fraudster with excess dollars that can be sent to partners or shell companies overseas. When the shipment arrives in Libya, bribes ensure that the customs paperwork is falsified to indicate that the correct amount of goods has been delivered. In addition, the fraudster has a further opportunity to profit from the transaction by selling the goods at a rate closer to that on the black market. In some cases, no goods arrive at all and the fraudster uses the letter of credit to launder money overseas, and/or to exchange currency on the Libyan black market for a profit.

CBL figures indicate that $11.2 billion in letters of credit were dispersed in 2017.[122] The previous year, in 2016, the Libyan Audit Bureau identified more than $570 million in fraudulent letters of credit in the 11 months from January to November. These illicit activities involved 21 banks and 23 companies (10 Libyan and 13 foreign), and it is reasonable to assume that not all instances of fraud were discovered.[123] Of the 10 Libyan companies banned as a result of the Libyan Audit Bureau's investigation, only one appears to have imported any actual products into the country – and even then, the quantity of imported goods identified was only 10 per cent of the quantity officially declared.[124] In another incident, in April 2017, a branch of the Administrative Control Authority in Zliten stated that one individual had accessed 24 fraudulent letters of credit through three companies.[125] Libyan authorities have struggled to clamp down on this practice. In November 2017, 40 containers of underpriced goods were uncovered at Benghazi port. In its investigation, the Libyan Audit Bureau indicated that the suspects had been connected with similar fraudulent schemes that it had investigated previously.[126]

There is evidence to suggest that armed groups have become involved in these schemes. Haythem al-Tajouri, commander of the Presidency Council-affiliated First Central Security Division, has come under particular scrutiny. The First Central Security Division is in charge of providing security for diplomatic representations established in or visiting Tripoli. Tajouri, who also heads the Tripoli Revolutionaries Brigade (the distinction between the two groups under his command is unclear), is accused of generating significant funds through the facilitation of letters of credit, despite his position in the state architecture. The UN Panel of Experts claimed that Tajouri and his associates extorted more than $20 million in letters of credit from CBL employees in 2015.[127] A news report claiming to carry leaked findings from the UN Panel of Experts' 2018 investigation levels further allegations, asserting that pressure has been placed upon the Libyan Foreign Bank and the Jumhouria Bank by armed groups to release letters of credit that are non-compliant with regulations. The article indicates that the banks have issued dozens of letters of credit to companies

[122] Central Bank of Libya (2018), 'Statement of The Central Bank of Libya concerning Revenues and Allocation of Foreign Exchange', 4 January 2018, https://cbl.gov.ly/en/2018/01/04/statement-of-the-central-bank-of-libya-concerning-revenues-and-allocation-of-foreign-exchange/ (accessed 4 Jan. 2018).
[123] Libyan Audit Bureau (2017), *At-taqrīr al-ʿām lisanat 2016 [Annual Report for 2016]* (Arabic), p. 134, http://audit.gov.ly/home/pdf/LABR-2016.pdf.
[124] Libyan Audit Bureau (2017), 'ʾawwalan: as-sharikāt al-maḥalīa allatī qāmat bitahrīb al-ʾamwāl lilkhārij min khilāl at-talāʿub bilʾiʿtimādāt al-mustanadīa' [First: Local Companies That Have Smuggled Funds Abroad Through Manipulation of Letters of Credit] (Arabic), March 2017, http://audit.gov.ly/home/images/news/picture/03-2017-Picture_News-1734.jpg (accessed 1 Jun. 2017).
[125] Akhbar Libya (2017), 'Hayʾat ar-raqāba al-ʾidārīa tubāshir fi at-taḥqīq fi mukhālafāt mālīa bimaṣrif shamāl ʾafrīqīa zlīten' [The Administrative Control Authority is Investigating Financial Irregularities at the Zliten Branch of the North Africa Bank] (Arabic), 5 April 2017, https://www.libyaakhbar.com/libya-news/297563.html (accessed 15 Jan. 2018).
[126] Zaptia, S. (2017), 'Audit Bureau refers those behind 40 empty container hard currency fraud case', *Libya Herald*, 10 December 2017, https://www.libyaherald.com/2017/12/10/audit-bureau-refers-those-behind-40-empty-container-hard-currency-fraud-case/.
[127] de Tessières, S., Abou-Khalil, N., Coetzee, J. B., Dilloway, S., Pintos Servia, J. A. and Spittaels, S. (2016), *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011)* (S/2016/209), New York: United Nations Security Council, 9 March 2016, p. 47, http://www.un.org/ga/search/view_doc.asp?symbol=S/2016/209 (accessed 1 Nov. 2017).

owned by an individual reported to have developed business links with Tajouri.[128] Such a link, if proven, would be illustrative of the extent to which networks of profiteers are dependent on the use of violence.

Armed groups also reportedly offer their ability to extort from, co-opt or collude with employees of banks as a service to businessmen.[129] These schemes appear to generate significant revenues, have become increasingly sophisticated, and raise important questions regarding the complicity of state officials. A report by Mercy Corps notes that one of the bankers interviewed by its authors was kidnapped for several days until the bank passed a request for a letter of credit.[130] The aforementioned leak of the 2018 UN Panel of Experts' report indicates that a deputy general manager of the Libyan Foreign Bank was shot in the leg, kidnapped and detained – allegedly for disclosures he had made to the Libyan Audit Bureau over financial irregularities and corruption.[131]

Some of the measures which the CBL has put in place to balance Libya's budget and reduce graft may have unintended effects. Periods in which the release of letters of credit has been limited have left many businessmen with no alternative but to use the black market.[132] In addition, liquidity requirements for letters of credit may force businesses to turn to unscrupulous operators who hold the majority of that liquidity on the black market. This creates the possibility of a circular process of repeated frauds, wherein those accessing foreign currency at the (cheaper) official exchange rate and then fraudulently profiting on the black market can simply reinvest the proceeds back into the formal system to obtain more letters of credit at the official rate. Through this system, huge multipliers of profit can be generated, resulting in ever greater illicit wealth and asset accumulation.

[128] Zaptia, S. (2018), 'Diversion of state funds and financing of armed groups: UN Libya Experts Panel report', *Libya Herald,* 9 March 2018, https://www.libyaherald.com/2018/03/09/diversion-of-state-funds-and-financing-of-armed-groups-un-libya-experts-panel-report/ (accessed 9 Mar. 2018).
[129] Confidential interviews, Tunis and London.
[130] Zway (2017), *Libya's Shadow Economy*, p. 23.
[131] Zaptia (2018), 'Diversion of state funds and financing of armed groups: UN Libya Experts Panel report'.
[132] Interview with Husni Bey, Tunis, 19 July 2017.

5. Combating Libya's War Economy

This paper contends that Libya's war economy is damaging for the future of the state for three reasons. First, it provides an enabling environment in which networks of armed groups, criminal networks, corrupt businesses and political elites are able to sustain their activities through illicit sales and predatory activities. These activities are closely linked to the dispensation of violence, and are thus a spur for conflict. Second, through the conduct of these activities, the war economy perpetuates negative incentives for those who profit from the state's dysfunction. Neither a return to functioning central governance nor the development of a security sector that is fit for purpose is in the interests of those who benefit from the status quo, rendering these actors potentially powerful spoilers of reform if their interests are not addressed. Third, the political contestation and resource predation practised by those engaged in the war economy are having a disastrous impact on Libya's formal economy and undermining what remains of its institutions. As the war economy persists, therefore, the prospects for the restoration of functioning central governance in Libya become more distant. This threatens to create a vicious cycle that will accelerate state failure.

In principle, the policy options open to Libyan authorities for tackling the war economy broadly involve either combating or co-opting the country's networks of profiteers. Yet due to the limited capacity for coercion available to any actor or entity connected with the state, a strategy of co-optation has almost exclusively prevailed to date. This has failed. Drawing on the lessons from these attempts, a more successful policy must use a combined approach: pursuing targeted measures to combat the enabling structures of Libya's war economy where possible; and co-opting war economy profiteers where necessary.

Combating the networks of war economy profiteers: methods and limitations

Although Libyan authorities have limited means at their disposal to tackle abuses, it appears that the naming and shaming of networks of profiteers can deliver some results. The Brega Fuel Crisis Committee's efforts to root out graft through publicly highlighting fraudulent activity have been notable, illustrating that progress is not entirely dependent on the use of force. Yet this paper has also illustrated the manifest limitations of such levers of influence – as evidenced, notably, by the effects of the NOC's public criticisms of the Nasr Brigade's activities at the Zawiya refinery, which appeared to result in a power cut along 900 km of Libya's coastline. Despite widespread knowledge of, and publicity around, smuggling at the refinery, the Nasr Brigade maintains its control.

The imperatives of securing and maintaining local legitimacy offer state authorities some leverage. In a context in which armed groups draw their members from the very communities that they claim to protect, it is important for militias to be perceived to be providing public services. Thus, it is notable that nearly all such groups seek affiliation with the state. This is not simply a means to access state resources; it is also motivated by the militias' recognition of the need to consolidate gains and guarantee their long-term survival by cementing their positions as legitimate providers of local security. This motivation can be powerful, and can lead groups to eschew lucrative forms of income, as indicated in the case of the Anas al-Dabbashi Brigade.

A loss of local legitimacy can compromise the ability of profiteering networks to operate. The most cited example comes from the city of Zwara (once one of the most prominent launching points for migrant crossings of the Mediterranean), where a public backlash following a shipwreck disaster in August 2015 – in which more than 650 migrants are believed to have died – ultimately contributed to the ousting of human smugglers from the city by local armed groups.[133] Currently, Zwara is not reported as a significant launching point. This example offers cause for optimism, but it also underlines the need for realism regarding the broader challenges of countering Libya's war economy. Zwara's example remains an isolated one, and reports indicate that the crackdown ultimately led many local smugglers to relocate their operations to other departure areas – principally Zawiya – or to switch to fuel smuggling.[134]

A meaningful approach to tackling Libya's war economy must address the powerful system of incentives that the war economy creates and sustains. The revenues generated from the war economy are significant, can benefit local communities, and are often concentrated in areas where few alternative livelihood opportunities exist. Consequently, it is difficult to persuade communities to mobilize to shut down illicit activity, particularly if they believe that rival militias will simply absorb any market share that incumbent armed groups relinquish. In seeking to counter war economy dynamics, bottom-up, local approaches to peacebuilding, stabilization and development must tackle these economic interests. More attention must be paid, in particular, to economic motivations and exigencies and to the evolving business models of armed groups. Such an analysis currently falls between the lines of international effort on economic, security and political initiatives.

It is clear that a securitized approach alone cannot deliver sustainable results. It may simply prompt a shift from one form of illicit activity to another, especially if not accompanied by support for alternative livelihoods. Employment opportunities will be particularly important for rank-and-file members of armed groups as part of disarmament, demobilization and reintegration efforts. Founded in 2012, the Warriors Affairs Commission (rebranded as the Libyan Programme for Reintegration and Development in 2014) collected information on the intentions of members of armed groups and sought to roll out a programme of reintegration. However, it lacked sufficient buy-in from political leaders, and its work appears to have ground to a halt. Any major effort to reintegrate members of armed groups will need to be initiated under the auspices of the Libyan state – but not under the banner of competing authorities. Such an undertaking could benefit from the support of the international community to help develop and implement a programme.

Co-opting war economy profiteers and reducing their margins

The extent to which the interests of the leaders of networks of armed groups, criminal networks, corrupt businesses and political elites should be accommodated presents more difficult choices. Libyan authorities should seek to identify pathways to allow such actors to convert their profits into legitimate activity, and should capitalize on the desire of war economy profiteers to achieve or

[133] Micallef, M. (2015), 'The Pictures that Need to be Seen', *Migrant Report,* 29 August 2015, http://migrantreport.org/the-pictures-that-needto-be-seen (accessed 1 Nov. 2017).
[134] Altai Consulting (2017), *Leaving Libya,* p. 10.

retain local legitimacy and broader respectability. While this will no doubt meet significant opposition from those who argue that the persons and groups responsible for fuelling Libya's disintegration should not be rewarded for their actions, clamping down on their activities by force is not a realistic option in the current circumstances.

Where profiteers cannot be incentivized to move towards more legitimate economic activities, greater and more effective efforts must be made to reduce the profit margins of illicit schemes. Currency devaluation would immediately reduce the returns made by those profiting from arbitrage between the official and black-market exchange rates. This arbitrage is a significant part of Libya's war economy. It is damaging the state's finances, driving inflation and further weakening the dinar. 'Fifty to sixty percent of Libya's economic problems would be solved if the currency rate changes … Armed groups will have to find another scheme,' Mohamed al-Raied, chairman of the General Union of Chambers of Commerce and a member of the HoR, told the author.[135] Yet at the time of writing, no effective action had been taken, owing to disputes over the respective mandates of the HoR, GNA and CBL.

Waiting for a point at which devaluation, subsidy reform and a raft of political reforms can be made in unison appears a forlorn approach. While it may not be international best practice, incremental change may therefore be more realistic given the vested interests within Libya's fractious and fragmented political and security scene. Economic imperatives cannot continue to be postponed until political progress is achieved.

More minor legislative fixes are also worth exploring. These may include empowering the Brega Fuel and Marketing Company to refuse to supply fuel to demonstrably fraudulent petrol stations.

What role for international actors?

International actors have both fuelled and tempered Libya's war economy in different ways. The provision of direct material and political support to rival actors has exacerbated the conflict. Meanwhile, international approaches to disrupting human smuggling are undercutting the very institutions of the Libyan state for which international actors have publicly declared support.

Yet in other areas international actors have been able to mitigate some critical elements of the war economy, principally by preventing the breakdown of Libya's most important state institutions: the support provided to the NOC, CBL and LIA has reduced competition for control of these authorities. The rivalry would have been greater but for international efforts. This is a significant achievement. For instance, sending the clear signal that Libyan crude oil could not be sold on to the international market by the eastern NOC has conditioned behaviours in the east of the country, and was likely a significant factor behind Field Marshal Haftar's agreement to allow revenues from the 'oil crescent' to flow through Tripoli.

These examples are also significant insofar as they relate to the international community's jurisdiction over the ability of Libyan actors to engage in the international financial system. In

[135] Phone interview with Mohamed al-Raied, Tunis, 18 July 2017.

almost every case, actors with significant interests in the war economy also have significant financial interests outside the country. This represents a key point of potential leverage. International support to Libyan authorities, such as the Libyan Audit Bureau and the attorney general’s office, in targeting overseas assets would deliver an important message. It would make it clear to profiteers that their activities will no longer be tolerated with impunity, and would potentially help to limit capital flight.

Cooperation between Libyan and international authorities over the investigation of transnational smuggling networks may also reap benefits. In March 2018, Sadeq al-Sour, the head of the investigations office of the Libyan attorney general, announced the issuing of arrest warrants for Libyan and non-Libyan individuals alleged to be involved in smuggling. During the press conference, Sour noted that cooperation with Italian authorities (likely from the Salim case) had helped the attorney general office’s investigation.[136] Extending the mandate of Operation Sophia – the EU’s naval mission to combat human smuggling networks – to cover fuel smuggling (its surveillance and monitoring of illegal oil exports does not apply to refined products) may also support Libyan interdiction efforts.

Similarly, support should be provided to Libyan authorities seeking to improve levels of transparency over the dispensation of state funds. There is no legitimate reason why an audit of functioning petrol stations could not be undertaken regularly, or why all letters of credit cannot be publicly disclosed. In such an environment, it would be more difficult for nearly one-third of the refined fuel that is distributed within Libya to be diverted, or for one individual to access 24 fraudulent letters of credit.

The cost of inaction

Only functioning governance following a political settlement and the breaking of the *Jamahuriya* system of patronage and institutional capture can tackle the foundations of Libya’s war economy. However, even if a national-level accord were reached, the country’s fragmentation is such that any lasting political settlement would have to satisfy the interests of a dizzying array of local actors – all with significant stakes in Libya’s war economy. While the status quo is damaging for the state and the majority of its citizenry, it is good for the business of profiteers, who require the state to function sufficiently to distribute revenues but not sufficiently to monopolize force. Left unaddressed, these interests continue to grow, particularly in Tripoli, where increasingly sophisticated revenue-generating schemes are capitalizing on the weakness of state authorities and the private sector. Under such conditions, no Libyan government can deliver for its citizens or provide the kind of partner the international community is seeking.

[136] YouTube (2018) ‘Al-muʾtamar aṣ-ṣahafy liraʾīs qism at-taḥqīqāt bimaktab an-nāʾib al-ʿām fī lībya aṣ-ṣadīq aṣ-ṣūr’ [Press Conference for the Head of the Investigations Department of the Attorney General, Sadeq al-Soor] (Arabic), https://www.youtube.com/watch?v=1fyKUauipp8 (accessed 17 Mar. 2018).

Abbreviations and Acronyms

CBL	Central Bank of Libya
DCIM	Department to Counter Illegal Migration
GNA	Government of National Accord
GNC	General National Congress
GNS	Government of National Salvation
HoR	House of Representatives
IOM	International Organization for Migration
ISIS	Islamic State of Iraq and Syria
LIA	Libyan Investment Authority
LNA	Libyan National Army
LPTIC	Libyan Post, Telecommunication and Information Technology Company
NOC	National Oil Corporation
PFG	Petroleum Facilities Guard

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Cover image: A ceremony marking the reopening of Benghazi port on 1 October 2017. Benghazi's commercial port reopened after a three-year closure due to the conflict in the city.

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