

Research Paper

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The Development of Libyan Armed Groups Since 2014

Community Dynamics and Economic Interests



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Summary

- Libya's multitude of armed groups have followed a range of paths since the emergence of a national governance split in 2014. Many have gradually demobilized, others have remained active, and others have expanded their influence. However, the evolution of the Libyan security sector in this period remains relatively understudied. Prior to 2011, Libya's internal sovereignty – including the monopoly on force and sole agency in international relations – had been personally vested in the figure of Muammar Gaddafi. After his death, these elements of sovereignty reverted to local communities, which created armed organizations to fill that central gap. National military and intelligence institutions that were intended to protect the Libyan state have remained weak, with their coherence undermined further by the post-2014 governance crisis and ongoing conflict. As a result, the most effective armed groups have remained localized in nature; the exception is the Libyan Arab Armed Forces (LAAF), which has combined and amalgamated locally legitimate forces under a central command.
- In the west and south of the country, the result of these trends resembles a kind of inversion of security sector reform (SSR) and disarmament, demobilization and reintegration (DDR): the armed groups have used their state affiliation to co-opt the state and professionals from the state security apparatus into their ranks; and have continued to arm, mobilize and integrate themselves into the state's security apparatus without becoming subservient to it. In the eastern region, the LAAF projects a nationalist narrative yet is ultimately subservient to its leader, Field Marshal Khalifa Haftar. The LAAF has co-opted social organizations to dominate political and economic decision-making.
- The LAAF has established a monopoly over the control of heavy weapons and the flow of arms in eastern Libya, and has built alliances with armed groups in the east. Armed groups in the south have been persuaded to join the LAAF's newly established command structure. The LAAF's offensive on the capital, which started in April 2019, represents a serious challenge to armed groups aligned with the Tripoli-based Government of National Accord (GNA). The fallout from the war will be a challenge to the GNA or any future government, as groups taking part in the war will expect to be rewarded. SSR is thus crucial in the short term: if the GNA offers financial and technical expertise and resources, plus legal cover, to armed groups under its leadership, it will increase the incentive for armed groups to be receptive to its plans for reform.
- Prevailing policy narratives presuppose that the interests of armed actors are distinct from those of the communities they claim to represent. Given the degree to which most armed groups are embedded in local society, however, successful engagement will necessarily rely on addressing the fears, grievances and desires of the surrounding communities. Yet the development of armed groups' capacities, along with their increasing access to autonomous means of generating revenue, has steadily diluted their accountability to local communities. This process is likely to be accelerated by the ongoing violence around Tripoli.

- Communities' relationship to armed groups varies across different areas of the country, reflecting the social, political, economic and security environment:
 - Despite their clear preference for a more formal, state-controlled security sector, Tripoli's residents broadly accept the need for the presence of armed groups to provide security. The known engagement of the capital's four main armed groups in criminal activity is a trade-off that many residents seem able to tolerate, providing that overt violence remains low. Nonetheless, there is a widespread view that the greed of Tripoli's armed groups has played a role in stoking the current conflict.
 - In the east, many residents appear to accept (or even welcome) the LAAF's expansion beyond the security realm, provided that it undertakes these roles effectively. That said, such is the extent of LAAF control that opposition to the alliance comes at a high price.
 - In the south, armed groups draw heavily on social legitimacy, acting as guardians of tribal zones of influence and defenders of their respective communities against outside threats, while also at times stoking local conflicts. Social protections continue to hold sway, meaning that accountability within communities is also limited.
- To varying extents since 2014, Libya's armed groups have developed networks that enmesh political and business stakeholders in revenue-generation models:
 - Armed groups in Tripoli have compensated for reduced financial receipts from state budgets by cultivating unofficial and illicit sources of income. They have also focused on infiltrating state institutions to ensure access to state budgets and contracts dispersed in the capital.
 - In the east of the country, the LAAF has developed a long-term strategy to dominate the security, political and economic spheres through the establishment of a quasi-legal basis for receiving funds from Libya's rival state authorities. It has supplemented this with extensive intervention in the private sector. External patronage supports military operations, but also helps to keep this financial system, based on unsecured debt, afloat.
 - In the south, limited access to funds from the central state has spurred armed groups to become actively involved in the economy. This has translated into the taxation of movement and the imposition of protection fees, particularly on informal (and often illicit) activity.
- Without real commitment from international policymakers to enforcing the arms embargo and protecting the economy from being weaponized, Libya will be consigned to sustained conflict, further fragmentation and potential economic collapse. Given the likely absence of a political settlement in the short term, international policymakers should seek to curtail the continued expansion of the conflict economy by reducing armed groups' engagement in economic life.
- In order to reduce illicit activities, international policymakers should develop their capacity to identify and target chokepoints along illicit supply chains, with a focus on restraining activities and actors in closest proximity to violence. Targeted sanctions against rent maximizers (both armed and unarmed) is likely to be the most effective strategy. More effective investigation and restraint of conflict economy actors will require systemic efforts to improve transparency and enhance the institutional capacity of anti-corruption authorities. International policymakers should also support the development of tailored alternative livelihoods that render conflict economy activities less attractive.

About this Paper

This paper is based on approximately 200 interviews carried out by the authors – in person and remotely – with a wide range of Libyan actors between November 2018 and September 2019. Data on the economic models of armed groups combine testimony from members of the armed groups themselves, smugglers, black-market traders, businessmen and officials. Data on the community relations of armed groups are drawn from 47 interviews with individuals from a variety of social and professional backgrounds, in the following locations:

- West – Tripoli, Zawiya, Zwara, Hun (13)
- East – Benghazi, Tobruk, Derna, Ajdabiya (13)
- South – Sebha, Ubari, Murzuq, Qatrun and Kufra (21)

The project developed a series of selection criteria for interviewees in order to attract as diverse a range of viewpoints as possible. However, this paper does not claim to present a fully representative view of citizens in the areas in question.

Similarly, the paper does not claim to cover all armed groups in the country. Moreover, there are some differences in approach to the analysis of groups in different target areas, a consequence both of variances in local context and of the challenges of ensuring a consistent scope of enquiry. For Tripoli and southern Libya, we cover the principal armed groups in operation, whereas we concentrate squarely on the LAAF in the east. The significant space devoted to Tripoli reflects the importance of the capital in the political and economic system, yet this has come at the cost of assessing dynamics in other key power centres such as Misrata, Zintan and Zawiya. Overall, this has led to a degree of unevenness in coverage, but it has allowed for detailed analysis of the studied areas.

The focus is on understanding how armed groups relate to the communities they claim to represent, how they have built their economic bases, and how this connects to their capacity for violence.

As far as possible, the paper seeks to use a non-normative nomenclature, thus preferring the term ‘armed groups’ to ‘militias’ or ‘regular state forces’ (armies), either of which would imply judgment as to their legitimacy.¹ The focus is on understanding how armed groups relate to the communities they claim to represent, how they have built their economic bases, and how this connects to their capacity for violence. For the purposes of this paper, we define a conflict economy as ‘a system of producing, mobilizing and allocating resources to sustain competitive and embedded violence, both directly and indirectly.’²

Similarly, this paper does not seek to judge the claims to legitimacy of rival political actors, notably in relation to the administrative split since 2014 that has involved rival governments operating

¹ The term ‘regular state forces’ refers to individuals who underwent military training and received military registration numbers either in the Gaddafi era or post-2011.

² Eaton, T., Cheng, C., Mansour, R., Salisbury, P., Yazigi, J. and Khatib, L. (2019), *Conflict Economies in the Middle East and North Africa*, Chatham House Report, London: Royal Institute of International Affairs, p. iv, <https://www.chathamhouse.org/publication/conflict-economies-middle-east-and-north-africa> (accessed 11 Dec. 2019).

in the east and west of the country. Both the Government of National Accord³ (the internationally recognized government based in Tripoli) and the Interim Government⁴ (which is based in al-Bayda in the east and viewed as a parallel institution by the international community) are treated as ‘state’ entities here. This is to facilitate a structural analysis of the country’s conflict economy, particularly when discussing the ‘official’ nature of armed groups’ affiliations and local perceptions of ‘official’ status. Recognition of the difficulties around the term ‘official’ is central to the analysis in this paper.

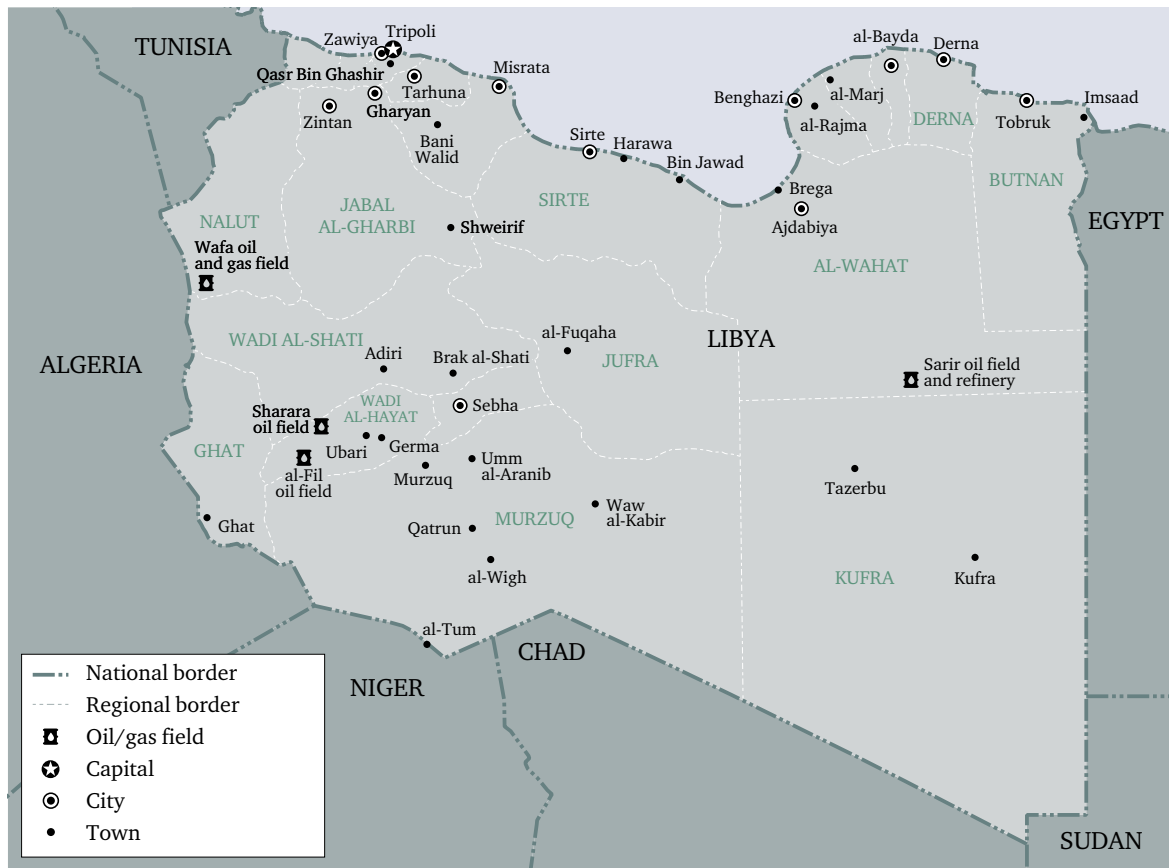
The paper begins by exploring the nature of armed group–community relations and the sources of revenue that have allowed armed groups to continue to operate and – in certain cases – grow in power and influence. Subsequent chapters focus on these developments in specific geographic areas in more detail. The final chapter seeks to draw out the implications for policy. It identifies several options for mitigating conflict dynamics, including: a) prospects for reform of Libya’s security sector; b) the use of legal enforcement mechanisms to constrain groups’ capture of the economy; and c) the development of approaches that focus on individual, active members of armed groups, with a view to providing opportunities for alternative livelihoods.

The research for Tripoli was conducted by Emadeddin Badi. Ahmed Shalghoum explored elements of the models of financial crime. Mohamed Eljarh conducted research on eastern Libya. Valerie Stocker researched armed groups in the south, supported by a group of four research assistants based in that region of the country. Along with Tim Eaton, each of these authors jointly developed both the conceptual approaches framing revenue generation and the policy recommendations. Concepts surrounding the social embeddedness of armed groups and prospects for security sector reform were developed by Abdul Rahman Alageli. Khadeja Ramali undertook interviews to explore issues relating to gender and diversity. Tim Eaton developed the research framework, conducted additional interviews and took the lead in drafting this paper.

³ The Government of National Accord (GNA) was formed in March 2016 following the implementation of the Libyan Political Agreement, also known as the Skhirat Agreement, in December 2015. Prime Minister Fayez al-Serraj heads the nine-member Presidency Council that spearheads the GNA.

⁴ The General National Congress (the parliament elected in 2012) appointed the Libyan Interim Government. This government resigned in August 2014, after the House of Representatives was elected and set up base in Tobruk. The House of Representatives then formed a new government, based in al-Bayda, which is also called the Libyan Interim Government and is headed by the same prime minister from the previous cabinet (Abdullah al-Thinni).

Figure 1: Map of Libya



1. Introduction: The Development of Armed Groups Since 2014

Since the overthrow of the regime of Muammar Gaddafi in 2011, Libya's multitude of armed groups have followed a range of paths. Many have gradually demobilized, others have remained active, and yet others have expanded their influence. Some of the armed groups currently wielding power contain few fighters from the 2011 civil war. Local power struggles and conflicts have been ongoing since 2012, before a second bout of civil war led to a national governance split in 2014. Since that point, Libya's security sector has evolved significantly.

In the east, an alliance known as the Libyan Arab Armed Forces (LAAF) has emerged from bloody campaigns in Benghazi and Derna as the dominant political, security and economic actor. In the west, four principal armed groups have consolidated control over Tripoli, although this control has subsequently been undermined by the reverberations of the current war for the capital. Co-existing with the Government of National Accord (GNA) based in the capital, these groups have developed their economic interests largely through privileged access to state resources. However, they are now increasingly dependent on Turkish-supplied forces, along with forces from Misrata, Zintan and other northwestern coastal cities, to preserve their position. In the south, where militarization has been fuelled by sporadic local conflicts since 2011, a multitude of armed actors have carved out territory, typically seeking sponsorship from state and security bodies in the north on a largely opportunistic basis. Many such groups have increasingly preferred engagement with the LAAF, enabling the latter to enlist a large number of southern fighters for the current war for Tripoli.

The Tripoli conflict was ongoing at the time of writing. The coalitions of combatants on each side have remained divided largely along the same lines as in 2011, although their alliances have been affected by the developments of the post-2014 period.

The evolving relationship between armed groups and local communities

Policy discussions on Libya have commonly identified armed actors as key inhibitors of political progress. Prevailing narratives presuppose that the interests of armed actors are distinct from those of the communities they claim to represent. While divisions between some of the principal armed groups and local communities have widened since 2014, armed groups continue to rely significantly on social legitimacy in order to function. The current institutional fragmentation of the security sector is a symptom of wider fragmentation of state sovereignty.

Prior to 2011, Libya's internal sovereignty – including the monopoly on force and sole agency in international relations – had been personally vested in the figure of Gaddafi himself. After his death, these elements of sovereignty reverted to local communities, which have created armed organizations to fill that central gap.⁵

⁵ Alageli, A. (2016), 'Libyan Statelessness: Past and Present', unpublished dissertation, p. 63.

Libyan communities had organized militarily both with and against Gaddafi in 2011, gradually establishing armed social organizations as a result of the escalation of the conflict, along with direct relations with external powers. This led to different groups assuming control over smaller local geographical areas (sometimes as small as streets, with control regularly contested through violence) and pursuing semi-independent cooperation with state actors. These constituencies did not, however, develop uniformly. Different types of armed group emerged, ranging from those formerly regularized in Gaddafi's army and security apparatus, on the one hand, to those associated with ideological currents and communities (geographic and tribal) on the other.

As a result of these dynamics, social legitimacy remains crucial to the military effectiveness of armed groups, and to their ability to project force. Greater consolidation of control by the LAAF in the eastern region has diluted this imperative somewhat, as the group has combined and amalgamated locally legitimate forces under a central command. Yet even the LAAF remains substantively reliant on local and tribal alliances. As has been demonstrated by experience with the Misratan Counter Terrorism Force in western Libya, an armed group with strong legitimacy in the local community can gain legal authority by manoeuvring its members and affiliates into positions in state institutions, particularly when it benefits from international support. From here, a group can leverage legal and financial authority to serve the interests of its leaders, and develop capability through experience.

In this way, armed groups formed during or after the revolution of 2011 have capitalized on their battle victories and/or track record of counter-crime operations to support the notion that they are more capable and effective than present-day state security forces. They bargain with the state to provide services in return for legal recognition and resources. State institutions and authorities continue to rely on these groups to provide security, even as the state itself at times seeks to delegitimize armed groups by presenting them as militias (in a derogatory sense) and as threats to stability and the rule of law. This process in turn inhibits the development of a strong ruling coalition that would enable the state to exert command and control over armed groups theoretically under its security apparatus. As a consequence, the capacities of state institutions are reduced to managing the distribution of financial resources.

When armed groups are stripped of legal authority by the state – through mandates being retracted or commanders blacklisted – the reduction of financial support can inhibit their capacity; however, their social legitimacy can still allow them to maintain their presence on the ground. On the other hand, after 2011, state-affiliated forces such as the military and police that possessed legal legitimacy along with the training and experience necessary to fulfil their role still lacked *social legitimacy* and access to resources and thus could not be effective.

Most armed groups formed through local social mobilization have the legitimacy and capabilities to ensure security at a local and, less frequently, regional level – but not at a national one.⁶ This explains why most groups have remained localized in nature since 2014, with their scope for expansion dependent on military and social alliances that tend to be short-lived (or that reflect mobilization against a common adversary, as currently witnessed in Tripoli). The LAAF is an exception, seeking to develop a nationalist narrative to underscore its expansion across the country and its absorption of armed groups.

⁶ This has been compounded by the willingness of international actors to engage local forces to help meet policy objectives, such as the removal of Islamic State of Iraq and Syria (ISIS) and reductions in human smuggling.

Consequently, it may be better to describe Libya as an amalgam of armed or *potentially* armed communities rather than as a network of disparate armed groups. While a network of armed groups certainly exists, and these groups own the bulk of medium to heavy weapons, there are enough weapons in circulation for the population to arm and mobilize new groups at any time.

As a result, communities hold the ability to influence and, at times, constrain the behaviour of armed groups. Yet the development of armed groups' capacities, along with increasing access to autonomous means of generating revenue, has steadily diluted their accountability to local communities. Tripoli residents, for instance, have limited leverage over the capital's armed groups: many residents appear to accept the presence of armed groups as necessary for providing security, with known engagement in criminal activity tolerated provided that overt violence remains low. In the east of the country, many residents appear to accept or even welcome the LAAF's expansion beyond the security realm provided that it performs such roles effectively. That said, an accurate assessment is difficult to reach. Owing to the degree of control exerted by the LAAF, public opposition to its activities or agenda is often met with intimidation or violence. In the south, social protections shield armed group members from arrest and/or from being held accountable for their actions.

Given the degree to which some armed groups are embedded in local society, domestic and international strategies to engage them must seek to address the fears, grievances and desires of the communities such groups claim to represent.

Nonetheless, given the degree to which some armed groups are embedded in local society, domestic (i.e. state-level) and international strategies to engage them must seek to address the fears, grievances and desires of the communities such groups claim to represent. For groups such as those that have remobilized following the LAAF offensive on Tripoli that began in April 2019, only a political settlement will meet these requirements. Beyond the need for security guarantees, demands and grievances commonly relate to employment entitlements (particularly senior civil service or diplomatic appointments and perks), as well as to modalities for sharing the state's resources. Failure to address local grievances will continue to enable armed groups – as an extension of their social bases – to recruit, mobilize and arm young men. Security sector reform (SSR) programmes that simply absorb armed groups into state structures are insufficient to address community grievances. Similarly, policies of appeasement that allow armed groups autonomy ignore the potential for communities to simply arm and remobilize.

Armed group revenue generation in Libya since 2014

Armed groups must mobilize resources to operate effectively and build and expand their power bases. To varying extents since 2014, armed groups have developed networks that enmesh political and business stakeholders in order to cultivate sources of revenue. Although ideology and personal connections can play a role in cross-network alliance-building, the need to obtain resources to achieve military objectives (and sometimes vice versa) tends to supersede ideological considerations.

The revenue-generating mechanisms utilized by Libyan armed groups vary according to four factors. The first is the structure of the economic opportunity that exists in a particular territory. Access to state resources and assets is a key determinant of revenue opportunities in Libya's conflict economy. Leverage generated from the control of state institutions has been monetized by armed groups

through the development of protection markets and extortion schemes, and through the enactment of legislation to open further avenues of revenue generation. Groups able to extract wealth from the state in this way are largely able to eschew other forms of financing. In areas where access to state revenues and assets is limited, armed groups typically seek to profit from economic activity via protection markets and taxes on movement.

The second factor determining armed groups' revenue-generating activities is the nature of each group and its goals. Groups with 'official' recognition – whether from authorities in the west or east – can usually access direct state payments. The LAAF also receives some funds from Tripoli for fighters registered before 2014. At the same time, it operates more intricate and systematic financing and transfer mechanisms through its deeper and more formalized role with relation to eastern authorities in the public and private sectors. The ideological stance of a given group and its leadership also plays an important role. For example, ideologically motivated groups such as the Nawasi Brigade have selectively focused on infiltrating state institutions, based on each institution's strategic value rather than revenue-generating potential alone.

Third, the relationship to the community is key in determining what is viewed as a legitimate source of revenue. For example, armed groups in southern Libya vary the tolls they levy at road checkpoints according to the type of merchandise and tribal affiliation of the transporter. Groups that perform security functions and have public support in a particular area can obtain recognition and funds through or from local authorities (although some groups exploit their connections without providing services to the community). Even groups criticized for being unaccountable to local populations must take public opinion into account. Attempts by Tripoli's so-called 'quartet' of dominant armed groups to manage public relations following clashes in the capital in 2018 involved actions such as clamping down on the black market and supporting hospitals. Tax-raising initiatives, in contrast, typically encounter resistance from local communities; this makes it more likely that armed groups will seek to tax illicit activity only, or at least do so at a higher rate than for licit economic activity.

Finally, external pressure and the extent to which armed groups have access to external funding have a significant impact upon local activity, particularly in the current phase of the war. External pressure has visibly shaped some armed groups' approaches to revenue generation. An example of this is the emergence of an 'anti-human smuggling market'⁷ in western Libya, where armed groups have switched from taxing human smuggling to preventing it in return for financial support. Attempts to extend this model to southern Libya have not succeeded, although some armed groups have tried to position themselves as potential partners both for the GNA and for EU countries seeking to reduce migrant flows. In other areas of the country, such as in the east, external support through the provision of both non-military and military aid has reduced the need for local revenue generation: non-military aid has included the supply of Russian-printed banknotes and -minted coins through the eastern Central Bank of Libya (CBL) – the unrecognized central bank affiliated with the eastern authorities – while military aid has included assistance from the United Arab Emirates (UAE) for the LAAF's air force. In the context of the ongoing war, this external support has become crucial.

⁷ Micallef, M. and Reitano, T. (2017), *The anti-human smuggling business and Libya's political end game*, North Africa Report 2, Institute for Security Studies, https://globalinitiative.net/wp-content/uploads/2018/01/Libya_ISS_Smuggling.pdf (accessed 10 Feb. 2020).

Access to state salaries

The revenue-generating models of armed groups in specific regions are explored in subsequent chapters of this paper. First, however, it is important to understand how affiliation to the state (and, consequently, access to state salaries) has become a key income source for armed groups across the country.

Access to state salaries varies by region and type of actor. One set of people have salaries paid directly into their personal bank accounts. These include members of the regular army and police, as well as civilian employees of the Ministry of Defence and Ministry of Interior. By contrast, members of armed groups paid by the government usually receive salaries indirectly, via their group's leadership. Irregular fighters who are not on (direct or indirect) state payroll may be compensated from additional revenue collected by their armed group. Some people registered with the authorities do not receive salaries, either because of administrative problems or because they are from segments of the population that have not been allocated national ID numbers (and are thus, in principle, barred from the public payroll).

Overall, the post-revolution transformations and the first attempts to place *thuwwar* under state control led to the emergence of a complex web of semi-autonomous armed groups, supported by diverse financial streams.

The expansion of the security sector after the 2011 revolution opened up multiple avenues for accessing state salaries. While the Gaddafi regime's army disintegrated, and military salaries were partially suspended or remained low, the revolution was followed by a massive inflow of civilians into the security sector. Transitional authorities in early 2012 opened up registration with the state sector to *thuwwar* ('revolutionaries'), both to reward these personnel for their role in overthrowing Gaddafi and with the ultimate aim of integrating former rebels into the armed forces and police. But salaries were not paid directly to individuals. Rather, payments were distributed via local military councils, and later via armed group leaders who submitted membership lists to the Ministry of Interior's payment committees and military accounts offices.⁸

This system was widely abused. Commanders enlisted non-combatants, some individuals claimed multiple salaries, funds were often misappropriated, and the number of people on the state payroll exploded. By the end of 2012, the number enrolled through these mechanisms had exceeded 200,000. Overall, the post-revolution transformations and the first attempts to place *thuwwar* under state control led to the emergence of a complex web of semi-autonomous armed groups, supported by diverse financial streams both to individual recruits and to armed group leaders.

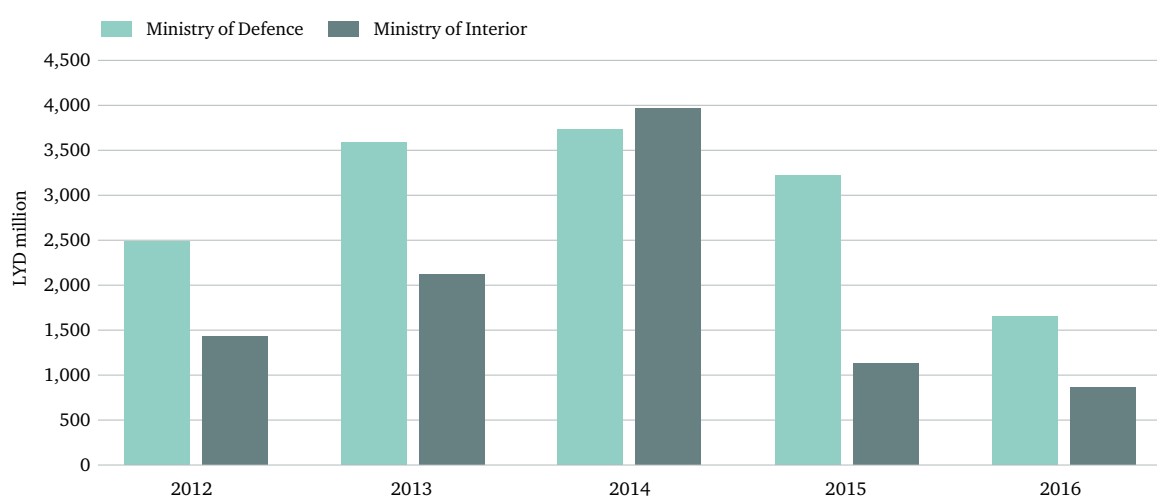
State spending on salaries post-2014 was drastically reduced as a result of SSR initiatives and through austerity measures introduced by the CBL. The introduction of the national ID number system enabled the General National Congress (GNC) – Libya's parliament between 2012 and 2014⁹ – and its Interim Government to cut down on salary fraud. These measures are clearly reflected in changes to

⁸ Lacher, W. and Cole, P. (2014), *Politics by Other Means: Conflicting Interests in Libya's Security Sector*, The Small Arms Survey, Geneva: Graduate Institute of International and Development Studies, <http://www.smallarmssurvey.org/fileadmin/docs/F-Working-papers/SAS-SANA-WP20-Libya-Security-Sector.pdf> (accessed 11 Dec. 2019).

⁹ As mentioned in footnote 4, the GNC was Libya's first democratically elected parliament, which in 2012 appointed the Libyan Interim Government. This government resigned in August 2014, after the House of Representatives was elected and set up base in Tobruk. The House of Representatives then formed a new government, based in al-Bayda, which is also called the Libyan Interim Government, and headed by the same prime minister from the previous cabinet (Abdullah al-Thinni).

state expenditure between 2013 and 2016, as shown in reports by the Libyan Audit Bureau. In 2013, the Ministry of Defence allocated LYD3.5 billion (approximately \$2.5 billion at the official exchange rate) to salaries, and the Ministry of Interior LYD2.1 billion. By 2016, these figures had fallen to LYD1.6 billion and LYD870 million respectively (see Figure 2), suggesting that armed groups would need to find alternative sources of financing to offset the reduction.

Figure 2: Ministry of Defence and Ministry of Interior spending on salaries, LYD million



Sources: Libyan Audit Bureau (2017), '2016 Annual Report' (Arabic), April 2017, <http://audit.gov.ly/home/pdf/LABR-2016.pdf> (accessed 13 Feb. 2020); and Libyan Audit Bureau (2018), '2017 Annual Report' (Arabic), May 2018, <http://audit.gov.ly/home/pdf/LABR-2017.pdf> (accessed 13 Feb. 2020).

The freezing of military salaries has exacerbated national divisions and spurred recruitment among irregular armed groups, though steps have been taken to address this. The Ministry of Defence's disbursement of salaries to regular army members is centralized through the General Administration for Military Accounts (GAMA) in Tripoli.¹⁰ Salaries are based on military rank and years of service, as stipulated in relevant laws and regulations. The salary grid was amended by Cabinet Decree 441 of 2013,¹¹ setting salary levels for different ranks as well as annual raises, allowances and benefits. However, the decree was not implemented consistently throughout the country, meaning that for many soldiers rank progression and salary raises were frozen at the pre-2013 levels. This created frustrations, leading many military personnel to neglect their service duties or even join armed groups. Starting from late 2016, the LAAF raised its military salaries to an average of LYD2,000–3,000 per month; this compared with an average of only LYD1,000–1,500 per month for personnel registered with the GAMA in Tripoli.¹² The move has made a significant difference in eastern Libya, where higher salaries have boosted military recruitment. The GNA reconfirmed Decree 441 only in September 2018, when it announced a pay rise of 15–20 per cent for army personnel registered with the Ministry of Defence in Tripoli.¹³ The updated salaries started to be paid in late 2018 and early

¹⁰ Except for LAAF members added to the payroll after 2014, who are paid through the LAAF's military accounts department. See GAMA official Facebook page: <https://www.facebook.com/1590836731031809-طرابلس-العسكرية-للحسابات-الإدارة-العامة-للحسابات-العسكرية>.

¹¹ Libya Ministry of Justice (2013), 'Cabinet Decree 441 to issue salary grid and raises for army members' (Arabic), 21 August 2013, <http://itcadel.gov.ly/2013/08/قرار-مجلس-الوزراء-رقم-441-بإصدار-جدول-مهم> (accessed 10 Feb. 2020).

¹² The pay rise was broadly in line with Decree 441, although the LAAF's salary grid differs somewhat. Phone interview with an employee at the Armed Forces' Department for Morale Affairs, Sebha, November 2019.

¹³ Al-Khamisi, A. (2018), 'Libya raises the salaries of 205,000 soldiers by 15–20%' (Arabic), The New Arab, 23 September 2018, <https://www.alaraby.co.uk/economy/2018/9/23/20-و-15-عسكري-بين-205-آلاف-رواتب-ليبيا-ترفع> (accessed 17 Dec. 2019).

2019, alongside a new allowance for outstanding service allocated to individuals of lower ranks.¹⁴ This means that today there is no longer a significant gap between regular military salaries paid through the GNA and those paid by the LAAF.

Box 1: Combat bonuses and lump-sum disbursements as part of the Tripoli war

As a result of the Tripoli war, both pro- and anti-LAAF camps have increased ad hoc financial payments to regular combatants, auxiliaries and mercenaries. These payments can be differentiated by form of disbursement and type of beneficiary.

Bonuses for front-line fighters are officially announced and wired to the accounts of combatants registered under the Ministry of Interior or Ministry of Defence, supplementing their regular salaries. The GNA has allocated LYD40 million to its Ministry of Defence to sustain the war effort and is granting troops a one-off LYD3,000 reward for battle duty.¹⁵

On 22 October 2019, the LAAF general command issued a decree on ‘granting a financial bonus for military members taking part in the current war operations and for the duration of their engagement in the fighting’; this favours lower-ranking army personnel.¹⁶

Both the GNA and LAAF also make unofficial lump-sum payments to armed group commanders and intermediaries, who distribute the money among their networks with little, if any, oversight and control. Recipients include unregistered fighters, volunteers, people without national ID numbers, and foreign nationals. Interviewees have claimed that both sides are taking advantage of vulnerable groups – specifically, Tuareg and Arab Libyans without national ID numbers – in the Fezzan region. These groups include former regime-era army or police personnel who were left without salaries after 2011, and disenfranchised youth from local communities whose access to the formal economy is severely curtailed. While Libya’s armed factions have drawn fighters from these groups in previous conflicts,¹⁷ the presence of members of the Mahamid tribe stands out in the Tripoli war.¹⁸

The GNA is believed to have funnelled money to unregistered Libyan and foreign fighters via senior military commanders such as Osama al-Juwaili and Ali Kanna, and via intermediaries such as Hassan Musa Keley, a Tebu military figure from Kufra now based in western Libya.¹⁹ Chadian mercenaries are said to be embedded with pro-GNA groups from Zintan and groups from the Fezzan – such as the South Protection Force, which formed in February 2019 as a Tebu-led coalition of anti-LAAF elements. At the start of the Tripoli war in April 2019, the GNA supposedly received a group of Chadian mercenaries through the South Protection Force and other

¹⁴ The ‘distinction bonus’ of LYD240 per month for military members of varying ranks was approved in 2016, but only started being paid out in 2019. It is granted to individuals based on recommendation by their commander. Budget Department of the Ministry of Finance of the Government of National Accord (2018), ‘Notice’, 7 December 2018, <https://www.facebook.com/BMF.NAG/photos/a.361019177754849/486231818566917/?type=3&theater> (accessed 17 Dec. 2019).

¹⁵ Elumami, A. (2019), ‘Libya’s U.N.-backed government steps up defence spending as war drags on’, Reuters, 6 August 2019, <https://uk.reuters.com/article/uk-libya-security-idUKKCN1UW1ZY> (accessed 11 Dec. 2019).

¹⁶ The LAAF general command’s Decree 463 of 2019 ‘on granting financial bonuses’ provides for bonuses to be paid to army members, calculated as a percentage of their basic salary and decreasing with seniority in the military hierarchy. The bonus is equivalent to 100 per cent of salary for ranks from soldier to unit sergeant-major; 50 per cent for ranks from second lieutenant to lieutenant-colonel; and 25 per cent for ranks from colonel upwards. Africa Gate News (2019), ‘Haftar grants a financial bonus to all army members taking part in combat’ (Arabic), 29 October 2019, <https://www.africatnews.net/article/ممنح-علاوة-مالية-لكل-العسكريين-المشاركين-في-القتال/> (accessed 25 Feb. 2020).

¹⁷ For instance, fighters from these groups were mobilized in the 2015–16 war led by the Misratan al-Bunyan al-Marsus coalition against ISIS in Sirte, and were also rewarded informally at the time.

¹⁸ The Arab Mahamid tribe is present in Libya, Chad and Sudan. Most of the Mahamid fighters involved in the war are embedded with pro-LAAF groups. Social media reports claim to show pro-LAAF Mahamid fighters mobilizing in late 2019, for example: Facebook page ‘Voice of the Mahamid’ (Arabic), 13 December 2019, <https://www.facebook.com/watch/?v=518974952025596> (accessed 25 Feb. 2020). According to interviewees, other Chadian Mahamid fighters are embedded with pro-GNA groups from Zintan.

¹⁹ Hassan Musa Keley has long been the main coordinator between anti-LAAF groups and certain Sudanese – as well as Chadian – rebel factions. According to interviewees, Keley mobilized some of these fighters on behalf of pro-GNA groups fighting against the LAAF in the Fezzan at the start of 2019, but it is unclear what role they played – if any – in the Tripoli war.

intermediaries in Sebha.²⁰ Overall, mercenaries played only a minor part on the GNA side during the first months of the war.²¹ This has begun to change: since December 2019, Turkey has sent approximately 2,000 Syrian fighters to back the GNA in Tripoli, a number which continues to increase.²²

Of the six Darfur rebel factions that are present in Libya, all but one are currently allied with the LAAF.²³ Hosted by pro-LAAF armed groups in central and southern Libya, they take part in military operations and guard oil and military facilities on behalf of the LAAF. The Darfur rebels were initially reluctant to join the Tripoli war, but the LAAF has been able to deploy some elements to the front since November 2019.²⁴ In September, reports began to circulate regarding the deployment of mercenaries employed by the Kremlin-linked Wagner Group in support of the LAAF. The numbers of operational Wagner mercenaries has been hotly contested, with estimates ranging from a few hundred to 2,000 by the close of 2019.²⁵

Ad hoc payments may incentivize combatants in the short term, but their duration is limited to the period in which open warfare is taking place. The degree to which such payments influence the allegiances of rank-and-file fighters is likely to depend on the ability of the fighters to generate revenues from other sources.

²⁰ Phone interviews with sources in the Fezzan, August 2019.

²¹ Lacher, W. (2019), *Who is fighting whom in Tripoli?*, The Small Arms Survey, August 2019, <http://www.smallarmssurvey.org/fileadmin/docs/T-Briefing-Papers/SAS-SANA-BP-Tripoli-2019.pdf> (accessed 25 Feb. 2020).

²² The number of fighters is based upon *Guardian* estimates. See McKernan, B. and Akoush, H. (2020), 'Exclusive: 2,000 Syrian fighters deployed to Libya to support government', *Guardian*, 15 January 2020, <https://www.theguardian.com/world/2020/jan/15/exclusive-2000-syrian-troops-deployed-to-libya-to-support-regime> (accessed 12 Feb. 2020). For more on the Syrians' deployment, see Wehrey, F. (2020), 'Among the Syrian Militiamen of Turkey's Intervention in Libya', *New York Review of Books*, 23 January 2020, <https://www.nybooks.com/daily/2020/01/23/among-the-syrian-militiamen-of-turkeys-intervention-in-libya/> (accessed 10 Feb. 2020).

²³ The only Sudanese group currently allied with the GNA is the Justice and Equality Movement. According to information obtained in March 2019 by the UN Panel of Experts on the Sudan, the largest of the Darfurian rebel factions (Sudan Liberation Army/Minni Minawi) negotiated with pro-GNA actors in Misrata around that time, in view of switching sides, but this deal did not materialize. Wanjala, T. B., Ciesay, P., Darracq, V., Dobronravin, N. and Yadav, R. (2020), *Final report of the Panel of Experts on the Sudan*, 14 January 2020, https://reliefweb.int/sites/reliefweb.int/files/resources/S_2020_36_E.pdf (accessed 10 Feb. 2020).

²⁴ Wanjala, T. B., Ciesay, P., Darracq, V., Dobronravin, N. and Yadav, R. (2020), *Final report of the Panel of Experts on the Sudan*, 14 January 2020, https://reliefweb.int/sites/reliefweb.int/files/resources/S_2020_36_E.pdf (accessed 10 Feb. 2020).

²⁵ Jégo, M., Vitkine, B. and Bobin, F. (2020), 'En Libye, le grand marchandage entre Moscou et Ankara' [In Libya, the great bargain between Moscow and Ankara] (French), *Le Monde*, 24 January 2020, https://www.lemonde.fr/international/article/2020/01/24/en-libye-le-grand-marchandage-entre-moscou-et-ankara_6027114_3210.html (accessed 12 Feb. 2020).

2. Tripolitanian Armed Groups

In 2012, as many as 30 armed groups could be described as militarily significant in Tripoli.²⁶ By mid-2017, a so-called ‘quartet’ of only four main groups dominated the city: the Tripoli Revolutionaries Brigade (TRB); the Nawasi Brigade; the Special Deterrence Forces (SDF); and the Abu Slim Central Security Unit. A tacit coexistence agreement between these four actors and Libya’s internationally recognized Government of National Accord (GNA) – which arrived in Tripoli in March 2016 – has allowed the capital’s principal armed groups to consolidate their control.²⁷

Community relations

The degree of social legitimacy that armed groups hold in the eyes of Tripoli’s residents – whose number has swelled to one-quarter of the country’s population – has fluctuated. The local population has credited the groups for a gradual improvement in security since the arrival of the GNA. Yet their presence is not universally popular: while some residents have praised the armed groups for participation in the ‘defence of the capital’, others have blamed their greed for helping to provoke the LAAF offensive that was launched in April 2019.²⁸ There is a clear desire for a transition away from militias towards a more formal security apparatus, with a unified army and police. Residents appear pragmatic in what they expect from the armed groups currently in charge, resigning themselves to the fact that control over a particular part of the capital will be used by the group in question to generate funds. Such views indicate the extent to which illegal revenue-generating activity by armed groups has become normalized in Tripoli, and regarded as a necessary trade-off in return for the provision of security.

Interestingly, our interviews with Tripoli residents indicate that they blame the state rather than armed groups for the lack of functioning services. Several residents have explained that they believe corruption and illegitimate rent-seeking by armed groups to pale in comparison to the corruption of politicians. ‘What armed groups get in terms of letters of credit are crumbs in comparison with the ... corruption witnessed in the Libyan Investment Authority or the Libyan Post, Telecommunications and Information Technology Company, the bigger problems are there,’ said one resident from Qasr Bin Ghashir.²⁹ Nonetheless, corruption by armed groups in the capital has remained a significant source of grievance for the local population. When armed units from Tarhuna and Misrata sought to oust the incumbent groups from the capital in August and September 2018, they dubbed the Tripolitanian armed groups the ‘Daesh of the public finances’ – a potent attack line referencing Islamic State of Iraq and Syria (ISIS). Similarly, the LAAF’s pledge to end the corrupt practices of Tripoli’s armed groups gained it significant popular support ahead of its 2019 offensive on the capital.

²⁶ Lacher, W. and Idrissi A. (2018), *Capital of Militias: Tripoli’s Armed Groups Capture the State*, The Small Arms Survey, Geneva: Graduate Institute of International and Development Studies, <http://www.smallarmssurvey.org/fileadmin/docs/T-Briefing-Papers/SAS-SANA-BP-Tripoli-armed-groups.pdf> (accessed 11 Dec. 2019).

²⁷ Prior to 2016, Zintani and Misratan forces had controlled large areas of the capital, a source of contention for much of the local population.

²⁸ Interview with male resident from Fernaj, via Skype, April 2019.

²⁹ Interview with male resident from Qasr Bin Ghashir, conducted in Tunis, March 2019.

Despite reservations, locals remain cognizant of the need to build positive relationships with armed groups, in case they need their services. As armed groups have taken on a more prominent role in protecting banks, for instance, young people in local communities have sought to build links with them to monitor the availability of basic financial services. One interviewee living in Fernaj explained: 'I call a member of a local armed group – TRB – at least twice a week to know where I should go to line up for liquidity. The person doesn't offer me an extra service, but at least I know not to waste my time waiting if there is no money at the bank.'³⁰

In other cases, protection rackets effectively oblige locals to cultivate relations with armed groups. A resident from the Airport Road area asserted that 'if you don't have a good connection with an armed group and they hear that you obtained a significant amount in cash selling property, you are in danger of kidnapping for ransom'.³¹

Tripoli's residents have few means of holding armed groups accountable, but a basic level of social legitimacy is still required for armed groups to operate effectively. The degree of connection between armed groups and the community is modest in Tripoli. In the tight-knit neighbourhood of Abu Slim, the Abu Slim Central Security Unit has a close relationship with the municipality and the community, from which its forces are drawn. In Suq al-Jumaa, close links between the SDF and religious members of the community strengthen its position. Yet overall, armed groups have focused almost exclusively on maintaining a stable security environment rather than performing other services.

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The involvement of armed groups in dispute resolution is minimal: armed groups provide little in the way of accountability or justice within communities. Previous participants in disputes have explained that their cases are either resolved 'organically' (i.e. through families) or settled using violence if the parties involved have connections with armed groups (or are members of such groups themselves). Armed groups are not immune to social pressures, however. Some residents of Tripoli have noted that when armed groups come under such pressures, their response is to seek to appease the local population. Following clashes between Tripoli's armed groups and the Kani Brigade in August and September 2018, TRB leader Haitham al-Tajouri made a range of public gestures to curry favour with the community, including pressuring black-market traders to make cash available, forcing businesses to deposit cash in banks (to increase liquidity), and reopening hospital wards. Reflecting on Tajouri's outreach, one resident of central Tripoli interviewed for this paper said: 'Armed groups usually monopolize access to resources and liquidity while we are left alone to wait for the banks to give us handouts ... but when the armed groups feel that they need our support, ironically they make sure we get enough access to liquidity so we don't complain.'

In contrast to practice in other parts of the country, residents' relations with armed groups in Tripoli are more likely to be managed on an individual basis than by the community. This is likely due to the fact that tribal influence is less pronounced within Tripoli's armed groups. Consequently, access to or influence over armed groups is dependent on personal relationships. Social status, family,

³⁰ Interview with male resident from Fernaj, via Skype, April 2019.

³¹ Interview with male resident from Tripoli Airport Road, via Skype, April 2019.

age and informal ties are significant factors in determining an individual's access to particular services (especially banking services). As armed groups predominantly consist of young men, this makes it more likely that other young men in the host community will develop friendships with them (and therefore be disproportionately able to increase their access to services).

Revenue generation and resource mobilization

The dynamics of the conflict economy in western Libya have changed substantially since 2014, as a result of the political division in that region, the deterioration of the security situation and the consolidation in the number of armed groups in the capital. A contraction in armed group revenues has also been a key factor, as prior to 2014 the unrestrained expansion of state spending on salaries and operations had underwritten the budgets of a vast array of armed actors.

The arrival of the GNA in Tripoli in 2016³² and its reliance for security on the 'quartet' of armed groups accelerated these trends. The GNA's cooperation with these forces can be interpreted as a reaction to pressure to acquiesce to (or actively participate in) the development of alternative means of financing for armed groups in western Libya. It also doubtless reflected an intent to profiteer from the unaccountability typically characterizing interim periods of governance in Libya. Over time the conflict economy in Tripoli has developed in a manner not replicated elsewhere in the country, due in part to the fact that the military strategy of the four groups – the TRB, the Nawasi Brigade, the SDF and the Abu Slim Central Security Unit – has been to consolidate control over territory in Tripoli without attempting to expand beyond the capital. One consequence of this is that state legitimacy has been eroded while the de facto authority of these armed groups has grown.

Relying on their ability to dispense coercive force, and often with the complicity of elements of the political and business elite, Tripoli's armed groups have developed lucrative revenue-generating mechanisms. These mechanisms are integral not only to the perpetuation of violence but also to the incentives that underpin the wider conflict economy. The volatility of this environment has been illustrated by intermittent bouts of violence – such as in Tripoli in August–September 2018 – as well as by the current LAAF offensive.

Access to state resources and assets

The hyper-centralization of Libya's official system of governance – though not, of course, of de facto rule – means that control of the capital confers a significant degree of control over the distribution of state resources and assets. The various approaches used by armed groups in Tripoli to raise finances are overwhelmingly based on extracting resources from the state. Their methods differ in terms of the scale of funding targeted, but one way or another all rely on permutations of the following: salaries and direct payments; unofficial transfers via state, public or private institutions (e.g. through the shadow economy, taxation and the monetization of security services); and de facto expropriation of state assets (e.g. through control of critical infrastructure). It is rare for armed groups to focus exclusively on one source of income, as different modalities often overlap or complement each other, thus rendering diversification both lucrative and relatively easy to pursue.

³² The GNA's members arrived in Tripoli in March 2016, via a military frigate used to ensure their safe passage. Lacher, W. (2018), *Tripoli's Militia Cartel: How Ill-Conceived Stabilization Blocks Political Progress, and Risks Renewed War*, SWP Comment No. 20, https://www.swp-berlin.org/fileadmin/contents/products/comments/2018C20_lac.pdf (accessed 11 Dec. 2019).

Salaries are drawn from chapter 1 of the state budget, which is proposed by the GNA and negotiated with both the Tripoli-based CBL and the Interim Government (which negotiates disbursements to the east of the country). Chapter 2 of the budget covers operational costs – e.g. of equipment and arms – for the defence and interior ministries. It is also used to allocate funding for contractual work, security provision, catering and cleaning services. Contracts offer an alternative means of payment for armed groups. Contractors (essentially consultants) are not subject to the same salary grids as state employees, and their contract pay can therefore be much higher. All members of the Tripoli ‘quartet’ benefit, in part, from access to chapter 2 funding for operational services. While an average monthly salary for a member of an armed group in Tripoli is around LYD1,500 (based on contractual work), rates are believed to vary significantly from group to group, depending on the terms negotiated. The SDF, for example, is believed to have negotiated higher salaries than other groups. In contrast, many members of the TRB lack access to state salaries, instead leveraging the TRB’s influence over political and economic networks to generate income. The four groups usually contend that they lack official income streams to underwrite their operational costs, though in most cases the cleaning and catering companies servicing each group are covertly owned by its leadership.

Physical control of state institutions provides a key source of revenue. Tripoli’s armed groups have devoted much effort to securing control over areas of the capital that contain public sector offices, markets, banks and companies. Payments of protection money to the ‘quartet’ are largely perceived as an unavoidable operating cost: indeed, state-owned institutions and public companies specifically allocate a portion of their budgets to paying Tripoli’s groups to ensure security in their locality. In some cases, physical control of an office building has enabled an armed group to add its members to the payroll of the institution in question and/or secure lucrative contracts. In 2018 the Nawasi Brigade, which controls access to the headquarters of the Libyan Investment Authority (LIA), used violence to compel the LIA’s management to recruit and employ its fighters. When the LIA’s management resisted, the management team was forced to move out of Tripoli for several months. A plan to relocate its headquarters away from the Nawasi Brigade’s territory met with strong opposition from the armed group. The brigade also forced the Libyan Foreign Investment Company (LAFICO) to place a commander’s relative on its board.³³

In the private sector, the most lucrative protection rackets have been those targeting banks. Little coercion has been required in these instances, because armed groups have often been the only viable option for providing security around banks and ensuring the effective distribution of cash. Armed groups have utilized the networks they have developed in this way not only to leverage their access to letters of credit (LCs) but also to derive revenues through credit card schemes. These schemes have involved exploiting the difference between the official exchange rate and the black-market rate. Among other mechanisms, armed groups have obtained pre-charged credit cards at the official rate. They have then hired ‘mules’ to carry the cards abroad and withdraw foreign currency, which has been funnelled back into Libya, at times through *hawala* networks.³⁴ Tripoli’s armed groups have also sought to compensate for losses of direct state-derived income (i.e. from the Ministry of Defence or Ministry of Interior) by charging monthly fees to the banks. Importantly, the provision of protection services around banks has given armed groups privileged access to liquidity, of which there was a critical shortage in the banking sector between 2014 and late 2018.

³³ Majumdar Roy Choudhry, L., Abou-Khalil, N., Bouhou, K., Kartas, M., McFarland, D. and de Albuquerque Bacardit, L. (2018), *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011) addressed to the President of the Security Council*, United Nations Security Council, 5 September 2018, https://www.un.org/ga/search/view_doc.asp?symbol=%20S/2018/812 (accessed 11 Dec. 2019).

³⁴ For more detailed description of the visa card scheme, see Zway, S. A. (2017), *Libya’s Shadow Economy*, Mercy Corps, https://www.mercycorps.org/sites/default/files/Mercy%20Corps_Libya%20Shadow%20Economy.pdf (accessed 10 Feb. 2020).

Other protection services appear to have been set up on a consensus basis. Abdulghani al-Kikli (known as Ghneiwa), who exercises tight control over the Abu Slim Central Security Unit which he commands, has instituted a taxation mechanism to raise revenues that are subsequently reinvested into public works in the areas under his group's control. It appears that the mechanism is informally implemented, yet sensitivities remain about how it operates and what exactly is entailed. In conversations with residents of the Abu Slim neighbourhood, Chatham House was told that any member of Ghneiwa's entourage who divulges details of the taxation scheme's operations is likely to be subject to physical violence.³⁵ The Abu Slim Central Security Unit does not have the same access to resources as some of its rivals in Tripoli. This may explain why it still consistently relies on kidnapping to raise income. Some interviewees for this paper alleged that, unlike when people are kidnapped or imprisoned by the SDF for indeterminate periods, those kidnapped by the Abu Slim Central Security Unit are usually freed upon receipt of a ransom.³⁶

Over the period 2014–18, armed groups increasingly relied on import/export fraud involving the use of LCs as a financing mechanism.³⁷ Around \$58 billion in overseas financial transfers appear to have been paid via LCs between 2012 and 2017. It is difficult to assess how much of this total was fraudulent, but the figure is likely to have exceeded \$5 billion in 2012–18. In 2016, the Libyan Audit Bureau found that more than \$570 million worth of fraudulent LCs had been issued in the first 11 months of the year; it is reasonable to assume that this figure falls far short of the total sums involved. Since then, the Libyan Audit Bureau has been denied access to the CBL's database of LCs, preventing similar investigations, although the CBL contends that its decision to remove restrictions on companies applying for LCs in 2018 means that this is not an obstacle to transparency.

Initially, collaboration between armed groups and black-market dealers relied on the latter to provide expertise in navigating the trade finance system. Yet by 2018, the armed groups had gained expertise of their own in these processes.

As Tripoli's armed groups have cemented their control over the capital, the level of coercion needed to obtain LCs has diminished. Initially, collaboration between armed groups and black-market dealers relied on the latter to provide expertise in navigating the trade finance system – e.g. advising on the use of front companies and financial channels – in return for the armed groups ensuring the ready approval of LC applications (something that the traders on their own were unable to guarantee). Yet by 2018, the armed groups had gained expertise of their own in these processes. They had developed front companies and financial channels, had cemented connections with their own members (or affiliates) and politicians, and had embedded fully operational units inside state institutions.³⁸ The pre-existing quid pro quo with black-marketeers was thus obsolete. With armed groups now increasingly unaccountable and enjoying full control over the city, they were able to develop their own networks of profiteers. The scheme deployed to profit from LCs was determined

³⁵ Interview with residents from Abu Slim, via Skype, March 2019.

³⁶ Ibid.

³⁷ For a more detailed description of these practices, see Eaton, T. (2018), *Libya's War Economy: Predation, Profiteering and State Weakness*, Research Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/publication/libyas-war-economy-predation-profiteering-and-state-weakness> (accessed 11 Dec, 2019).

³⁸ Interview with black-market trader in Tripoli, January 2019.

by the influence and capacity of each armed group.³⁹ Such dynamics also illustrate how businesses have remained willing to fund armed groups in return both for protection and for the use of the latter's coercive capacities in furthering their commercial interests.

Infiltration of state institutions has made it easier for armed groups to access state resources without the need for violence. A notable example was the appointment of the son-in-law of the Nawasi Brigade's leader as the head of the budget department at the Ministry of Finance. Such tactics indicate that armed groups are intent on taking over decision-making within state institutions to ensure access to resources, while avoiding coercion unless necessary.

At the same time, the ongoing conflict in the capital has reduced the ability of Tripoli's armed groups to extract resources and rents from the state. The arrival of non-Tripolitanian armed groups in the capital after Haftar's offensive in April 2019 – as well as the prominence of Fathi Bashagha, the minister of interior, as the key GNA figure responsible for resourcing the war effort (and also as the intermediary with Turkey for the coordination of military support) – has diminished the influence of some local groups. Infighting has caused the TRB, in particular, to decline in prominence. On the other hand, the Nawasi Brigade's revolutionary ideology and wide mobilization in response to the LAAF offensive have allowed it to garner significant influence within and around Tripoli, to the detriment of rival groups from the capital.⁴⁰ The Nawasi Brigade also benefits from the fact that several of its members are part of security 'teams', such as the Special Operations Forces, that report directly to the Ministry of Interior and are thus well supplied. The discrepancy between the Nawasi Brigade's superior access to equipment supplies (through official state channels) and the access available to other groups is wide.

Intra-group variations in economic activity

The extent to which revenues are distributed within Tripoli's armed groups varies significantly. For example, many TRB fighters and officials do not receive state salaries, instead having to raise revenue individually through diverse means. The nature of the group's revenue-generating model means that, in the words of one TRB member interviewed for this paper, 'the trickle-down in TRB is very limited'. The interviewee added:

We aren't usually made aware of the way money goes in and out. However, what is visible to us is the discrepancy between commanders, who possess large amounts of cash along with fancy and expensive cars, and rank-and-file fighters who would only be receiving salaries or some form of compensation for being on active duty.

These comments indicate that the most lucrative revenue-generating activities are concentrated in the hands of a limited number of group members. It is worth noting that most of the TRB's official members (i.e. those affiliated to the Ministry of Interior) are in fact demobilized most of the time,

³⁹ Some of the measures which the Central Bank of Libya (CBL) has put in place to balance Libya's budget and reduce graft have periodically removed access to LCs through the formal system. This has – perversely – empowered the black market and the position of profiteers. The imposition of a 'fee' on access to foreign exchange in September 2018 reduced the arbitrage opportunity, but it did not address the issue of misreporting imports and the offshoring of significant amounts of foreign currency. The fee has also led to concerns that significant revenues (estimated to be as much as LYD25 billion per year) are being levied, with few checks and balances over their expenditure.

⁴⁰ The Nawasi Brigade has mobilized significantly in comparison with other Tripoli groups. It has stepped up recruitment, including an entire 'brigade' – affiliated with the Benghazi Revolutionaries Shura Council – that de facto operates under its command. It has also established control over the General Intelligence Service and since April has arrested several people suspected of having links with Field Marshal Haftar. It has, however, suffered a loss of military influence as a result of casualties within its ranks in the fighting south of Tripoli. Several of the TRB's leaders have left Tripoli since 4 April 2019. The group appears to be divided between a pro-revolutionary faction critical of the TRB's engagement in the conflict economy in recent years and a faction close to the now-departed leader, Haitham al-Tajouri, who has become synonymous with the excesses of the 2014–18 period.

but that they still utilize their TRB connections as a means of generating income. Members of the TRB have adopted a number of approaches in this regard, reflecting the group's status more as a network than as a clearly defined armed group. Some have sought to enter political life: a number had planned to run in the elections anticipated in 2018 – although the elections did not ultimately take place. Others have managed to get appointed to positions in various ministries and institutions, or have utilized their connections to secure positions on the boards of private businesses.

Our interviews with Tripoli residents indicate that the SDF, meanwhile, raises revenue by appropriating money, goods and materiel during raids and arrests. One interviewee asserted:

Not one single piece of information is disclosed regarding where the money that the SDF seizes from raids on drug hubs ends up. [The group] also resells most of the cars that it seizes, which creates avenues through which it can create income, supply itself and build up its own power.

Unlike with other armed groups in the capital, there is little evidence that SDF funds are concentrated in the hands of its top commanders. Revenue distribution appears to be organized through a formal payroll, with rank-and-file members receiving generous salaries. For revenues generated illicitly, it is likely that individual members and units operate with a degree of autonomy from the SDF's leaders, although the revenues are likely to be shared among the subgroup involved.

3. Eastern Libya: The Libyan Arab Armed Forces

A series of assassinations and violent local power struggles beset eastern Libya following the overthrow of the Gaddafi regime. During 2012–14, police and military officers, judges, politicians, journalists and activists in the cities of Benghazi and Derna were targeted. Hundreds of killings occurred. Few, if any, suspects have been arrested. Many residents of Benghazi as well as authorities in the eastern region blamed the assassinations on extremist Islamist groups – including Ansar al-Sharia – that dominated both cities. On the back of this insecurity and campaign of assassinations, then-General Khalifa Haftar launched ‘Operation Dignity’ against Islamist and Islamist-leaning militias in the city of Benghazi in May 2014. Underlining the country’s political fragmentation, in March 2015 the House of Representatives⁴¹ appointed Haftar as general commander of Libya’s armed forces and promoted him to the rank of field marshal.⁴² Since that point, Haftar has referred to his forces as the ‘Libyan Arab Armed Forces’ (LAAF).⁴³

Haftar secured the support of disgruntled former army officers and soldiers, as well as key eastern tribes, in using Operation Dignity to consolidate his control of the eastern region through the development of the LAAF under his leadership.⁴⁴ What followed, though, was a brutal campaign for control of Benghazi between May 2014 and July 2017, which displaced hundreds of thousands of residents and destroyed significant parts of the city. Video footage of an LAAF officer summarily executing combatants has led to the issue of an arrest warrant by the International Criminal Court (ICC) for the officer concerned. The LAAF officer’s actions appear to divide opinion locally, with some believing that such acts are justified against extremist groups while others denounce the behaviour.

Following the establishment of control in Benghazi, an empowered LAAF moved on to Derna, where it launched another bloody campaign against Islamist forces, including groups linked to ISIS and Al-Qaeda. The campaign concluded in June 2018. The LAAF has since sought to expand its influence in the south of the country (as discussed later in this paper), and in April 2019 launched an offensive on Tripoli in the west.

⁴¹ The House of Representatives relocated from Tripoli, citing security concerns following the dispute over the 2014 elections. It took up residence in the eastern city of Tobruk, although not all of its members chose to relocate. The House of Representatives did not ratify the Libyan Political Agreement of 2015, which provided the basis for the GNA’s formation (the House of Representatives was to be the GNA’s legislative body). The House of Representatives’ procedures came to be dominated by Agila Saleh, its speaker, leading to widespread violations of its official procedures. The term of the House of Representatives has since expired, although its members have voted to renew it. Following the outbreak of violence in 2019, the House of Representatives split once again into Tripoli-based (GNA-aligned) and Benghazi-based (Interim Government-aligned) factions. The House of Representatives continues to be recognized as the country’s legislature.

⁴² Al-Werfalli, A. (2015), ‘Libya’s Haftar appointed army chief for recognized government’, Reuters, 2 March 2015, <https://www.reuters.com/article/us-libya-security-army/libyas-haftar-appointed-army-chief-for-recognized-government-idUSKBNOLY1AB20150302> (accessed 10 Jan. 2020).

⁴³ This paper refers to Haftar’s forces as the ‘Libyan Arab Armed Forces’, rather than opting for the commonly used English term ‘Libyan National Army’, for three reasons: first, because this is a close translation of the name used by the group in Arabic; second, because it helps to distinguish between the title of Libyan Army also claimed by military authorities aligned with the GNA in the west of the country; and third, because it is used as a tool in the narrative war for legitimacy.

⁴⁴ For an overview of Haftar’s interactions with the rebels during the 2011 Libyan uprisings, his rise to national prominence, the LAAF’s formation, its relations with other armed groups and tribes in eastern Libya, and its ongoing participation in the assault on Tripoli, see Pack, J. (2019), *Kingdom of Militias: Libya’s Second War of Post-Qadhafi Succession*, ISPI Analysis, https://www.ispionline.it/sites/default/files/publicazioni/isp_analysis_libya_pack_may_2019_0.pdf (accessed 17 Dec. 2019).

Community relations

The LAAF's status is a matter of contestation. To its supporters, it constitutes a formal national army and is referred to simply as *al-jaysh* – i.e. 'the army'. To sceptics, the LAAF is no different to other armed groups. While the LAAF has the distinction of seeking to operate as a national force (which few, if any, rival actors are able to do), in reality it remains an amalgam of formal units of mixed tribal composition – such as Brigade 106 – and some local auxiliary forces.⁴⁵

The tribal influence of some armed and military figures has also represented a threat and a challenge to Haftar's project and ambitions in eastern Libya. Relying on their tribes and tribal support bases, some armed group and/or military figures – such as Col. Faraj al-Barasi, Col. al-Mahdi al-Barghathi, Col. Muftah Hamza, Faraj Egaim, Salah Boulaghib and Ibrahim Jadhraan – have sought on various occasions to challenge Haftar's authority and growing control over eastern Libya's military and security forces. However, using a combination of a wait-and-see approach and a demonstrated ability to navigate tribal relations, Haftar has successfully thwarted those challenges to his authority, sometimes by playing elements of tribes off against one another to reach an accommodation.

At the beginning of Operation Dignity in 2014, the LAAF's general command had limited control over some of the armed groups under its structures in Benghazi. An illustration of this can be found in its fluctuating relations with factions of the Awagir tribe in Benghazi. Benghazi is the stronghold of the Awagir tribe and its sub-clans. The city and its environs are considered to be their homeland (*watan*). The involvement of Awagir fighters in Operation Dignity in 2014 formally began when the Interim Government⁴⁶ appointed Faraj Egaim, an Awagir figure, as the head of a special operations and counterterrorism force.⁴⁷ However, growing disenfranchisement and dissatisfaction among certain Awagir factions with Haftar and his leadership style prompted a rapprochement between Egaim and the GNA in 2016, as the GNA saw Egaim as a figure through which Haftar could be challenged.

In order to head off Egaim's challenge without causing Awagir factions to break away from the LAAF, Haftar placed Egaim under house arrest. After the launch of the LAAF offensive on Tripoli on 4 April 2019,⁴⁸ however, Haftar released Egaim following intervention and mediation from some key Awagir figures. Egaim was given command of a newly formed armed unit of his own, with a vague mandate to 'counter negative occurrences' (which the unit does not appear equipped to fulfil). These events illustrate the challenges facing the LAAF general command in terms of accommodating and navigating local interests, yet also indicate its flexibility and resourcefulness.

Tribal issues are not the only factor complicating relations within the alliance. In Benghazi tensions can also be observed between the LAAF general command and elements of the Saiqa Special Forces, led by Mahmoud al-Werfalli (the officer subject to the aforementioned ICC arrest warrant). The unit

⁴⁵ For more on the composition and development of LAAF elements such as Brigade 106, see Harchaoui, J. and Lazib, M. (2019), 'Proxy War Dynamics in Libya', <https://vtechworks.lib.vt.edu/handle/10919/91990> (accessed 9 Mar. 2020).

⁴⁶ The Interim Government, located in al-Bayda in the east of the country, is not recognized internationally but continues to operate in some areas, under the oversight of the House of Representatives. The House of Representatives formed the Interim Government after relocating from Tripoli. The Interim Government is led by Abdullah al-Thinni.

⁴⁷ This particular unit stood out as one whose rank-and-file fighters came, in large part, from members of the Awagir tribe originating in Bersess, a geographic area that represents a locus of influence for the tribe.

⁴⁸ These localist and tribal dimensions explain the decreasing role played by the Saiqa Special Forces, Awliya al-Dam and Awagir in LAAF operations in Derna, and in the 4 April 2019 offensive on Tripoli. The tensions between the localist/tribal-based anchors and Haftar's nationalist aspirations also had to be compensated for: this explains why Haftar has had to ally himself with and/or mobilize forces that he has not traditionally relied on for coercive expansion (e.g. Gaddafists, Magharba from Ajdabiya, Tarhuna's Kani Brigade). In particular, the Magharba tribe, which de facto handed over the 'oil crescent' to Haftar in 2017, expected more prestige, economic opportunities and a higher status within the LAAF (much like the Awagir). This 'status upgrade' did not materialize, however, and the disillusionment of the Magharba was actually one of the factors that Ibrahim Jadhraan, the former commander of the Petroleum Facilities Guard (PFG), sought to manipulate in his June 2018 attack on the 'oil crescent' (though his efforts backfired).

has a unique composition, amalgamating local young people, former Gaddafi-era commanders and a significant Salafist ideological element. As with Tripoli's armed groups, members of both the Awagir tribe and the Saiqa Special Forces' network have assumed a formal security role, with a degree of autonomy from the LAAF general command. But that space for autonomy is steadily shrinking as formal LAAF and government institutions continue to consolidate their control. Since 2014, Awagir leaders have leveraged their positions and personal connections to capture elements of Benghazi's economy (particularly private businesses and the real estate sector), which they consider compensation for their support of the LAAF in 2014.

These tensions highlight the mismatch between, on the one hand, the strategic view of the LAAF's general command – which is ostensibly nationalist in positioning and directly loyal to Haftar's national political project – and, on the other, the agendas of localist elements of the alliance less committed to the field marshal's goals. The LAAF has proved relatively effective to date at balancing coercion and patronage to manage the tensions between these priorities. For local groups, such as the Awagir and elements of the Saiqa Special Forces, the LAAF has become a vehicle for the pursuit of local goals, with incorporation into LAAF structures ensuring a degree of stability in the areas under the alliance's control. The LAAF general command has also pursued its own narrow interests at times, particularly in terms of increasing its engagement with the private sector.

Conflict has had a significant negative impact on the social fabric in the east, where the relationship between armed groups and local communities broadly mirrors tribal and ideological divides.

The LAAF is ultimately subservient to Haftar himself. A narrow coterie of actors – including, notably, his sons and commanders from Haftar's own tribe, the Ferjan – undermine the formal chain of command. For those who support the LAAF as a formal institution of the state, the personalistic rule of Haftar creates an inherent conflict of loyalties. Such considerations must be factored into any analysis of the LAAF's relationship with communities in the east, where the alliance has co-opted social organizations and used coercion to dominate political and economic decision-making.

Conflict has had a significant negative impact on the social fabric in the east, where the relationship between armed groups and local communities broadly mirrors tribal and ideological divides. For example, in 2014, when the local community in Benghazi suffered serious fissures along clan and tribal lines, armed groups in the city sought to exploit these fault lines in their power struggle against each other. Some of the key leaders in the city's Islamist-leaning armed groups belonged to clans and tribes originating in western Libya, especially Misrata. For example, Ansar al-Sharia and the Benghazi Revolutionaries Shura Council (BRSC) – both of which included brigades that at least initially self-identified as anti-Gaddafi, rather than as Islamist – received consistent military support from Misrata.⁴⁹ The support base for Operation Dignity and the LAAF in Benghazi, on the other hand, originated primarily among the eastern tribes, including the powerful Saadi group of tribes (the Awagir, Magharba, Obaidat and Barasa) and the Murabitin tribes (consisting of the Mnifa, Qahtan and Ferjan); later on, support also came from the Higher Council for the Murabitin and Ashraf. Nonetheless, the LAAF's general command takes inclusion of all tribes and regions across Libya in its structures seriously and considers it key to the success of its nationalist positioning.

⁴⁹ Kaldec, A. and Morajea, H. (2015), 'The Dawn Divides: The Islamic State and Libya's Inter-Islamist War', War on the Rocks, 11 February 2015, <https://warontherocks.com/2015/02/the-dawn-divides-the-islamic-state-and-libyas-inter-islamist-war/> (accessed 9 Jan. 2020).

Armed groups have consequently been viewed as part of local society, albeit with varying degrees of legitimacy. For example, the BRSC and Derna Mujahidin Shura Council would not have been able to secure footholds in Benghazi and Derna respectively, and hold out for years against Operation Dignity, without close links to local communities in their neighbourhoods. Equally, the LAAF would not have been able to sustain its advances on Benghazi and Derna and consolidate its position without the support of tribes throughout the eastern region.

Extensive militarization has occurred in eastern Libya. On 19 June 2016, Agila Saleh, the speaker of the House of Representatives, declared a state of emergency in the east. Through his position as speaker, Saleh appointed the LAAF's chief of staff, Abdulrazaq al-Nadhouri, as military governor overseeing territory from Bin Jawad in the central 'oil crescent' to Derna in the northeast. Nadhouri subsequently abolished 10 democratically elected municipal councils and controversially replaced them with military governors. Nadhouri also attempted to take over the functions of civilian authorities and influence state institutions in eastern Libya. His appointment led to the emergency imposition of military law, and a range of temporary decrees affecting civilian/technical institutions in that region.

Operation Dignity steadily gained popular support, allowing the LAAF to consolidate its position as a legitimate and representative security actor in the eyes of a significant proportion of communities in eastern Libya. For some, the LAAF is seen as a vehicle for circumventing tribal divides. Interviewees from the city referred to the 'Awagirization of Benghazi' to describe how members of the tribe are taking key jobs in the public sector. One interviewee from Benghazi emphasized her hope that the LAAF would prevent the dominance of tribal politics in the city.⁵⁰ Regardless of one's view of the LAAF, residents of Benghazi and Derna (and to a lesser extent Ajdabyia and Kufra) interviewed for this paper view the LAAF as the key power broker and local actor.

The LAAF's dominance in the east has brought a degree of stability to the region, allowing for a semblance of normality to return in cities such as Benghazi. This has prompted some business leaders to call for a 'strongman' mode of rule in Libya and offer support for the LAAF's campaign.⁵¹ When asked about the LAAF's growing role and the lack of transparency over its actions, one prominent pro-LAAF activist in Tobruk remarked that the LAAF is at war, and that this was no time to ask for civilian oversight or transparency.⁵²

For those who oppose the LAAF's activities, or who do not benefit from them, the cost is high. This has particularly been the case since the launch of the April 2019 offensive on Tripoli. For example, hours after giving an interview criticizing the offensive, Seham Sergiwa, a legislator in the House of Representatives, was abducted, allegedly by the Awliya al-Dam armed group (even though the group had supposedly been disbanded by the LAAF). 'The army is a red line,' was reported to have been graffitied on the wall of her property. Sergiwa remained missing at the time of writing.

Nonetheless, there is now an ongoing conversation in eastern Libya about the role that the LAAF should play in public life and politics. Some politicians, activists and civil society groups are trying to push back against the expansion of the LAAF into the public sector and economic sphere. According to one source in the Interim Government in al-Bayda, the Council of Ministers and the Ministry of

⁵⁰ Interview with local lawyer, Benghazi, March 2019.

⁵¹ Laessing, U. (2019), 'INSIGHT-Where Libya's revolution began, many now yearn for a strong hand', Reuters, 21 February 2019, <https://af.reuters.com/article/libyaNews/idAFL5N20A4KM?feedType=RSS&feedName=libyaNews> (accessed 11 Dec. 2019).

⁵² Interview with local activist, Tobruk, March 2019.

Finance are currently engaged in an administrative tribunal against the LAAF's Military Authority for Investment and Public Works (MAIPW).⁵³ The dispute is over the collection of labour migrants' fees and the management of agricultural mega-projects in the Sarir and Kufra regions in the southeast.⁵⁴

In addition, democratically elected mayors and municipal councils have challenged the status of military personnel appointed by Nadhoury during his term as military governor. For example, in a court case in al-Bayda in 2017, the mayor of al-Marj challenged Nadhoury's decision to replace him with a military-appointed mayor,⁵⁵ while in the same year a group of seven mayors also affected by Nadhoury's appointments issued a joint statement calling for the reinstatement of democratically elected municipal councils.⁵⁶ After Nadhoury's post of military governor was abolished by the speaker of the House of Representatives in July 2018, the Interim Government in al-Bayda assumed oversight of the issue and appointed its own civilian caretaker municipal councils.

The LAAF's increasing dominance leaves communities in the east unable to hold it accountable in any meaningful sense, despite nominal oversight by civilian authorities. In April 2015, the House of Representatives summoned Haftar for a hearing on military and security developments.⁵⁷ Haftar did not show up, his excuse being a lack of time due to ongoing military operations in Benghazi and Derna.⁵⁸

At the same time, there have been instances when public pressure on the LAAF, its leadership or security forces aligned with it has been effective. In February 2017, Nadhoury, at that time still military governor of the eastern region, issued a directive banning women from travelling without a guardian and security clearance.⁵⁹ The decision, ostensibly made on national security grounds, immediately prompted protests by activists and civil society organizations. Female leaders from Benghazi met with Nadhoury to convince him that the decision was discriminatory, prompting him to suspend the directive for few days – albeit, only until he came up with a new one that banned both women and men from travelling without security clearance from the relevant authorities.⁶⁰

Since the LAAF's consolidation of control in Benghazi and Derna, the role of independent civil society has remained weak. Interviews with some residents of Benghazi have indicated that the legitimacy accorded by some members of the community to the LAAF has made it more difficult for civil society to hold the group accountable.⁶¹ The limited presence in the eastern region of international NGOs, the UN Support Mission in Libya (UNSMIL) and affiliated UN agencies is also likely to have contributed to the diminishing power of civil society. Indeed, only civil groups specifically linked to the LAAF enjoy relative freedom, access to funding and influence. When Abir Emneina, the head of the independent

⁵³ Interview with Interim Government source, al-Bayda, January 2019.

⁵⁴ Ibid.

⁵⁵ Akhbar Libya (2017), 'The Administrative Court in al-Bayda deals a blow to the post of Military Governor' (Arabic), 25 May 2017, <https://www.libyaakhbar.com/libya-news/341661.html> (accessed 11 Dec. 2019).

⁵⁶ Munah, F. (2017), 'The mayors of seven municipalities demand the reinstatement of democratically elected municipal councils' (Arabic), Alwasat, 22 August 2017, <http://alwasat.ly/news/libya/141530> (accessed 11 Dec. 2019).

⁵⁷ Jomaa, A. (2015), 'The House of Representatives in Tobruk summons Khalifa Haftar for update on recent developments in the country' (Arabic), Youm 7, 20 April 2015, <https://www.youm7.com/story/2015/4/20/2149376/> المجلس-النواب-الليبي-يستدعى-حفتر-للقوف-على-آخر-التطورات-العسكرية (accessed 11 Dec. 2019).

⁵⁸ Al Jazeera (2015), 'Haftar refuses to appear in front of the House of Representatives that appointed him' (Arabic), 21 May 2015, <https://www.aljazeera.net/news/arabic/2015/5/12/عنه-الذي-النواب-الذي-عينه> (accessed 11 Dec. 2019).

⁵⁹ Bin Hamel, A. (2017), 'Nadhoury: The decision to ban women from travelling without a guardian was taken to maintain national security' (Arabic), Africa Gate News, 19 February 2017, <https://www.africagatenews.net/article/منع-سفر-المرأة-الليبية-بدون-محرم-للحفاظ-على-الأمن-القومي/> (accessed 11 Dec. 2019).

⁶⁰ Alwasat (2017), 'The Military Governor bans Libyans aged 18–45 from travelling without security clearance' (Arabic), 23 February 2017, <http://alwasat.ly/news/libya/125426> (accessed 11 Dec. 2019).

⁶¹ Interviews with civil society activist, Benghazi, August and September 2019.

Civil Society Commission in Benghazi, challenged the increased surveillance and oversight by the LAAF and security services of civil society groups in Benghazi, she was removed from her post and replaced with someone considered more pliant.

The limited presence in the eastern region of international NGOs, the UN Support Mission in Libya (UNSMIL) and affiliated UN agencies is also likely to have contributed to the diminishing power of civil society.

From 2017, the internal and external security agencies in eastern Libya resumed their activities. They started to conduct surveillance of civil society. They also placed restrictions on civil society groups, such as requiring security clearance for foreign travel. The security agencies also instituted various administrative measures: for example, producing files on the details of activists, the names of employees and contacts, and financial and bank account data.⁶² On some occasions, activists were banned from travelling or had their passports confiscated when applying for security clearance to travel abroad. Female activists have sometimes been harassed at airports when travelling without a chaperone.⁶³ Since the launch of the Tripoli offensive in 2019, the space for opposition has been further reduced.

Revenue generation and resource mobilization

The ability to fund the LAAF's operations has ensured the sustainability of Field Marshal Haftar's efforts to establish security and a military governing authority across territories under LAAF control. The LAAF accesses a significant amount of its financial resources from (or via) rival state institutions in both the east and west of the country. By 2016, the LAAF's revenue generation from these sources had become significantly more robust and sustainable, and was established to some degree within a legal framework. Achieving the latter was part of a strategy to protect the LAAF and its leadership from any future legal implications arising from its revenue-generating activities.⁶⁴

LAAF revenue-generation mechanisms and modalities have gradually evolved, going through three broad phases. In the first phase (2014–15), the LAAF depended on local support and donations from businessmen. The second phase (2016–19) saw the enactment of legislation operationalizing the support of civilian authorities and establishing private sector interests. The third phase (2019 onwards), still apparently in progress at the time of writing, involves seeking overt control over civilian authorities to consolidate the LAAF's instruments for directing the economy, on the basis that this is required for the war effort in Tripoli. In addition, various forms of external support have become increasingly important for the LAAF to prosecute its war effort and maintain its finances.

In the early phases of the LAAF's development, Haftar's forces relied heavily on support from local tribes, which ran convoys carrying food supplies. Additionally, businessmen in Libya's eastern region supported the LAAF with cash, or provided supplies such as water or military clothing, to help sustain Operation Dignity. Haftar reciprocated these efforts by providing political support for key power

⁶² Interview with civil society activist, Benghazi, May 2019.

⁶³ Interview with civil society activist, Benghazi, May 2019.

⁶⁴ Interview with senior adviser to Ali al-Hibri, governor of eastern CBL, Benghazi, January 2019.

brokers, such as Ali al-Qatrani – who would later be nominated by Haftar to the Presidency Council⁶⁵ of the GNA, headed by Prime Minister Fayez al-Serraj – and General Mohamed al-Madani al-Fakhri – who would become head of the LAAF’s Military Authority for Investment and Public Works (MAIPW).

The development of quasi-legal means of allocating funds to the LAAF

While the LAAF is unaffiliated with the GNA and thus lacks formal access to state institutions in Tripoli, its alignment with the eastern-based elements of the House of Representatives – still theoretically the internationally recognized legislature, despite the expiry of its mandate, chronic divisions and a failure to follow due process – has provided means to pass legislation in support of LAAF military operations.⁶⁶ Key pieces of legislation have included the establishment of the post of general commander of the Libyan Army (which Haftar’s alliance refers to as the LAAF), to which Haftar was appointed in 2015, and the introduction of an anti-terrorism law in the same year. This provided legal and political cover for various operations and activities. It gave Haftar more legitimacy, which he used to secure political and financial support from the Interim Government, the eastern CBL, and regional and international powers. The introduction in 2016 of the military investment law (which was eventually adopted by the House of Representatives in November 2018)⁶⁷ expanded the ability of the LAAF to generate revenue without legal challenges from other parts of the Interim Government, including the Ministry of Finance.

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The creation of the Defence Committee by the Interim Government in al-Bayda in the first quarter of 2016 established a significant funding mechanism for the LAAF. The committee was formed as a result of an agreement between Haftar and the prime minister of the Interim Government, Abdullah al-Thinni. It was headed by the LAAF’s chief of staff, Abdulrazaq al-Nadhouri, with the members also including the prime minister, the eastern CBL governor, the minister of finance and the head of the House of Representatives’ national security and defence committee. The sole purpose of the new Defence Committee was to secure and allocate funds for the LAAF and its activities. In 2016–17, the committee obtained more than LYD2 billion for the LAAF.

Through the Ministry of Finance, the Interim Government in al-Bayda has provided limited budget and funding for the Defence Committee. Via these means, the Interim Government secured LYD666 million⁶⁸ for the LAAF through legal allocations by the Council of Ministers in 2018. The Interim Government taxes fuel and petroleum products sold by the Brega Petroleum Marketing Company (BPMC) – a subsidiary of the National Oil Corporation (NOC) – in eastern Libya. The taxes are then paid into the Ministry of Finance’s account with the eastern CBL in al-Bayda. As the

⁶⁵ The Presidency Council is the executive body of the GNA, headed by Prime Minister Fayez al-Serraj. The Council was intended to comprise nine members, yet soon after the establishment of the GNA, its members from the east – including Qatrani – boycotted it.

⁶⁶ Eaton, T. and Eljarh, M. (2019), ‘Will Economic Instability Undermine Khalifa Haftar’s Offensive in Libya?’, Chatham House Expert Comment, 16 April 2019, <https://www.chathamhouse.org/expert/comment/will-economic-instability-undermine-khalifa-haftar-s-offensive-libya> (accessed 11 Dec. 2019).

⁶⁷ Interview with spokesperson for House of Representatives, Tobruk, December 2018.

⁶⁸ Internal government documents reviewed by one of the authors, January 2019.

BPMC is obliged by the eastern CBL to pay the taxes in cash, this provides significant liquidity to be channelled to the LAAF to pay foreign contacts and suppliers. Other sources of revenue for the Defence Committee have included the telecoms sector, which in 2018 provided around LYD600 million through the accounts of the Libyan Telecommunication and Technology Company (LTT)⁶⁹ in eastern Libya.⁷⁰

The eastern CBL has provided significant funds to the LAAF. In a 2019 interview, the head of the eastern CBL, Ali al-Hibri, noted that around a third of the eastern CBL's spending had gone to the LAAF in 2016–18 (such spending accounted for 43 per cent of the budget in 2016, 27 per cent in 2017 and 20 per cent in 2018). All told, this amounted to approximately LYD9.5 billion over three years.⁷¹ These funds have been raised through a combination of loans from local commercial banks and the sale of government bonds, in addition to the printing of banknotes. In a March 2019 interview, Hibri asserted that LYD29 billion in bonds and loans had been sold by the Interim Government at an interest rate of 3 per cent per annum.⁷² For example, in 2017 the Defence Committee was able to secure a LYD1.1 billion loan from the Commercial National Bank and a LYD500 million loan from the Commerce and Development Bank. Al-Wahda Bank is also believed to be a source of loans for the LAAF. These banks have in common the fact that their headquarters are in eastern Libya. Since 2016, the eastern CBL's finances have also been significantly aided by the printing of approximately LYD14.5 billion in banknotes by Russian company Goznak.⁷³

The LAAF combines these sources of revenue with payments from the Tripoli-based authorities to pay salaries. Members of the LAAF who registered prior to 2014 are being paid through CBL Tripoli's payroll via the LAAF's own military accounts department in the east. The department also finances LAAF members who joined after 2014, using monies secured in eastern Libya.

Economic expansion in the public and private sectors

The LAAF has developed into a sprawling network that spans governance, the private sector and the security sector. The backbone of this network, in terms of supporting independent economic activity, is the MAIPW. The introduction of the military investment law in 2016, which preceded the creation of the MAIPW, represented a clear shift in the LAAF's vision of its role. The LAAF is not hiding its intention to model itself on the army in neighbouring Egypt (i.e. emphasizing a prominent role in the economy). In keeping with the Egyptian experience, this has generated concern that the LAAF will seek monopolistic control of the economy, and also that the LAAF could use its position to bypass other administrative and governance functions fulfilled by civilian authorities. The MAIPW was restructured on 11 June 2017, with Haftar appointing General Fakhri as its chairman.⁷⁴

The MAIPW is generating limited but steadily growing income for the LAAF. It embodies the LAAF's long-term strategy for achieving financial independence. The MAIPW has engaged in a wide range of economic activities. One example is the export of scrap metal, which has been ongoing since 2016.

⁶⁹ A subsidiary of the Libyan Post, Telecommunication and Information Technology Company (LPTIC).

⁷⁰ Eaton and Eljarh (2019), 'Will Economic Instability Undermine Khalifa Haftar's Offensive in Libya?.'

⁷¹ Alwasat (2019), 'Al-Hibri: One third of the budget over the last three years has been allocated to the army' (Arabic), 19 February 2019, <http://alwasat.ly/news/libya/236465> (accessed 11 Dec. 2019).

⁷² Laessing, U. (2019), 'Debts pile up as rival Libyan governments struggle for power', Reuters, 6 March 2019, <https://uk.reuters.com/article/uk-libya-economy-insight/debts-pile-up-as-rival-libyan-governments-struggle-for-power-idUKKCN1QN1W3> (accessed 11 Dec. 2019).

⁷³ Sagdiev, R. and Lewis, A. (2019), 'UPDATE 1-EXCLUSIVE-Supplies of banknotes from Russia to east Libya accelerated this year-data', Reuters, 29 October 2019, <https://uk.reuters.com/article/libya-economy/update-1-exclusive-supplies-of-banknotes-from-russia-to-east-libya-accelerated-this-year-data-idUKL8N27E3HN> (accessed 27 Feb. 2020).

⁷⁴ Fakhri was previously the minister of interior in the Interim Government before being sacked on 31 October 2016, after a dispute with Prime Minister Abdullah al-Thinni over the mismanagement of the ministry and the budget allocated to it.

This business picked up in 2017, and has become an important revenue stream. The rationale is that the LAAF can collect metal scrap in war zones where its forces are active, although it should be noted that the MAIPW has not limited its activities specifically to conflict areas. There are thriving markets for scrap metal in the southern and western regions, and the MAIPW has also shipped numerous scrap metal consignments through the ports of Tobruk, Benghazi and Brega. The prime overseas destination for such shipments is Turkey.⁷⁵

In October 2017, Haftar issued Directive No. 335, putting three major agriculture and industrial projects in the Sarir and Kufra basins under the management and oversight of the MAIPW.⁷⁶ So far, 19 sites and projects in the southern region are under the MAIPW's authority, three of which are agricultural mega-projects. The MAIPW has sought to rehabilitate and operate various abandoned factories (under partial or full ownership), including dairy, food, cement and textile factories. The MAIPW has also signed contracts with the municipalities of Benghazi and Ajdabiya to take over waste management and recycling services in those cities.⁷⁷ These are significant contracts: waste management in Benghazi is charged at a weekly rate of LYD700,000.⁷⁸ Moreover, the MAIPW is in charge of fuelling and issuing clearances for ships and tankers docking at ports under LAAF control.

There are also areas where the MAIPW is clearly overstepping its legal mandate. It is charging migrant workers (principally Egyptians) LYD500 for permits allowing them to work in LAAF-controlled areas, which it has no mandate to do. This applies not only to new arrivals, but also to migrants already working within the country. Given the high number of migrant workers in LAAF-controlled areas, this represents a lucrative revenue stream.

Other areas of activity have no veneer of legality. The LAAF has supported armed groups with known involvement in human smuggling and fuel smuggling. The Subul al-Salam Brigade in Kufra and Martyr Ahmed al-Sharif Battalion in the Sarir area are believed to have links to human- and drug-smuggling networks. Both groups purportedly earn a cut of the smugglers' profits in return for allowing passage through their territory or providing protection against bandits in remote areas. Subul al-Salam, in particular, is thought to have benefited from its association with the LAAF by establishing itself as the dominant armed group in Kufra since 2015, not only bringing other factions under its banner but using its connections to oust rival smuggling operations.⁷⁹ Elsewhere, some members of the Omar al-Mukhtar Brigade – ostensibly responsible for border patrols and combating illegal migration near the Egyptian border – engage in smuggling. The extent to which the profits from such activities fund the LAAF is unclear, however, as payments are likely to be made to individuals for permitting illegal practices or are likely to be retained by the relevant local group.

⁷⁵ Alwasat (2018), 'Four tons of metal scrap exported by the Military Investment Authority to Turkey' (Arabic), 26 September 2018, <http://alwasat.ly/news/libya/221124> (accessed 11 Dec. 2019). It is important to note that exporting metal scrap is prohibited by law in Libya. This was the case under the Gaddafi regime, and it was reinforced by the Ministry of Economy in Directive 199 for 2012. The directive prohibits the sale of copper, aluminium and all types of metal scrap, citing the negative impact on the economy given that the Libya Iron and Steel Company, which operates the biggest iron and steel manufacturing plant in North Africa, is state-owned.

⁷⁶ It has not been possible to ascertain the value of these projects.

⁷⁷ The waste management operation is run by a company that is part of the MAIPW, in line with the military investment law adopted by the House of Representatives in November 2018.

⁷⁸ Interview with Interim Government official, al-Bayda, January 2019.

⁷⁹ Noria Research (2019), *Predatory economies in eastern Libya: The dominant role of the Libyan National Army*, Geneva: The Global Initiative against Transnational Organised Crime, <https://globalinitiative.net/wp-content/uploads/2019/06/GITOC-Predatory-Economies-Eastern-Libya-WEB.pdf> (accessed 13 Feb. 2020). Also corroborated by interview with civil society activist from Kufra, December 2019.

Effective oversight of the LAAF's financial activities is impossible in the present circumstances. One illustration of the problem is the fact that Abdulsalam al-Hassi, the head of the Administrative Control Authority⁸⁰ in eastern Libya, was briefly detained at the LAAF's headquarters in al-Rajma following the release of his organization's 2019 annual report, which was critical of LAAF practices, especially concerning financial matters.

The LAAF's growing business interests and commercial assertiveness threaten the economic interdependence of warring factions, as the LAAF effectively seeks to create its own self-contained economy if it cannot capture the capital, where the key economic institutions are based. At present, the LAAF – broadly defined – controls most of Libya's oil and gas infrastructure while the GNA controls the means of distribution. To date, this has incentivized both sides to accept the need for a certain degree of cooperation. The imposition of an oil blockade in January 2020 illustrates that this understanding has broken down. The LAAF claims that the blockade is driven by local outrage in the east at the GNA's military partnership with Turkey. However, the timing of the blockade, coming only two days before an international summit on Libya, added to the fact that it was the LAAF that implemented it, invites suspicions of a political power play. The NOC has warned that production could drop as low as 72,000 barrels a day (b/d), from approximately 1.2 million b/d prior to the blockade.⁸¹ This is set to cost Libya over \$50 million in lost revenues per day and will have major implications for the economic interdependence of rival political camps, and of course for the civilian population.

The LAAF's growing business interests and commercial assertiveness threaten the economic interdependence of warring factions, as the LAAF de facto moves to create its own self-contained economy.

The current move towards mobilizing the entire economy in the east in support of the LAAF's war effort will apply further pressure to the fragile status quo. It will make it increasingly difficult for state institutions to avoid being dragged into the war. The blockade was presaged by a dispute between the LAAF and the NOC. In early September 2019, the NOC announced that it would restrict the distribution of kerosene (used for aviation fuel) in the east 'until such time that assurances can be met that fuel is only being used for domestic and civilian aviation purposes'. The NOC has reported that consumption of aviation fuel increased by 80 per cent in 2019 compared with 2018. Such an increase cannot be explained by civilian consumption alone; the outbreak of conflict in Tripoli is a much likelier reason. In response, authorities in the east of the country have accused the NOC of being partisan, and of failing to supply the east with adequate quantities of fuel, a charge that the NOC denies. On 19 September 2019, the eastern authorities announced the formation of a rival eastern BPMC breaking away from the Tripoli-based entity, further exacerbating governance and accountability challenges in the fuel sector (particularly given that the LAAF controls a significant amount of the oil and gas production and export infrastructure).⁸²

⁸⁰ The Libyan Administrative Control Authority (LACA) was a national body established in 2013 to monitor irregularities in the operation of government bodies (in their official business), in order to hold officials to account. The Authority is mandated to report to the Libyan parliament. Rival leaderships have emerged within LACA, however, mirroring the national governance split.

⁸¹ Sheppard, D. and Saleh, H. (2020), 'Libya oil output set to collapse to lowest level since fall of Gadhafi', *Financial Times*, 22 January 2020, <https://www.ft.com/content/bf045b36-3c4b-11ea-b232-000f4477fbca> (accessed 13 Feb. 2020).

⁸² For more on dynamics in Libya's fuel sector, see Eaton, T. (2019), 'Libya: Rich in Oil, Leaking Fuel', Chatham House Long-read, <https://chathamhouse.shorthandstories.com/libya-rich-in-oil-leaking-fuel/index.html> (accessed 11 Dec. 2019).

In fact the beginnings of the weaponization of the economy can be traced back to June 2019, two months after the launch of the Tripoli offensive, when House of Representatives speaker Saleh declared a 'state of mobilization'. This designation triggered the activation of additional procedures for resourcing the LAAF's war effort.⁸³ The LAAF's general command immediately sought to put the announcement into effect.⁸⁴ The LAAF's rejection of the 2015 Libyan Political Agreement – designed to serve as a political roadmap for the unification of the country's political and governing institutions after the split that occurred in 2014 – means that Saleh is, in its view, the supreme commander of the country's armed forces (in theory, this means that Saleh provides civilian oversight of the general commander, Haftar). In October 2019, Saleh authorized the LAAF general command to move ahead with implementation of the plan, which was announced by Aoun al-Ferjani – head of the LAAF's Control Authority⁸⁵ and one of Haftar's closest confidants – on Libyan television. Subsequently, a communiqué attributed to the LAAF announced that all taxes and customs duties collected by state institutions and state-owned companies would come under the control of a newly created LAAF Mobilization Authority.⁸⁶ However, opposition from the Interim Government seems to have led to the plan being shelved – though not before some funds were raised: LYD200 million is believed to have been obtained by the Mobilization Authority from LTT companies. It is not clear what has happened to these funds, and the Interim Government claims to be investigating.⁸⁷ Nonetheless, these events illustrate the LAAF's desire for direct control of the economy in the east of the country without the need to operate through civilian authorities.

The problems with the east's economic model are mounting, however. The loans from banks in the east to the LAAF are not secured,⁸⁸ which means that these funds – along with currency printed in Russia (see below) – are not part of the figures reported by the officially recognized western CBL, based in Tripoli. Experts estimate that the value of these unsecured loans may be in excess of LYD45 billion.

External sources of revenue

As previously noted, the eastern CBL's finances have been significantly aided by the printing of approximately LYD14.5 billion in banknotes since 2016 by Goznak, a company 100 per cent owned by the Russian state. The banknotes have been produced despite their lack of recognition by the CBL in Tripoli, which has refused to accept the notes (maintaining that it has the sole right to carry out monetary policy).

⁸³ The Thinni-led Interim Government sought to limit the impact of this declaration by restricting the state of mobilization to certain geographic areas, but no agreement was reached.

⁸⁴ These include Law No. 21 (1991) Military Mobilization and State of War; Law No. 22 (2007); and Executive Directive No. 86 (2005) concerning the bylaws for implementation of Law 21.

⁸⁵ The role of the Authority is to manage LAAF-affiliated military intelligence, military police and prisons.

⁸⁶ Lacher, W. (@W_Lacher) (2019), 'Haftar places all taxes & customs from state-owned enterprises & institutions under the control of his self-styled army, establishing a "mobilization authority" (as in: mobilization for the war effort) for that purpose. Think Brega, Benghazi port, mobile phone operators...', tweet, 14 October 2019, https://twitter.com/W_Lacher/status/1183768152041250816 (accessed 12 Dec. 2019).

⁸⁷ Phone interview with Interim Government source, September 2019.

⁸⁸ For a detailed analysis of the impact of the governance split on the banking sector, see International Crisis Group (2018), *Of Tanks and Banks: Stopping a Dangerous Escalation in Libya*, Middle East and North Africa Report No. 201, <https://www.crisisgroup.org/middle-east-north-africa/north-africa/libya/201-tanks-and-banks-stopping-dangerous-escalation-libya> (accessed 11 Dec. 2019).

The LAAF also continues to benefit from significant external support from the UAE and Saudi Arabia. In its 2017 report, the UN Panel of Experts on Libya documented the ‘material’ and ‘direct’ assistance provided by the UAE to the LAAF in support of the latter’s attempts to develop its air force.⁸⁹ Such support has increased over the course of the Tripoli war. There are also reports of direct financial assistance. A report citing anonymous Saudi officials has circulated claiming that, shortly before the Tripoli offensive, Saudi Arabia promised to provide ‘tens of millions’ of dollars to help pay for Haftar’s military operation, while a report has also circulated alleging that Saudi Arabia has been paying the Wagner Group for the provision of mercenaries to support the LAAF.⁹⁰

Engagement in economic activity at different levels within the group

Given the LAAF’s highly centralized command structure, a limited number of elite figures control the group’s finances and revenue-generation mechanisms – legal, quasi-legal and illegal – and manage the income from them. These elite figures have rapidly accumulated assets and business interests. For example, there are reports that the MAIPW has acquired land and property in Benghazi⁹¹ belonging to figures and families allegedly linked to the Islamist-leaning BRSC and Ansar al-Sharia groups.⁹² Senior LAAF officers such as Chief of Staff Nadhoury and Mohamed al-Madani al-Fakhri, the former head of the MAIPW, as well as the chief of the Criminal Investigation Department in Benghazi, Colonel Salah Hwaidi, are known for dominating Benghazi’s real estate market and have bought property worth tens of millions of Libyan dinars.⁹³ There are also a number of allegations that LAAF-aligned groups, such as the Saiqa Special Forces and Awliya al-Dam, have seized property outright.⁹⁴

The LAAF’s general command has tried to distance itself from such practices by issuing statements and decrees prohibiting the seizure of private property by those without the legal mandate to do so. Seemingly as part of such efforts, in December 2019 it reassigned Fakhri to the command of the LAAF’s Sebha Military Zone, a move that – according to informed sources – was effectively a demotion. Ramadan Aboaisa, the new head of the MAIPW, was reportedly selected due to his reputation for integrity. The MAIPW’s activities have become the increasing focus of internal and external reporting, including via the aforementioned report of the Administrative Control Authority.

Proximity to Haftar and his relatives and membership of the Ferjan tribe are key determinants of an individual’s access to – and ability to participate in – the conflict economy. For instance, Fakhri is a business associate of Saddam Haftar, one of Khalifa Haftar’s sons.⁹⁵ Collectively, Fakhri and Saddam Haftar have used their links with the field marshal and the LAAF leadership to make deals with businessmen and establish companies involved in real estate, import and export, and foreign currency

⁸⁹ Spittaels, S., Abou-Khalil, N., Bouhou, K., Kartas, M., McFarland, D. and Servia, P. (2017), *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011) (S/2017/466)*, p. 35, https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2017_466.pdf (accessed 11 Dec. 2019).

⁹⁰ Malsin, J. and Said, S. (2020), ‘Saudi Arabia Promised Support to Libyan Warlord in Push to Seize Tripoli’, *Wall Street Journal*, 12 April 2019, <https://www.wsj.com/articles/saudi-arabia-promised-support-to-libyan-warlord-in-push-to-seize-tripoli-11555077600> (accessed 12 Feb. 2020). Regarding allegations that Saudi Arabia is financing the Wagner Group, see Jégo, Vitkine and Bobin (2020), ‘En Libye, le grand marchandage entre Moscou et Ankara’.

⁹¹ Fees have been paid, but the previous owners are unlikely to have had much say in the price or much scope to reject the offer.

⁹² Interview with former adviser to Mohamed al-Madani al-Fakhri, Benghazi, August 2019. For example, an entire block of flats in the Hadaeeq area of Benghazi belonging to an individual named Ali al-Shaikhi was seized. Shaikhi was accused of links to the Muslim Brotherhood and had to sell the block of flats belonging to him to the MAIPW. The block is located next to the MAIPW’s headquarters in Benghazi.

⁹³ Confirmed by a number of confidential interviews with local businessmen, Benghazi, August 2019.

⁹⁴ Human Rights Watch (2018), ‘Libya: Displaced Benghazi Families Prevented From Return’, 1 February 2018, <https://www.hrw.org/news/2018/02/01/libya-displaced-benghazi-families-prevented-return> (accessed 25 Feb. 2020). See also footage on social media apparently displaying proceedings at a tribal court around the recovery of land allegedly seized by Mahmoud al-Werfalli: <https://twitter.com/BkMuad/status/1232623767161057287>.

⁹⁵ Interview with former adviser to Mohamed al-Madani al-Fakhri, Benghazi, August 2019.

trading. Top LAAF commanders have also been accused of abusing their authority by granting military contracts to friendly companies, usually ones personally linked to them in some way.⁹⁶ For example, LCs are easier to obtain with a recommendation from a high-ranking LAAF officer, despite the nominal control exercised by the western CBL in Tripoli over their issue.⁹⁷

The spoils of activity undertaken through such connections typically do not reach rank-and-file members of the LAAF. The LAAF's military accounts department oversees and processes salary and bonus payments and the distribution of benefits (such as those relating to medical treatment) to ordinary members. On occasions, disputes have emerged over the distribution of funds to cover the overseas medical treatment of injured fighters, and payments to their families. In July 2018, wounded soldiers headed to the headquarters of the LAAF's general command in al-Rajma, south of Benghazi, to protest about corruption and the lack of care provided to them. This resulted in their arrest by the military police.⁹⁸ One day after the incident, the MAIPW's headquarters in Benghazi were attacked by Saiqa Special Forces soldiers led by Mahmoud al-Werfalli.⁹⁹ In a leaked phone call, Werfalli threatened the then head of the MAIPW, accusing Fakhri of corruption and embezzlement at the expense of the LAAF's wounded soldiers and the families of those killed in the war.¹⁰⁰

The LAAF's rank-and-file members also engage in illicit or illegal activities, particularly in areas situated on Libya's borders. In these as well as other regions, loyalty to the LAAF is repaid with acceptance that the groups in question can continue to engage in the smuggling of people, fuel and drugs. The groups include those operating in cities and towns such as Tobruk, Jaghbub, Imsaad and Kufra.

⁹⁶ Interview with Benghazi-based researcher/analyst, Benghazi, August 2019.

⁹⁷ The LAAF officers' involvement can be direct, i.e. they set up the companies that win the military or government contracts; or indirect, i.e. they receive a cut of the profits on LCs issued to businessmen and traders whom they recommend. It should be noted that this is exactly the same modus operandi used by armed groups in Tripoli. In other cases, companies that get LCs are subsidiaries of, or jointly owned by, the MAIPW.

⁹⁸ Akhbar Libya (2018), 'Dignity's wounded in Benghazi condemn widespread corruption and mistreatment' (Arabic), 9 July 2018, <https://www.libyaakhbar.com/libya-news/699385.html> (accessed 17 Dec. 2019).

⁹⁹ Akhbar Libya (2018), 'Mahmoud al-Werfalli yesterday broke into MAIPW headquarters in Benghazi', 10 July 2018, <https://www.libyaakhbar.com/libya-news/700138.html> (accessed 17 Dec. 2019).

¹⁰⁰ Leaked phone call, Alnabaa Shows (2018), 'The internationally wanted Mahmoud al-Werfalli threatens to pursue Mohamed al-Fakhri', YouTube, 10 July 2018, <https://www.youtube.com/watch?v=mCSZVX9qY7k> (accessed 17 Dec. 2019).

4. Armed Groups in Southern Libya

Libya's south continues to suffer the consequences of local power struggles and clashes that followed the retrenchment of the state after 2011. The region's problems have been exacerbated by ongoing battles between actors on the western and eastern coasts. Beyond military tensions, southern preoccupations are clearly dominated by livelihood issues and public services. Due to stagnation in the public and private sectors, the formal economy in this region has little to offer in terms of employment and sources of revenue. Public infrastructure has been deteriorating for years, public service provision is poor, and state institutions are barely functioning. Public sector salaries are often delayed as cash deliveries are interrupted. Politics is thus in some respects of secondary concern while 'the citizen is busy thinking about his next trip to the gas station, how he will get bread and whether there will be power at home'.¹⁰¹ As reflected in our interviews, many southerners share a sense of indignation about what they see as the 'monopolization' of state institutions and resources by northern Libyans.¹⁰²

Community relations

Southern communities are strongly influenced by tribal customs and modes of operation. The tribe is the primary identity marker, and city-based or regional identity is weak. Social leaders wield significantly more authority than formal governance actors, and customary forms of decision-making and justice prevail.

Southern Libya is divided into tribal zones of influence: large chunks of territory are governed by, and associated with, particular tribes and peoples. Roughly speaking, the westernmost part is under Tuareg dominance, while the Tebu are the most powerful group south of Sebha between Murzuq and Rebiana (near Kufra). Tebu and Tuareg have strong collective identities despite being subdivided into different branches, and their ethnic, cultural and linguistic specificities set them apart from their Arab neighbours. The northern part of the Fezzan region is predominantly Arab, home to numerous tribes.¹⁰³ In Sebha, the Awlad Suleiman has become the most influential tribe since 2011, at the expense of the Gaddadfa. Wadi al-Shati is mainly under Magarha influence. Kufra, in the southeast, is dominated by the Zway tribe. A non-tribal population group known as the Ahali also inhabit parts of the Fezzan and central Libya.¹⁰⁴

While most towns are of mixed tribal composition, power relations tend to be unequal, as tribes of greater influence (whether demographic, military or other) usually dominate local governance and decision-making, especially in the security sector. In other words, each social component tries to be the bearer of influence and decisions in its area. As shown on numerous occasions since 2011, the contest for local hegemony is often violent, with dire consequences for civilian populations.

¹⁰¹ Interview with municipal accountant conducted by local researcher, Sebha, March 2019.

¹⁰² Interview with professor at Sebha University conducted by local researcher, Ubari, March 2019.

¹⁰³ These tribes include the following (non-exhaustive list): Ashraf, Awlad Buseif, Awlad Hudeir, Awlad Suleiman, Gaddadfa, Gawayed, Hasawna, Magarha, Mahamid, Majer, Warfalla, Zawayed. People from these tribes commonly identify as Arab; however, the Fezzan is a crossroads of civilizations and the product of migration throughout centuries.

¹⁰⁴ The Ahali are a group of mixed tribal and ethnic origins who identify as Arabs. Sometimes referred to as 'Fezzazna' in reference to the Fezzan, the Ahali live scattered throughout the districts of Murzuq, Wadi al-Hayat, Sebha and Jufra. Rather than being a tribe *per se*, the Ahali are a sum of dispersed families with a strong attachment to their hometowns but no hierarchical tribal structure, nor mechanisms of collective decision-making and representation.

Historical grievances, aggravated by intercommunal conflicts post-2011, have eroded mutual trust and spurred tribal retrenchment and segregation. The competition for territory and resources in the south tends to be viewed as an existential struggle, in which the destiny of entire tribal and ethnic groups is at stake. Tribes that had been associated with the Gaddafi regime were sidelined after its fall, through public sector purges and, at times, collective retribution. Since around 2017, as the revolutionary narrative has lost traction, a reverse trend has been in evidence, with the pre-2011 actors re-emerging on the political, social and military scene. Yet the revolution left deep social rifts, and local peace processes remain inconclusive.

In the eyes of many Arabs, the cross-border ties of the Tebu and Tuareg ethnic groups constitute a destabilizing factor, accentuated by the proliferation of armed groups from these communities.

Social cohesion is also weakened by conflicting views on ethnicity, identity and statehood. In the eyes of many Arabs, the cross-border ties of the Tebu and Tuareg ethnic groups constitute a destabilizing factor, accentuated by the proliferation of armed groups from these communities. The rise in Tebu military power after 2011 has been a source of tensions with the Tebu's Arab neighbours, and at times with Tuareg too. In reference to the Tebu and Tuareg consolidating territorial control, an interviewee in Sebha said: 'Now when you go to Qatrun, you're in a zone of influence, you go to Ubari you're in another zone of influence. There has been demographic change.'¹⁰⁵ Indeed, the spectre of demographic change looms large in the south, but the underpinning arguments are often misinformed, and information is twisted in a way to discredit certain tribes.

Cross-border kinship ties and the absence of law and order certainly do account for recent arrivals from neighbouring countries – including of foreign fighters. What tends to be overlooked in these debates is that there are long-established communities in southern Libya that were never fully integrated. This is to a large extent rooted in Gaddafi's policies, which involved state-sponsored mass immigration but also the use of Libyan citizenship as an instrument of foreign policy and domestic social control.¹⁰⁶ Whole communities had their citizenship withheld or revoked, and as a result a large number of people remain in limbo with respect to their legal status. They include Tebu and Tuareg, as well as parts of the Arab Awlad Suleiman, Hasawna and Mahamid tribes. This issue, which is yet to be tackled by the state, continues to impact conflict dynamics and the security sector. Identity politics has given rise to pervasive quarrels over who holds a rightful claim to the land. Tebu and Tuareg often point out that their peoples' presence in the south pre-dates by centuries the creation of the Libyan state, as a way to contest the dominant Libyan Arab identity narrative and portrayal of Tebu and Tuareg as 'foreigners'.

Armed groups' community bonds prevail over other forms of legitimization. Armed groups tend to draw heavily on the concept of social legitimacy: they claim to protect their communities against external threats and keep the areas under their control safe; in contrast, ideological motives (such as a revolutionary ethos or religious orientation) are of much lesser relevance. While groups do seek state recognition, both to bolster their image locally and to build capacity, such recognition is not essential to their survival.

¹⁰⁵ Interview with municipal accountant conducted by local researcher, Sebha, March 2019.

¹⁰⁶ For more on this subject, see Stocker, V. (2019), *Citizenship on hold: undetermined legal status and implications for Libya's peace process*, Policy Paper, European Institute of Peace, <http://www.eip.org/sites/default/files/Citizenship%20on%20hold%20-%20EIP%20policy%20paper%20July%202019.pdf> (accessed 27 Feb. 2020).

Box 2: The LAAF's expansion in the south

Broadly speaking, the Fezzan region in the south of the country has been a spectator to Libya's political woes, and to northern power struggles. Armed actors in the south have little agency beyond their own areas. From 2011, competing revolutionary factions in the north would have their military operations and coalitions in the Fezzan authorized and funded through authorities in Tripoli. The Misratan Third Force deployed to Sebha at the start of 2014, mandated by the GNC to perform peacekeeping and stabilization functions in the Fezzan. Over the following two years, the force expanded its influence through local alliances, while also promoting Misratan business interests. Tribal and armed actors brandishing revolutionary rhetoric dominated the public scene, rationalizing discriminatory tribal politics as necessary to keep Gaddafi loyalist forces at bay.

The situation changed in 2017, when LAAF-backed forces gained ground in the region, drawing on the support of former members of the regime-era military and marginalized tribal elements. Spearheaded by the 12th Brigade in Wadi al-Shati, these groups confronted the Third Force and its southern allies, which were now endorsed by the GNA. After Misratan-led retaliation turned into a massacre at the Brak al-Shati airbase – much to the GNA's embarrassment – the Third Force withdrew from the Fezzan.¹⁰⁷ The region was left in limbo, with local security and governance actors seeking funds and patronage from both the GNA and the LAAF.

The LAAF's general command started building a network in the Fezzan in 2016, gradually expanding it to different tribes and areas throughout 2017 and 2018. In addition to allies among the Magarha tribe and Tebu groups (some of which had been part of Haftar's Operation Dignity in Benghazi), the LAAF enlisted Tuareg and Awlad Suleiman groups. Some of these had earlier been allied with Libya Dawn and the Third Force, while others had been linked to Gaddafi loyalist circles. The general command invested in these alliances by financing armed groups and linking them to one another through joint operations rooms. The general command also gradually gained support among the army officers staffing the southern military zones of al-Shati, Murzuq, Sebha and Ubari-Ghat. Sebha Military Zone has been under LAAF command since the start of 2017, when Haftar began appointing Sebha's military governors,¹⁰⁸ although the entity retained administrative ties to institutions in Tripoli.

When clashes erupted in Sebha at the start of 2018, the general command further undermined the GNA's authority by incorporating the 6th Brigade, a key Sebha group, into the LAAF. This deepened the GNA–LAAF split in the local security sector.¹⁰⁹ During that year, the LAAF conducted a series of operations targeting extremists and foreign militants scattered throughout the vast and sparsely inhabited region between Kufra and Sebha. Locals had been plagued by roadside robberies and kidnappings for ransom; this was in addition to attacks on security forces and public facilities in isolated locations from Tazerbu to al-Fuqaha. While the LAAF was gaining influence during this phase, a 'final push' was needed for it to consolidate its network and assert its dominance.

This push came in mid-January 2019. The LAAF launched a wide-scale operation in the Fezzan, officially referred to as the 'South Liberation and Purge Operation', ostensibly targeted at criminal gangs and foreign elements destabilizing the region. The level of mobilization left little doubt that the LAAF's broader objective was to control the Fezzan, arguably in preparation for the subsequent Tripoli offensive.

LAAF units and affiliates from the northeast were dispatched to spearhead ground operations and ensure the alignment of southern armed groups with the general command. LAAF forces advanced rapidly, capitalizing on largely favourable public opinion and a lack of unity among their southern opponents. Plagued by rampant crime, insecurity and poor service provision, and disappointed with the GNA's performance, many Fezzan residents were quick to welcome the troops.

¹⁰⁷ On 18 May 2017, a coalition of anti-LAAF forces led by the 13th Battalion (linked to the Third Force), and including the Benghazi Defence Brigades and men under Al-Qaeda-linked Ahmed al-Hasnawi, attacked the 12th Brigade at Brak al-Shati airbase, killing around 140 soldiers and civilian staff from across the south. The widely condemned assault accelerated the complete withdrawal of the Third Force from the south. Human Rights Watch (2017), 'Libya: Mass Executions Alleged at Military Base', 21 May 2017, <https://www.hrw.org/news/2017/05/21/libya-mass-executions-alleged-military-base> (accessed 13 Feb. 2020).

¹⁰⁸ Haftar appointed Brigadier Ramadan al-Barasi as commander of Sebha Military Zone in mid-2017. He was succeeded by Major General al-Mabruk al-Ghazwi, in 2018, whom Haftar replaced with Major General Mohamed Ali Masoud, in 2019, and shortly after with General Mohamed al-Madani al-Fakhri.

¹⁰⁹ When the long-time commander of the 6th Brigade rejected the general command's 'offer', the group split into a pro-GNA faction and a pro-LAAF faction.

In Sebha and Ubari, the LAAF encountered little resistance. An attempt by the GNA to mobilize troops against the LAAF under the leadership of Tuareg commander Ali Kanna was stifled when other Tuareg social and military leaders in Ubari came out collectively to declare their support for the LAAF. However, the pattern of peaceful takeover and realignment of local groups was disturbed at the start of February, when the LAAF launched an offensive on Murzuq and tensions between Tebu and Arabs erupted into hostilities. Insufficient negotiation or guarantees for Tebu in Murzuq prevented a peaceful takeover from being realized – instead, airstrikes by the LAAF and UAE forces in and around Murzuq led to civilian fatalities. The ground offensive was spearheaded by Battalion 128, a group from Sirte with a large component of Awlad Suleiman and Zway members, supplemented by Awlad Suleiman groups from Sebha as well as Sudanese fighters.¹¹⁰

The concurrence of several factors – the indiscriminate airstrikes, the tribal composition of the advancing forces, and the involvement of individuals hostile to the Tebu community – galvanized Tebu opposition to the offensive. The South Protection Force¹¹¹ – supported by a different set of Sudanese fighters – put up fierce resistance but could not prevent LAAF-aligned forces from entering Murzuq at the end of February 2019. This divided the town, as Ahali residents overwhelmingly welcomed these forces whereas many Tebu fled. The takeover was followed by assassinations and looting of property, which Tebu blamed both on locals and on fighters who had arrived under LAAF cover. After LAAF affiliates withdrew from the town, Tebu residents retaliated against their Ahali neighbours, and a cycle of tit-for-tat violence ensued.

The South Liberation and Purge Operation ended in early March with the sudden withdrawal of northern LAAF units from the Fezzan, leaving the maintenance of the ‘new order’ to local allies and affiliates.

As of early 2020, an assessment of the operation and of the LAAF’s overall role in the Fezzan showed a mixed picture. Throughout the operation (January–March 2019), some parts of the region saw a significant improvement in security. Tribal armed groups retreated or were co-opted. Formal policing and military structures were reactivated, and reinvigorated by the prospects of stronger leadership from the east. In other areas, however, the operation had a destabilizing effect. In particular, Murzuq descended into violence between Tebu and Ahali, at great human cost, with the hostilities causing mass displacement.¹¹² In addition to spurring the militarization of the local community, the conflict has had wide repercussions across the region, fuelling ethnic hatred and providing opportunities for extremists to gain a stronger following.

The LAAF’s expansion has altered tribal relations, empowering Magarha and Awlad Suleiman actors but also providing an opportunity for Gaddafi and Tuareg to reclaim a prominent place in the security sector. Generally speaking, the Tebu were disadvantaged the most by these developments. The conflict has weakened and divided their armed groups. At the end of 2019, however, the LAAF general command took steps to mend its relationship with Tebu leaders in Murzuq and Qatrun. It remains to be seen how these tribal power shifts will play out.

For the average citizen in the Fezzan, the LAAF’s ‘takeover’ of the region has brought little benefit so far. As the general command’s attention turned towards northwest Libya with the Tripoli offensive in April, progress in the Fezzan in terms of security provision stalled. Crime and turf wars picked up again. Smuggling – which had been suspended or diverted between January and March – has also resumed, now more prominently involving LAAF-affiliated actors. Southern bank branches are better supplied with cash. However, subsidized fuel and cooking gas are still unavailable. The LAAF general command used its Fezzan operation to demonstrate its capabilities and reinforce alliances, with a view to gaining the upper hand in western Libya. Its allies in the Fezzan may later reap the benefits of LAAF support, but the costs of alliance are significant: many armed groups (for example, in Sebha, Wadi al-Shati, Ubari, Ghat etc.) have dispatched units to back the LAAF’s Tripoli offensive, with the result that southerners are dying on the front lines.

¹¹⁰ Wanjala et al. (2020), *Final report of the Panel of Experts on the Sudan*.

¹¹¹ The South Protection Force is a loose formation set up in February 2019 by Tebu commanders from Murzuq and with GNA support.

¹¹² The low-level violence that followed the February 2019 Murzuq offensive escalated into armed conflict in August 2019. In the course of these hostilities, Tebu forces gained the upper hand, while the entire Ahali community of Murzuq was displaced.

Make-up and structure

The military establishment has a strong standing in the south, due to large-scale recruitment during the Gaddafi era, but it has been fragmented and without clear leadership since 2011. Members of the regular army were demobilized, often remaining without salaries for years. Many joined armed groups of mixed military and civilian composition, formed along tribal lines and structured in ways that do not conform with military hierarchy. Pre-2011 military units that remained intact became subservient to revolutionary command structures and were sidelined by tribal armed groups. Attempts to unify military entities at the regional level (such as a 2016 initiative by the Tuareg commander Ali Kanna) failed.¹¹³ Nowadays, many southerners wish to see a national unified military that is institutionally strengthened in order to improve security and counter tribal entrenchment. The LAAF's general command has put much emphasis on the role of military structures, supporting the existing military zones and creating new task-based structures such as the Deterrence Operations Group. Its military and nationalist narrative has motivated many pre-2011 army and police members to resume service after years of absence.¹¹⁴ Yet the LAAF's tribal alliance-building and military campaigns in 2019 have also led to a certain loss of faith in this narrative. The military establishment remains weak due to several factors, namely the tribalization of the security sector and institutional and political divisions. In some areas there are parallel command structures – one responding to the LAAF and the other to the GNA. For example, there are two rival 'Sebha Military Zones'. In February 2019, Prime Minister al-Serraj appointed Kanna as commander of Sebha Military Zone.¹¹⁵ Since the headquarters of this entity are at Tamanhint airbase – outside GNA-controlled territory – Kanna set up base in Ubari, operating remotely, with limited manpower and influence on the ground. Moreover, Kanna was forced to leave Ubari in November 2019, when the LAAF-appointed Commander of Southern Military Zones, Major-General Belgasem Labaaj, took control of the military base that had hosted Kanna.¹¹⁶

Southern armed groups that sprung up after 2011 are more strongly connected to their immediate social environment than they are to any military ethos. Beneath the pervasive revolutionary discourse, tribal considerations became a more efficient vector for mobilization – especially in areas that witnessed communal conflict. The vast majority of groups are thus associated with a specific tribe, or interest group or family within a tribe. The social embeddedness of members of armed groups makes it difficult to differentiate between civilian and non-civilian actors. Fighters are often referred to as 'armed youth', reinforcing the image of armed groups being inseparable from their social environment. Describing the situation in Sebha between January and March, one young woman said: 'I've been seeing more security in the streets, even at night. They are not police; they don't have any official label. They are fellow residents, like brothers watching over you.'¹¹⁷

Armed groups have permanent members, but there are also many fighters who mobilize only sporadically for policing tasks and when the community is under threat. These volunteers are not usually paid, and may have jobs to return to when they are no longer needed. External threats have

¹¹³ Lieutenant-General Ali Kanna, a Libyan Tuareg, was the commander of one of Gaddafi's paramilitary forces, the Maghawir. He fled to Niger in 2011 but returned to Libya in 2014, after which he tried to rally southern military members under his leadership. With the support of some tribal leaders, he declared himself commander of the so-called Libyan Armed Forces of the South in 2016. His efforts were thwarted by the LAAF-affiliated 12th Brigade and revolutionary actors wary of his presumed Gaddafi loyalist agenda. Kanna is currently allied with the GNA.

¹¹⁴ According to interviewees in Sebha, there has been a wave of pre-2011 army members resuming work under the auspices of the Sebha Military Zone, and of police returning to their former posts or new taskforces under the Interim Government's Ministry of Interior.

¹¹⁵ Ali, O. (2019), 'al-Serraj appoints Ali Kanna as military governor of Sebha' (Arabic), 6 February 2019, <https://www.alaraby.co.uk/politics/2019/2/6/السراج-سيعلن-علي-كنه-حاكما-عسكريا-للجنوب-الليبي> (accessed 25 Feb. 2020).

¹¹⁶ Labaaj's takeover of the base is shown in this television report broadcast by Al-Marsad (2019): <https://www.facebook.com/watch/?v=2869510653067937>.

¹¹⁷ Interview with municipal education official conducted by local researcher, Sebha, March 2019.

kept communities together, reinforcing civilian–military linkages. When a community is under threat, tribal forces are usually able to rally support and emerge with greater authority and public backing. Frequent episodes of conflict in Sebha since 2012 have entrenched tribal armed groups in the city, providing them with free run of their neighbourhoods and protecting their illicit activities from scrutiny. In Ubari, Tuareg factions put their differences aside when they went to war against Tebu in 2014, and their Tebu opponents received backup from Tebu groups across the region. The 12th Brigade represents only a faction within the Magarha tribe, yet its armed confrontations with the Misratan Third Force motivated many Magarha to volunteer with the brigade. After it was targeted in the May 2017 massacre at Brak al-Shati airbase, the 12th Brigade enjoyed increased moral authority. When LAAF-affiliated groups forced their way into Murzuq in February 2019, Tebu rallied behind the newly set up South Protection Force, which resisted the offensive.

The pursuit of official mandates, affiliation and funds has led armed groups to change political allegiances repeatedly, and to rebrand themselves to fit trends and requirements.

Formal recognition has yielded benefits for armed groups without challenging their tribal backbone or core structure. The pursuit of official mandates, affiliation and funds has led armed groups to change political allegiances repeatedly, and to rebrand themselves to fit trends and requirements. Groups tend to use state recognition (from either or both the GNA or Interim Government) to set themselves apart from so-called ‘illegitimate’ rivals.

Yet labels reveal little about a group’s nature. Government attempts to amalgamate southern groups, whether through a top-down or bottom-up approach, have been of limited impact. The southern branch of the Libya Shield Force, for example, remained a hollow structure whose cohesion hinged on state salaries.¹¹⁸ The 6th Brigade was set up in 2013 as a ‘core army’, mandated by the GNC to keep the peace in Sebha, yet the brigade’s connection to the Awlad Suleiman tribe ultimately exacerbated tensions and turned it into a conflict party. Tribally mixed armed groups remain the exception. They include a few southern groups that espouse Madkhali-Salafi ideology and are aligned with the LAAF.¹¹⁹

For the most part, however, inter-tribal military integration is limited to temporary alliances of convenience. In certain circumstances – for example, when there is a shared purpose or adversary – small armed groups join dominant players for a limited period as auxiliary forces, operating semi-autonomously and with varying degrees of oversight. The LAAF is promoting inter-tribal integration, enabling allied groups to recruit outside their home communities. An example is Battalion 128, whose core constituency is the Awlad Suleiman community of Harawa, near Sirte, but which has recently established units in different parts of the country, including a Tuareg group in Ubari. The impact of this strategy, which serves the LAAF’s war effort, is yet to be seen. Until now, southern armed

¹¹⁸ The Libya Shield Force was established in April 2012 by the National Transitional Council as a ‘substitute army’ made up of revolutionary forces. The Force was nominally under the army chief of staff and awarded contracts by the Ministry of Defence. For details, see International Crisis Group (2012), *Divided We Stand: Libya’s Enduring Conflicts*, Middle East and North Africa Report No. 130, <https://d2071andvip0wj.cloudfront.net/130-divided-we-stand-libya-s-enduring-conflicts.pdf> (accessed 13 Feb. 2020). The Force’s southern branch – which formed around the so-called ‘Jibril Baba Group’ in Sebha – quickly grew into a force of up to 3,000 members from different southern cities, but by 2014 it had fallen apart due to salaries being discontinued and communal conflicts breaking out.

¹¹⁹ Namely the Security Concentrations Force, a group from Bawanis (near Sebha) which includes different social components and operates under the Interim Government’s Ministry of Interior. Another example is the Khalid Bin al-Walid Battalion in Umm al-Aranib, which is led by Tebu but also has Arab and Ahali members.

groups have ultimately remained strongly connected to their core constituencies, while coalitions have disintegrated once their common objective has been achieved, or when relations between their component communities have soured.

Affiliation with the LAAF constitutes a vector of power through which armed groups can assert dominance within their communities and expand their membership and territory. On its part, the LAAF's general command has strengthened its foothold in the south by empowering selected individuals as prime interlocutors for different tribes or areas. When the LAAF asserted its dominance in the region through the South Liberation and Purge Operation, armed groups were prompted to rally around these 'chosen' actors. Under LAAF leadership, the 12th Brigade's long-time leader, army colonel Mohamed Bin Nayel, was made head of the Deterrence Operations Group in 2017 and also governor of the al-Shati Military Zone. The 12th Brigade has incorporated smaller entities and consolidated its position in the area from Sebha to Shweirif, which corresponds to the Magarha tribe's zone of influence. In Sebha Masoud Jeddi, a military police officer who commands Battalion 116, has become the most prominent security figure in the Awlad Suleiman tribe since he sided with the LAAF in 2017 and was put in charge of the Sebha-Bawanis branch of the Deterrence Operations Group. After participating in the South Liberation and Purge Operation, Jeddi's forces were mandated to secure strategic locations in Sebha, including the airport and fuel depot. Battalion 116 has seen an inflow of Awlad Suleiman combatants and auxiliary forces.

The functions of armed groups

Communities rely on social actors and armed groups for security and justice. Security is seen as a collective responsibility that requires the collaboration of both formal and informal actors, at least in smaller towns and at the neighbourhood level. 'In the absence of the state as security provider, social components are the best alternative we have,' a municipal worker in Sebha told Chatham House in March 2019.¹²⁰ Formal security providers may be present, but lack the operational capacity and authority to do their job. Hence, irregular armed groups often assume policing functions within limited zones, usually in consultation with social leaders and on the basis of customary justice mechanisms. Sometimes such groups collaborate with formal judicial bodies. Outside cities, armed groups guard roads and occasionally perform other services, such as providing security for deliveries of central bank cash,¹²¹ transporting equipment to municipalities, or sweeping sand off otherwise impassable desert roads. Residents sometimes appeal to armed groups to help them tackle public service problems, or to pressure state entities into delivering better services. Yet the services that armed groups render to communities also allow them to justify their presence and generate revenue.

Armed actors do not have a monopoly on agency in the areas under their control, nor do they act independently from the social setting. Sometimes armed actors come under pressure from their home communities to convey broader social demands to the state, such as for better public services, local development projects and jobs. For example, in Ubari, groups of protesters have blockaded the Sharara oil field on several occasions since 2013. Ironically, they have been aided by the very armed actors whose mandate was to protect the facilities. In 2014, this prompted the government to introduce a recruitment plan and set up a technical training institute to build local capacity. Although

¹²⁰ Interview with municipal education supervisor conducted by local researcher, Sebha, March 2019.

¹²¹ The Joint Operations Room Murzuq Basin, a predominantly Tebu coalition of forces set up in late 2017 under the oversight of Abubakr al-Darmun (the Ahali commander of Murzuq Military Zone), escorted several batches of central bank cash to towns in the Murzuq area from the airports of Tamanhint and Ubari. (Interview with Tebu activist from Murzuq, conducted in Tunis, March 2019.)

the security context and actors have since changed, a similar situation occurred in December 2018. Commanders of the Sharara oil guard endorsed the Fezzan Anger Movement¹²² and allowed it to enter the facility, prompting the NOC to declare *force majeure* at the field. In parallel to negotiations with the oil guard, the GNA presented a development fund for the south to appease protesters and their communities. This does not mean that armed groups act selflessly – oil blockades also often involve financial demands by armed groups.

The territorial segmentation of the south can facilitate law enforcement and the creation of ‘safe zones’. Interviewees from across the Fezzan explained that travelling within zones of tribal influence is usually safe, at least for people from those areas. Social means of control and conflict resolution still exist, and armed groups to some extent remain accountable to their communities.

Sebha provides an interesting case study of the achievements and shortcomings of neighbourhood-based security provision. Since 2017, tribal armed groups in different parts of the city have organized what are termed security ‘rooms’ (i.e. command centres), with some coordination at the city level. Given the lack of an overall security body trusted by all the different constituencies – some at war with each other – to deal with security incidents objectively, the system instead relies on each neighbourhood ‘room’ policing its own area, detaining suspects from its tribe(s), and handing over individuals from outside its zone of operations to the relevant entity. This is done in coordination with the Sebha Joint Security Room and, sometimes, judicial authorities. The arrangement is susceptible to tribal bias, allows criminals to be shielded in the community, and offers limited oversight and accountability. Nonetheless, it has facilitated management of security, in particular creating links between armed actors from different tribes while limiting the risk of conflict escalation and tit-for-tat retaliation.

In some cases, tribal armed groups appear to have had a positive impact beyond addressing security threats and crime. Some interviewees for this paper identified Abdelkafi, on the northern edge of Sebha, as a case in point. This predominantly Magarha neighbourhood consists mainly of residential areas and farmland, with little urban infrastructure. In recent years, services and trade have boomed, and businesses have relocated to Abdelkafi from other parts of the city. Stores and workshops have opened, along with commercial bank branches and a local passport office. These developments have largely been enabled by the presence of a neighbourhood battalion, which has executed its security role efficiently.

At the same time, territorial segregation curtails mobility and puts civilians at risk. While southerners tend to feel safe in the areas where they live, many dread travelling to other cities or in some cases even to other neighbourhoods. The risks travellers face range from low-level extortion and harassment at checkpoints to armed robbery, kidnapping for ransom or even identity-based killing (i.e. based on the traveller’s tribal or family affiliation). When tribal factions are at war, civilians may be targeted. Over the past few years in Sebha, it has often been unsafe for people to venture into neighbourhoods dominated by another tribe. This has curtailed access to essential public services. One interviewee recounted that he had not entered central Sebha since 2014 for fear of being identified as Tebu at any of the checkpoints controlled by Awlad Suleiman groups. A Gaddadfa youth activist said that for years members of his community in northern Sebha had been scared of going to the municipal medical centre – located in the south of the city – and that healthcare problems were only alleviated when a clinic opened in their area. Members of the Awlad Suleiman tribe have not been able to travel safely

¹²² This popular protest movement was launched in Ubari in October 2018 on a regional platform with demands for better public services, employment, economic development and security sector reform. The movement gained significant public support, including among local officials and security actors.

south of Sebha into Tebu-held areas or across the borders into Chad or Niger; this has had a lasting impact on businesses and trade relations. Mobility is especially curtailed for women. Interviewees in Sebha said that women are usually accompanied by male family members even when going to school, work or to run errands. Travel is further complicated by fact that southerners tend to rely on transport by car, including when going to the north or to Tunisia, given that air travel from the south is limited.

Revenue generation and resource mobilization

Southern armed groups exploit their control of territory and strategic facilities to extract rents from the state, to enable (and profit from) illicit trade flows, and sometimes to engage in violent extortion and banditry.

Southern Libya's economy largely relies on the informal sector, specifically informal trade and smuggling of all sorts. This in part reflects the socio-economic environment, given a lack of access to higher education or public sector employment and an underdeveloped private sector. While much informal economic activity is not illegal, it largely takes place outside of state oversight. Traders sometimes attempt to fulfil formal requirements – such as business registration, and payment of taxes and customs fees – where necessary, but ignore them where there is no state supervision. Southern cross-border trade takes place in a grey zone: there are no formal customs controls between Libya and neighbouring Chad, Niger, Algeria and, to a lesser extent, Tunisia. The line between formal and informal, legal and illegal, is thus blurred, with economic activity conducted in a space where formal rules are rarely applied, and where official and unofficial security actors exist side by side.

Business practices in southern Libya are structured according to tribal power dynamics. Armed groups discriminate heavily between people of their own tribe and others, for example in terms of who they let pass through checkpoints and at what price.

Business practices in southern Libya are structured according to tribal power dynamics. Armed groups discriminate heavily between people of their own tribe and others, for example in terms of who they let pass through checkpoints and at what price. Merchants mostly prefer to operate in territory where their tribe is dominant, as this makes logistics easier and provides a degree of security. As a result, trade and smuggling routes are segmented. Transportation of merchandise is a multi-step process, in which goods change hands at the boundaries between tribal zones of influence, with different actors taking over at each boundary and transporting goods to the next hand-over point. For instance, fuel smuggled from Zawiyah to the south may be handled by three or four different actors or groups of actors, depending on the territory it crosses. The handover process involves the two parties determining a safe location for the exchange of merchandise and payment. For the buyer, a safe location usually means somewhere outside the tribal zone of influence of the seller. As a fuel smuggler in Ubari explained, when buying a large quantity of fuel in Wadi al-Shati, payment is made through an intermediary and the money only disbursed once the vehicle transporting the fuel has left the Magarha tribe's zone of control and reached Sebha. Fewer precautions are taken for smaller quantities of fuel, which are exchanged at known 'marketplaces', such as the small locality of Adiri on the southern edge of Wadi al-Shati, at which retailers can buy or order directly without an intermediary.

Access to state resources

The ability of southern-based armed groups to obtain resources from the central state is more uneven than for their counterparts in the west and east of the country.

Security sector salaries

As Gaddafi-era military structures fell apart in 2011, many southern army members lost their access to salaries. Over subsequent years, salaries were gradually unlocked, on an individual basis or in batches. Some pre-2011 military units remained under the chief of staff, but in most cases army members needed to re-enrol. As the process was often managed through informal connections, this fostered the emergence of clientelist structures. The polarization of national-level governance led rival camps to use the release of salaries for political gain, especially from 2014 onwards. For example, the (now-defunct) Government of National Salvation would place lists of Tuareg army members back on to the payroll to obtain the loyalty of local leaders. The same tactics were employed by the Interim Government and by the LAAF.

Meanwhile, a large number of civilian fighters were included on the public payroll as the armed groups to which they belonged obtained government recognition and mandates. Security sector contracts gave rise to corruption as there was little state control over the registration and revenue distribution processes: 'Bribes would be paid to interior or defence ministry officials to include certain lists, or intermediaries who helped register the brigade members would receive a share of the salary payments.'¹²³ In many instances, armed group members accused their commanders of embezzling state funds destined for salary payments.¹²⁴ Such arrangements reportedly continue to affect salary levels in the Fezzan to this day. The usual salary for a member of a government-approved armed group is now around LYD1,500–2,000 per month (in 2012 and 2013 most were only paid LYD500). Those on 'fake' lists do not receive full pay, because a share of it is diverted to the interlocutor(s) who facilitated the arrangement. 'For a young man in Sebha with poor work prospects it's still preferable to get, say, LYD250 per month than nothing.'¹²⁵ This mechanism has boosted the ranks of armed groups in the Fezzan, but it has also artificially inflated membership numbers, since many of those enlisted are inactive. Over the years, salary payments have not kept up with the proliferation of armed groups and the level of recruitment in the Fezzan. This has left many fighters without steady income, reliant on additional sources of revenue through their group's territorial and tribal influence.

Budget cuts and the introduction of the national ID number system in 2013 had a major impact in the Fezzan, especially in Sebha and Ubari. Population groups of undetermined legal status who were excluded from the database are also strongly represented in the security sector. Many were regular members of the army and police under the former regime, and later became involved in armed groups that sprung up after 2011. The reform thus left a large number of combatants without pay. According to a former police officer from Ubari:

Many army members from the Sahelian Tuareg left their positions after the national [ID] number was implemented and they stopped getting paid. Battalions ended up with 50 or less members on active duty, and hundreds sitting at home with no revenue. Some ex-army and police became involved in smuggling and robberies, made a living with menial jobs, or left Ubari to find informal work elsewhere.

¹²³ Phone interview with male professional from Sebha, August 2019.

¹²⁴ For example, in 2013, members of the 8th Force (part of the Libya Shield Force) held protests in Sebha, accusing their commander, Jibril Baba, of withholding salaries and paying out only a fraction of what was due to the roughly 2,000 men registered under the group.

¹²⁵ Phone interview with a male professional from Sebha, August 2019.

An administrative number system – introduced in 2014 for state employees who were ineligible for the national ID number – led to salaries being partially restored, yet disbursements continued to suffer from delays and administrative bottlenecks.¹²⁶ The frustrations of southern army personnel about having their ranks and salaries frozen aided the LAAF's subsequent expansion into the region. It was not until mid-2019 that the GNA took decisive measures to address these issues, but its response was widely seen as being too little, too late. It authorized Ali Kanna, as commander of Sebha Military Zone, to make an inventory of military members in the region who had not been getting paid, and to adjust their ranks and salaries based on the aforementioned Decree 441 of 2013.¹²⁷ Kanna issued two key decrees to settle these issues, in August and October 2019, which included an annex listing over 2,000 rank-and-file military personnel registered in the zone.¹²⁸ An interviewee from Ubari welcomed this long-overdue step, but cautioned that the GNA would be unable to take significant credit for it among the Tuareg community.

Salary disbursements in any event remain arbitrary, reliant on unpredictable security arrangements, and seemingly based on outdated personnel lists.¹²⁹ As a political instrument for shoring up alliances, the policy on salaries is thus flawed. Salaries for military members are paid from the General Administration for Military Accounts (GAMA) in Tripoli or from the LAAF's military accounts department, with contractual payments from the Ministry of Defence being made to armed group commanders based on their membership lists. Money for salaries is allocated to commercial banks, which in turn distribute the funds to their branches depending on where the recipients' accounts are located. Although salary disbursements in recent years have frequently been delayed by logistical problems,¹³⁰ the situation has improved since the LAAF asserted its authority in Sebha in January 2019.¹³¹ Throughout 2019 there were regular deliveries of cash from both the CBL in Tripoli and the eastern CBL.¹³² The disbursement of security sector salaries to the Fezzan has thus become more reliable.

However, the existence of two rival leaderships for Sebha Military Zone has caused administrative chaos. The Tripoli war has led the GNA to try to block salary payments to pro-LAAF groups. As a result of cash being delivered from the east, some army personnel in the Fezzan may have received duplicate salaries during the first months of 2019 or LAAF war bonuses on top of their GNA-approved salaries. The GNA thus instructed the GAMA's southern branch and Ali Kanna's Sebha Military Zone to review the database of army personnel units and to block the salaries of those paid from the east, according to official correspondence dated July 2019.¹³³ In order to receive their salaries and wartime

¹²⁶ The problems included delays in payment caused by people not presenting their national/administrative numbers to their respective military units on time, salaries being paid in instalments (several months at a time), the slow pace of administrative procedures to check the conformity of applicants' enrolment, data errors in the national number database, procedural problems with the re-enrolment of suspended military members, etc.

¹²⁷ Facebook pages with information about these measures: <https://www.facebook.com/ali.knnaa/>; and <https://www.facebook.com/fezzan1/>.

¹²⁸ Sebha Military Zone Commander Decree 1/2019 (4.8.2019) and Decree 5/2019 (8.10.2019). Decree 1 of 2019 has an annexed list of 2,282 military members. Decree 5 has an annexed list of 1,919 military members. It is unclear whether these two lists overlap.

¹²⁹ Some of the armed groups that are currently on state payroll are listed under names they used in the past. Many of them switched political allegiance at the same time as changing names. For example, Battalion 456 was renamed Battalion 177 when it joined the LAAF in 2017 or 2018. The Qurdabiya Martyrs Battalion no longer exists on the ground, according to Sebha residents.

¹³⁰ Sporadic deliveries of CBL Tripoli cash to the region, via the airports of Tamanhint and Ghat or the Sharara airstrip, the point of arrival being chosen depending on aviation safety and security, and on the CBL's arrangements with local forces for the onward transportation of the cash.

¹³¹ While some of the cash deliveries that arrive to Tamanhint are from the CBL in Tripoli, LAAF-aligned forces provide security for onward transportation to Sebha and other cities. Ensuring cash deliveries has been a way for the LAAF and Interim Government to demonstrate their effectiveness to the southern population.

¹³² For example, LYD80 million was delivered to Tamanhint on 5 August 2019 from the CBL in al-Bayda. See 218 TV (2019), 'Only 80 million dinars to the banks of Sebha and the south' (Arabic), 5 August 2019, <https://www.218tv.net/80-مليون-دينار-فقط-لمصارف-سبها-ومدن-الجن-80/> (accessed 17 Dec. 2019).

¹³³ Ghanem, S. (@SalehGhanem1122) (2019), 'Official correspondence between Mohammad Ishtiwi, director of the military accounts department of the GNA' (Arabic), tweet, 30 September 2019, <https://twitter.com/SalemGhanem1122/status/1178581946491912192> (accessed 17 Dec. 2019).

bonuses through the GAMA, army members are allegedly required to confirm in writing that they are not ‘communicating with Operation Dignity [LAAF general command] nor will accept any future payments from it’. It is unclear to what extent these measures have been implemented.

While the evident administrative confusion resulting from the institutional divide between east and west renders it difficult to trace payments and assess which groups in the south are currently paid by whom, what partial information is available indicates that commanders have been taking advantage of multiple financial channels. For example, the GNA has authorized salary and war bonus payments to some groups aligned with the LAAF. According to different explanations put forth by interviewees, this is either because the GNA has not yet fully implemented steps to suspend payments to these groups, because groups are split into pro-GNA and pro-LAAF factions, or because pro-GNA commanders are pretending to have more men under their command than they really do. As one interviewee in Sebha said:

The vast majority of military cadres in the Fezzan support the LAAF. There are a few commanders here and there who will tell the GNA that they, and however many of their soldiers, support it. So the GNA releases pay for them. They will happily receive pay but at the same time might receive pay from the east. They may be present in a given location but play no actual role on the ground. It’s just ‘salaries in the pocket’.¹³⁴

Control of public facilities

One major avenue for armed groups to access state resources is through physical control of critical infrastructure, both military and civilian. Oil and gas facilities are of particular value because they give local armed actors and communities leverage over the government. The Sharara, al-Fil and Wafa oil and gas fields were among the first locations in the Fezzan to be seized by anti-regime fighters in 2011. Although the fields are nominally under the authority of the NOC and the Ministry of Defence’s Petroleum Facilities Guard (PFG), they are effectively guarded by local armed groups.¹³⁵ As a result, oil facilities have been the object of fierce competition between rival groups.

When groups are unable to obtain state recognition, or their salaries do not materialize, they can become a liability. Multiple production shutdowns at the southern oil fields have illustrated this. Armed groups also exploit their leverage over other public facilities. For example, Sebha’s Court of First Instance was briefly shut down by the armed group that claimed to guard the building, after it had failed to obtain state recognition and salaries. By demonstrating their ability to disrupt vital state facilities, armed groups are often able to obtain government concessions. Such blackmail can involve a broader range of local actors and social demands.

Refineries and fuel storage sites offer an additional source of ready income for armed groups that oil fields do not. In the southeast, the Martyr Ahmed al-Sharif Battalion (Battalion 306) guards the Sarir refinery and oil depot, where by all accounts it is heavily implicated in fuel smuggling.¹³⁶ In the Fezzan, the Sebha oil depot is an especially lucrative asset for any armed group guarding

¹³⁴ Phone interview with employee at the Armed Forces’ Department for Morale Affairs, Sebha, November 2019.

¹³⁵ From 2011, al-Fil was guarded by a Tebu group from Murzuq headed by Abubakr Sugi and Hassan Musa Sugi, which was recognized under the PFG. This group was expelled by the LAAF-affiliated Khalid Bin al-Walid Battalion in February 2019. An attempt by Hassan Musa to retake the field in December 2019 was repelled and he was killed. Sharara is guarded by several Tuareg groups from Ubari, mainly Battalions 30 and 191 operating under a joint security structure. They expelled a Tebu group in 2014. The Wafa field is guarded by several groups from the Nafusa mountains. In all cases, groups are at least in part affiliated with the PFG (either in Tripoli or the Zintan-led southern command). As a consequence of the LAAF’s Fezzan campaign, aligned groups are being brought under the PFG’s eastern branch.

¹³⁶ Majumdar Roy Choudhry et al. (2018), *Final report of the Panel of Experts on Libya*, p. 45; and Murray, R. (2017), *Southern Libya Destabilized: The Case of Ubari*, SANA Briefing Paper, Geneva: Small Arms Survey, <http://www.smallarmssurvey.org/fileadmin/docs/T-Briefing-Papers/SAS-SANA-BP-Ubari.pdf> (accessed 17 Dec. 2019).

it, as a substantial amount of the fuel there is sold on the black market, in exchange for bribes to employees and guards. Battalion 160, which had previously guarded the facility for years on government mandates, is widely considered to have enabled illegal fuel sales.¹³⁷ Confronted with popular outrage, the battalion has tried to polish its image by publicizing its anti-smuggling interventions; it even set up a so-called Committee to Combat Fuel Smuggling in 2017. When the LAAF claimed control of Sebha in January 2019, Battalion 160 was removed from the depot and replaced with Battalion 116, which has stronger ties to the LAAF. Smuggling did not stop, however, and even Battalion 160 allegedly still profiteers through ‘ghost’ fuel stations run by members of the group. Fezzan smuggling practices and networks overall do not appear to have been significantly affected by the LAAF’s campaign in the south, notwithstanding fuel shortages associated with the conflict in western Libya since April 2019. A Qatrun fuel smuggler interviewed in late March 2019 said that for him little had changed: ‘Yes, we now need to deal with new actors. But [in fact] they are the same old actors, except they now wear the uniforms of Haftar’s army ...’¹³⁸

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‘Taxation’

In southern cities, some armed groups ‘tax’ businesses in return for providing protection or turning a blind eye to illicit activity. Some levy similar informal charges on public institutions such as banks located in the areas under their control. Failure to accept an offer of protection may lead the armed group to deliberately create security problems that then render its services indispensable. Protection rackets appear less common in the south than in the north, primarily because there are fewer businesses, at least legal ones, to protect or extort money from.

On the other hand, illicit businesses, such as running transit houses for migrants, are a good source of revenue for armed groups, in particular in Sebha. In small towns with a greater degree of social cohesion there are less opportunities for racketeering. Talking about the currency exchange and transfer shops in Qatrun, a local explained: ‘They don’t need to pay protection money to any militia. Qatrun is a village, everybody knows everybody, and if anything happens you can find the culprits easily.’¹³⁹

While most Libyan armed groups do not directly engage in human smuggling, many demand payment to allow non-Libyan smugglers to operate in their areas and properties. Some agreements are explicit, while others are deliberately informal in order to obscure the Libyan involvement. A well-established smuggler in Sebha told one of the authors of this paper that he had moved his operational base from one part of the city to another in order to strike a deal with a more powerful tribe. In return for the tribe’s protection, he agreed to provide a share of the profits of the business.¹⁴⁰

¹³⁷ Battalion 160 was formerly known as ‘Jibril Baba Group’ and then as the 8th Force (of the Libya Shield Force).

¹³⁸ Interview with Qatrun-based fuel smuggler by local research assistant, southern Libya, March 2019.

¹³⁹ Phone interview with resident of Qatrun, January 2019.

¹⁴⁰ Phone interview with Nigerian human smuggler based in Sebha, December 2018.

In some southern towns, municipal authorities have begun taxing businesses through local police forces or armed groups in order to supplement municipal budgets. Such practices are not state-sanctioned and do not follow any official guidelines.¹⁴¹ For instance, the municipality of Kufra has long generated tax revenue from road tolls on merchants and car dealers; the main group enforcing this regime is the Subul al-Salam Brigade. The security directorate of Qatrun imposes a tax on foreign businesses, such as Mauritanian merchants and retailers. As a local explained, this tax is presented as optional but that is only nominally the case: ‘Nobody will force them to pay the tax, but if they don’t have police protection nobody will intervene if they get shoplifted and lose their merchandise.’¹⁴² In a context of financial and governance crises and municipal councils having to run on tight budgets, informal taxation may be seen as a valid coping strategy. However, it also opens the door for abuse of authority, as armed groups can collect tolls and business taxes almost at whim, sometimes with the endorsement of local officials.

Outside urban areas, road tolls are the most straightforward source of income for armed groups. It is nearly impossible to move goods through southern Libya without paying tolls, whether travel is by paved road or desert track. Toll is usually collected at checkpoints by armed groups that control the adjoining sections of road. These groups mostly have a permanent presence in these locations, and sometimes official security mandates. Thus, travellers can know in advance where they will pass through checkpoints and which actors they will encounter. Checkpoint locations sometimes change hands, and groups that are not generally in control of a road section may appear spontaneously.

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The number of checkpoints in the south has increased significantly in recent years. For example, the road connecting Sebha to northern Libya is heavily controlled by armed groups. Interviewees noted a visible increase in the number of checkpoints between Sebha and Mizda via Shweirif in late 2018. Also in late 2018, travellers complained that a trip from Sebha to Tripoli by road took at least twice as long as it had before (14+ hours instead of seven or eight hours). Over the course of the 2019 South Liberation and Purge Operation in the Fezzan, LAAF forces demolished checkpoints 17 and 18, south of Sebha, which had been held by Tebu groups widely criticized for demanding tolls and harassing travellers. However, most checkpoints in Tebu-controlled areas south and southeast of Sebha have remained in place.¹⁴³

According to a fuel smuggler from Qatrun, in December 2018 there were 18 checkpoints between Sebha and al-Tum (a checkpoint at the Libya–Niger border). The roughly 320-km-long road section from Qatrun to al-Tum is controlled by two Tebu armed groups (Desert Shield Battalion and Umm al-Aranib Martyrs Battalion), each of which operates several checkpoints. For these and other armed groups present in the border zones, collecting tolls is more complicated once paved roads end, as is the case between Qatrun and the gold mine of Kuri Bugidi at the border with Chad, or in the southwestern border triangle between Libya, Niger and Algeria (the so-called Salvador Pass). In these areas, armed groups set up position at bottlenecks that cross-border transporters cannot avoid. Cross-border

¹⁴¹ Libya’s law on local governance and decentralization – Law 59 of 2012 – has not been comprehensively implemented, and provisions on local taxation need to be clarified through legal amendments.

¹⁴² This is the case even for foreigners with Libyan business partners.

¹⁴³ Interview with Qatrun-based fuel trader, March 2019, and subsequent interviews in Qatrun and Murzuq.

merchants and smugglers sometimes may also pay armed groups in advance, to avoid complications on their journeys. At the border crossing of al-Tum,¹⁴⁴ Tebu forces register the entry and exit of vehicles and charge ‘customs fees’ for merchandise. This occurs without any official oversight, as there is no system in place for immigration and customs control. Every day, according to a January 2018 report, an average of 150 vehicles transit through al-Tum.¹⁴⁵ Once merchants and smugglers have crossed the border into Niger, they also need to pay off government forces there.

Merchants are taxed according to both their ethnicity/tribal affiliation and the nature of their merchandise. Within these categories, rates tend to be the same or very similar across the southern region. Interviewees described rates as ‘fixed’ or ‘commonly agreed upon’. As fuel and cooking gas smugglers noted, predictable rates are good for business. ‘Every checkpoint has a known rate and this way trust is built between the smugglers and the armed groups,’ said a Qatrun-based fuel smuggler. Traders who share the same tribal affiliation as those running checkpoints and who are acquainted with them may be let through at a discounted rate or for free. In comparison, traders who are of a different tribe from that of the armed group have little leeway to refuse or negotiate, and armed groups often exploit this vulnerability to charge high rates. For example, Tebu armed groups systematically discriminate against non-Tebu merchants, offering special rates for Tebu merchants and smugglers, even if they are not acquainted and not from the same local community.

Illicit goods¹⁴⁶ offer a significant opportunity for taxation. Interviews with smugglers indicated that the large profits to be obtained from taxing illicit fuel shipments have apparently motivated more armed groups to set up checkpoints. Interestingly, in many cases a veneer of legality appears important to armed actors operating the checkpoints even where they have no official mandate. Interviews with human smugglers indicated that the cost of moving migrants varies significantly depending on the nationality of the migrants and whether they hold Libyan residency permits. One smuggler told one of the authors in December 2018 that the cost of a taxi for an undocumented migrant to reach Tripoli from Sebha was LYD700, whereas the cost for a migrant with a residency permit was LYD100.¹⁴⁷ While the drivers doubtless inflate prices for undocumented migrants, a significant proportion of the higher cost is likely to be due to the difference in checkpoint taxes.

Crime has skyrocketed in the south in recent years and has become a revenue stream for armed groups. It is likely that criminal acts by armed groups are more frequent than commonly assumed, because many incidents are not investigated. Common crimes include theft, robbery, carjackings and kidnapping for ransom. A distinction is usually made between armed groups (‘legitimate’) and bandits/outlaws (‘illegitimate’). To some extent the difference lies in the eyes of the beholder, although the bandit designation usually refers to foreign armed groups (Sudanese, Chadian, Nigerian). For example, the Tebu armed groups present along the road south of Qatrun have denounced ‘illegal checkpoints’ that were set up by a Tebu group from Niger. Foreign actors are, however, not subject to social pressure in the same way as are Libyan actors, and are hence more likely to engage in ‘rogue’ behaviour, such as seizing merchandise or vehicles, or extorting money from travellers. Over the past year, an increase in roadside robberies and kidnappings for ransom

¹⁴⁴ Last Libyan outpost before the Nigerian border, 90 km north of the border crossing point. The area in between is a no-man’s land.

¹⁴⁵ Al-Jeheimi, A. (2018), ‘Observations on the Nigerian border’ (Arabic), *Noon Post*, 14 January 2018, <https://www.noonpost.com/content/21617> (accessed 17 Dec. 2019).

¹⁴⁶ Interviews with smugglers and residents prior to the LAAF advance in the south recorded some anecdotal data on the pricing of checkpoint fees. It appears clear that illicit goods and movements are taxed at a higher rate than licit goods are. For example, truckloads of consumer goods are usually taxed at around LYD50 at checkpoints. Fees were reportedly higher at the gates of Sebha and south of the city at checkpoints 17 and 18.

¹⁴⁷ Phone interview with Nigerian human smuggler, December 2018.

has been reported in the area between Ubari and Ghat. To cross from Niger into Libya, traders of illegal merchandise such as drugs also use the Salvador Pass – this mountain area is known to be particularly dangerous due to its challenging topography and the presence of criminal gangs and extremists (Tuareg and other).¹⁴⁸ Traders have to be prepared to pay off or defend themselves against roaming gangs.

Some southern armed groups engage in more sophisticated forms of criminal activity, although this is rare compared to in the north. For example, interviewees said that some Sebha groups had inflated security or catering contracts in recent years, and that some influential security actors had profited from business partnerships to siphon off public funds disbursed by the GNA or the Interim Government for projects and services in the Fezzan.

Engagement in economic activity at different levels within the group

In the south, the redistribution of revenues outside the salary payments system varies according to the individual practice of each group's leadership, the relations between its members and the type of revenue involved. For instance, road toll revenues cannot realistically be captured by commanders without a fair share being allocated to low-ranking members. Some Tebu armed groups, such as the Desert Shield Battalion, have set up money collection and distribution mechanisms that emulate formal salary systems, thus offering their members a certain degree of income stability. Revenues from road tolls and smuggling profits are centrally collected by the group. At the end of the month, each member gets a 'salary'; the rest goes to the group leaders. This allows revenue collection to be controlled, rather than relying on arbitrary formulas or on the 'whoever is at the checkpoint takes all' rule. By contrast, revenue distribution is less transparent within certain armed groups involved in more sophisticated revenue-generation schemes; these benefit armed group leaders and their business partners without necessarily creating income for rank-and-file members.

¹⁴⁸ Based on the account of a Libyan drug smuggler. Rizk, R., al-Jehaimi, A. and Mansour, M. (2017), 'Drugs: from where, to where, and via which routes' (Arabic), Correspondents, 8 November 2017, <https://correspondents.org/2017/11/08/drugs-way/> (accessed 17 Dec. 2019).

5. Mitigating Conflict Dynamics and Reducing the Role of Armed Groups in the Economy

The launch of the LAAF offensive on Tripoli in April 2019 sank UN-led efforts to convene a national conference to agree a path of transition out of Libya's governance crisis. The international response to the LAAF's move was muted. There was neither a UN Security Council resolution over a ceasefire nor any efforts to enforce the arms embargo.¹⁴⁹ A lack of sincere effort to prevent increasing external intervention in Libya has exacerbated the conflict.

At the time of writing, Libyan combatants are heavily reliant upon external actors for their survival on the battlefield. International escalation has been met with counter-escalation. By November 2019 the LAAF's air superiority, combined with the support of mercenaries provided by the Kremlin-linked Wagner Group, appeared to have placed Haftar's forces in a position to move into Tripoli. However, the signing of agreements between the GNA and Turkey in December redressed the balance, making Haftar's military objectives appear distant once again. The deployment into the Tripoli theatre of Syrian fighters paid by the Turkish armed forces illustrates how far the conflict has expanded since April 2019. These developments have also heightened the propaganda war, prompting allegations that the GNA is bringing Islamist extremist fighters to Libya and that it has sold out to Turkey's neo-Ottoman ambitions.

The signing of a communiqué at a conference in Berlin in January 2020, the first to bring together all of the external actors meaningfully engaged in Libya, has reiterated international commitment to the arms embargo. The signatories have sought to initiate a process for agreeing a lasting ceasefire and beginning political negotiations. The Berlin communiqué was endorsed by UN Security Council Resolution 2510 on 12 February, albeit with Russia's abstention. Yet at the time of writing in March 2020, there was no indication that these commitments would be backed with tangible action. An oil blockade initiated only two days prior to the conference in Berlin remains in place and is having a catastrophic impact on Libya's finances.

Without commitment to enforcing the arms embargo and preventing the economy from being weaponized, Libya will be consigned to sustained conflict, further fragmentation and potential economic collapse. This is a difficult context in which to draw lessons for policymakers. Nonetheless, this chapter seeks to articulate conclusions from the analysis presented in this paper and assess options for mitigating Libya's conflict in the security, social and economic spheres.

Ultimately, Libya's interlinked political, security and economic crises can be solved only through a political settlement that sustainably addresses security concerns and paves the way for fundamental reform of the rentier system of economic governance. The latter is a key driver of conflict, engendering violent competition for control of lucrative rent streams and the capture of state assets. Lessons from other contexts indicate that a political settlement that relies upon dividing the spoils among warring

¹⁴⁹ The UN Panel of Experts documented extensive and ongoing violations of the embargo by the UAE (which in any case had been violating the embargo consistently since at least 2015), Jordan and Turkey.

actors is not likely to be sustainable, as those excluded or who perceive themselves to have been disadvantaged will seek to redress the balance through violence.¹⁵⁰ Developing a just and sustainable resolution should of course remain the priority of the international community.

However, in the likely absence of such a settlement in the short term, international policymakers should reassess how they engage with Libya's security sector, in order to reduce its fragmentation and increase its professionalism and accountability. Policymakers should also seek to prevent the continued expansion of the conflict economy. In the context of the current war, however, engagement with the security sector comes with significant hazards, particularly if parallel processes of security sector development are pursued by the opposing blocs. A reduction in armed group engagement in the economy can be effected through pursuit of criminal justice-led approaches and support for the development of alternative livelihoods.

Security-based solutions: reforming the Libyan security sector

Internationally developed approaches to security sector reform (SSR) and disarmament, demobilization and reintegration (DDR) have failed to respond effectively to the fragmented nature of Libya's security sector or to the limited capacity of the national military and intelligence institutions intended to protect the Libyan state. Such institutions suffer from the absence of a social contract between citizens and the state, which goes a long way towards explaining why so-called 'national' institutions remain so weak.

Internationally convened meetings in London (2011) and Paris (2012) were part of a significant effort to engage the Libyan government and organize international support for SSR. This process was cut short by the 2014 conflict between the 'Libya Dawn' and 'Libya Dignity' alliances and by the subsequent governance split. Critically, the Libyan National Transitional Council's approach to integrating armed revolutionary groups led to the creation of parallel institutions such as military councils and supreme security committees. These councils and committees in many cases sought not to support formal national institutions but to replace them (due to their connections to the Gaddafi regime). This left the integration of elements of the Gaddafi-era military and security apparatus to the discretion of these same structures rather than formal state institutions. The councils and committees integrated groups of combatants – and allowed them to retain their own chains of command – rather than recruiting fighters individually. The subsequent GNC oversaw a military training project that despatched recruits for training in over a dozen countries. However, the selection of recruits was flawed, their command and control limited, and the function of the forces unclear.

SSR and DDR attempts in the post-2014 period have been piecemeal and have repeated previous patterns, revolving around the creation of new forces rather than the integration of individuals and groups into formal branches of the armed forces and intelligence apparatus. For example, the creation of the al-Bunyan al-Marsus ('Impenetrable Edifice') operations room in 2015 to combat the growing threat of ISIS established yet another parallel force alongside the Counter Terrorism Force (an offshoot of the al-Bunyan al-Marsus operations room). A lack of political will and lack of alignment between the GNA and elements of these groups complicated their integration once ISIS

¹⁵⁰ Eaton et. al. (2019), *Conflict Economies in the Middle East and North Africa*, p. 49.

was ousted from Sirte. Meanwhile, political settlement efforts have lacked a meaningful security component. An Egyptian-led process to negotiate army reunification was undermined by overt Egyptian support for Haftar, and was concluded without agreement in 2018.

There have been few serious attempts at DDR. Only one national programme – the Warriors Affairs Commission, later rebranded as the Libyan Programme for Rehabilitation and Development – has been deployed by the state to focus on the social, political and economic integration of ex-combatants in Libya's post-war society. Yet this programme was not given the required resources and has been defunct since 2015.¹⁵¹

Power in Libya still lies in social connections rather than within powers theoretically accorded to state institutions.

The absence of consensus at national level means that attempts at SSR and DDR have mostly taken place locally (albeit not within a framework of democratic civilian control, as required by accepted international definitions of SSR and DDR).¹⁵² These initiatives have been of limited success in the west of the country, where integration of armed groups into state structures has been undermined by the fact that community loyalties continue to trump institutional capacity. The relative effectiveness and capability of local groups in providing security has created a de facto 'revolutionary guard' model, wherein influential leaders within the groups are able to coerce, mobilize and manage formal state institutions and deployments. Ministers, deputy ministers and other senior leaders in the defence and security sectors are often chosen or put forward by leaders of armed groups, and would not be able to operate effectively without them. This highlights the reality that power in Libya still lies in social connections rather than within powers theoretically accorded to state institutions.

In other cases, armed groups have integrated elements of the defence and security apparatus into their forces to boost their own effectiveness – i.e. recruiting professionally trained soldiers, police and intelligence officers – rather than the other way around. Many of the more effective armed groups have implemented this approach. In Misrata, the Military Council is led by senior military officers, and nearly all of the armed brigades there are either led by military officers or include such officers within their ranks. Yet for the most part, these armed groups are not operating as part of the national military. They draw instead upon Misratan social legitimacy. Misrata has not sought to integrate Gaddafi-era brigades and institutions, which largely fought against Misratan forces in 2011. The Zawiyah Military Council and most Amazigh towns, which also fought against the Gaddafi regime in 2011, have followed a similar approach. Other groups have sought to integrate Gaddafi-era commanders and units. This occurred with the Kaniyet armed group in Tarhuna, which a number of former Gaddafi-era officers joined.¹⁵³ Similarly, Zintan's Military Council and military police integrated a number of former members of the Gaddafi-era 32 Brigade. The Qaaqaa Brigade also integrated former members of the 32 Brigade along with Maghawir Tuareg forces. In Tripoli, the SDF integrated former Gaddafi-era intelligence officers and police officers, while the TRB integrated a small number of former members of the Gaddafi-era Imhamed Brigade.

¹⁵¹ Pack, J., Mezran, K. and Eljarh, M. (2014), 'Libya's Faustian Bargains: Ending the Appeasement Cycle', Atlantic Council, 5 May 2014, www.atlanticcouncil.org/images/publications/Libyas_Faustian_Bargains.pdf (accessed 10 Feb. 2020).

¹⁵² Timothy Edmunds defines the security sector as the 'provision of security within the state in an effective and efficient manner, and in the framework of democratic civilian control', framing reform within this context. See Karkoszka, A. (2004), 'The Concept of Security Sector Reform', United Nations, <https://www.un.org/ruleoflaw/files/Karkoszka.pdf> (accessed 30 Jan. 2020).

¹⁵³ The Political Isolation Law led to the dismissal of a large number of soldiers and officers from the Gaddafi-era military and security apparatus. These individuals subsequently lost their livelihoods.

The result of these trends is antithetical to traditional goals of SSR (establishing a clear chain of command and a state monopoly over the use of force) and DDR programming. The approach can be said to more closely resemble a kind of inversion of SSR and DDR: the armed groups use their state affiliation to co-opt the state and professionals from the state security apparatus; and continue to arm themselves, mobilize and integrate into the state's security apparatus without becoming subservient to it (rather than disarming, demobilizing and reintegrating into broader society).

The LAAF has had some success with a form of SSR in the east and south of the country – albeit without real civilian oversight and contingent on tribal alliances and without submission to a formal chain of command. In particular, the LAAF has established a monopoly over the control of heavy weapons and the flow of arms in eastern Libya. The LAAF has built alliances with existing armed groups, persuading them to join the LAAF's newly established command structure. Where necessary it has coerced groups that have resisted its authority, starving rebellious groups of access to weapons and ammunition.¹⁵⁴ The LAAF has used numerous conflicts since 2014 to create brigades, reorganize its command structures, develop international partnerships and gain regional military support. In the south, the LAAF has started to reshuffle the security sector, especially since 2019.

The LAAF has also strengthened and reactivated formal security structures and encouraged the re-enrolment of pre-2011 army and police. In the course of the South Liberation and Purge Operation, the presence of neighbourhood militias in Sebha was curtailed, according to multiple interviews. At the same time, most of the LAAF's southern allies are armed groups with a tribal backbone and a large proportion of civilian fighters who are no more formal or disciplined than other groups labelled 'militias'. In terms of security provision in Sebha and other areas of the south, much of the supposed 'progress' noted in March 2019 had been reversed as of March 2020. There is also some evidence to support the theory that the LAAF's empowerment of certain armed actors in the south could result in increased violence when southern fighters return from their current deployments on the Tripoli front lines. Under LAAF guidance, southern armed groups are being restructured to have a more diverse tribal composition and greater geographical reach. In a process of centralization, groups accorded privileged status by the LAAF are absorbing smaller groups and discarding competitors. There is disagreement as to whether these restructuring and realignment processes can pave the way for deeper reform. The pro-LAAF view is that LAAF-affiliated southern actors now stand for a national project rather than narrow tribal or local interests, and that military training and deployment under central orders will replace local loyalties with a new esprit de corps. However, it is not clear how this would tackle the issue of civilian fighters who are uninterested in joining the military (and who otherwise have few employment opportunities) being deployed to other parts of the country, or the issue of vested interests in the local economy.

In the west of the country, the ongoing war presents a serious threat to armed groups aligned with the GNA, making functional SSR crucial in the short term. This increases the incentive and opportunity for the GNA to organize the military and security apparatus in ways that were less convincing prior to the Tripoli war. If the GNA can offer its financial and technical expertise and resources, plus legal cover, to armed groups under its leadership, it will increase the incentive for armed groups to be receptive to its plans for reform. A further incentive for armed groups is to avoid being labelled as 'militias' (in a disparaging sense) by Haftar's forces and their international backers.

¹⁵⁴ In Tobruk, it was possible to sell military-grade weapons in shops in the city. However, since 2018 shops that sell military-grade weapons have been closed down with the help of the LAAF. There has also been a small buy-back scheme so that arms traders would give up their stock. Now there are stricter controls over small military-grade weapons such as AK47s at checkpoints manned by the LAAF's Military Police. These weapons are now confiscated on the spot.

To build state capacity, improve the performance of allied forces and counter negative perceptions, GNA-affiliated units could do more to improve their structural coherence. This must include placing militarily effective armed groups that also possess social legitimacy within a security framework that transcends community loyalties and places sovereignty in the hands of state institutions perceived as socially and legally legitimate. Clearly this is a difficult task, yet the current path of developing parallel organizations and brigades nominally under the control of ministries is ineffective. Examples of groups that have a degree of formal military hierarchy along with social legitimacy include the Misratan Brigades 301, 302, 166, 55 and Mahjub Brigade; the SDF, the Counter Terrorism Force and Zintani brigades. The goal should be to reorganize, integrate and manage these groups to incorporate them in to a unified chain of command.

The GNA-affiliated forces might also learn from the LAAF's integration of former Gaddafi-era military officers, something which ultimately remains necessary although politically highly sensitive. These men are mostly inactive in the west of Libya and their morale remains low. Such integration should be conditional upon vetting.

Any integration drive would need to enforce disciplinary measures against non-compliant groups, and remove ineffective and inactive personnel. A public campaign to promote these efforts would also be needed to place pressure upon groups, individuals and communities that refuse to integrate. The branches of the armed forces and the police should absorb these men as individuals. Offers of leadership roles within the formal institutions should only be made if the individuals concerned meet the standards and requirements.

In return for formal integration, the GNA needs to ensure that salary payments are at least kept at existing levels, and that greater technical resources and expertise are provided. Only groups currently engaged in active operations should be engaged; this is crucial to maintaining trust. Such a process would increase the capacity of the GNA to exercise command and control over western Libyan forces through the accumulation of social legitimacy with the armed groups, and by extension with the communities from which these forces are drawn.

Even though previous efforts to gain the support of Western governments for SSR have ended in failure, the GNA should seek to leverage its international recognition to obtain technical assistance from the UN and other actors. It should also seek agreements on training and the expansion of cooperation in areas such as counterterrorism. If the GNA is to learn from experience, then all training projects must have effective selection and vetting criteria (which also must be applied – and seen to be applied – to Syrian forces fighting in support of the GNA). The GNA must also insist on clear command and control of the individuals or groups in question, along with clarity over the function of each actor.

Provision of alternative livelihoods

The ongoing war undermines the case for the disarmament of armed groups and their members. In the current environment, it will be hard to convince armed actors to put down their weapons to engage in civilian life. Recent bouts of conflict have illustrated to communities the need to retain their military capability to avoid subjugation by other forces. Nevertheless, despite the challenges, it would be a mistake to assume that all DDR attempts must wait until a political settlement is reached. The fractured and competitive security environment continues to erode state capacity and complicate attempts to produce a durable political settlement. The international community can and should do more to support the development of alternative livelihoods that may make disengagement

from armed groups attractive. Incentives could be created through a combination of financial tools (such as access to banking services, loans and microcredit) and educational tools (business training, professional training, assistance to those wishing to resume school and university education).

However, this requires structural reforms to Libya's model of governance. Notably, given the dependence of Libyans upon state sector employment, will the demobilization of fighters mean their removal from the state's payroll? Can the bloated Libyan state continue to pay employees for largely unproductive labour? What alternatives exist? For example, interviews conducted in the east indicate that employment within the LAAF is viewed in the same way as employment in other areas of the public sector. Rank-and-file members of the LAAF tend to have limited educational qualifications, which hinders their ability to obtain other forms of public sector employment. This suggests that investment would be required to improve their job prospects in the public and/or private sectors. It also suggests that, beyond an exclusive focus on human security, considerations of economic security should be factored into policy planning. Such reforms, moreover, potentially complicate demobilization efforts because they would mean the loss of public sector employment for the lower-level members of armed groups. The ability to provide access to economic opportunities is contingent upon SSR/DDR being matched by a wider plan for economic recovery.

The viability of providing alternative livelihoods varies by group and location. There is no one-size-fits-all approach. For example, in the case of the SDF and the Nawasi Brigade, whose forces remain relatively coherent, motivated and well compensated, SSR processes have a greater chance of success than do DDR efforts. On the other hand, the contemporary landscape and overall revenue-generation and -distribution mechanisms of the TRB in Tripoli suggest that an approach that distinguishes between the leadership, mid-level commanders and rank-and-file fighters may be effective. The threat of economic sanctions may also make high-level commanders more receptive.

Overall, the reliance on the state for jobs and incomes appears to be in decline, perhaps owing to the prolonged absence of state institutions and inefficient service provision.

The horizontal structure of many armed groups in the south, combined with the weakness of the formal economy, makes rank-and-file fighters there suitable targets for the provision of alternative livelihoods. The most viable approach to curtailing smuggling, for example, would be to adopt a multi-pronged, long-term strategy that aims to boost private sector development and licit sources of revenue. Despite the lack of state support or private business infrastructure, there is entrepreneurship in the Fezzan. Overall, the reliance on the state for jobs and incomes appears to be in decline, perhaps owing to the prolonged absence of state institutions and inefficient service provision. Manual jobs are not (or, at least, no longer) shunned, although they may not be a first choice for many former fighters, some of whom may aspire to higher-skilled professions. Some young people go into traditional trades, such as livestock herding and small-scale agriculture. One of the main difficulties is that most business ventures require significant starting capital, yet no system is in place to provide young entrepreneurs with loans, guidance and business support.¹⁵⁵

¹⁵⁵ On paper, there are Libyan state entities mandated to support the creation of small and medium-sized enterprises and youth entrepreneurship. Back in 2014–15, they were running offices in Sebha and publicizing ambitious programmes for future development. However, few concrete steps were taken, and the current status of these initiatives is unclear.

Grassroots initiatives are under way to support the rehabilitation of ex-combatants. One such project, launched by an academic in Sebha in 2017, targets ex-combatants who wish to learn a manual craft or trade; the project finds a placement with on-the-job training, and delivers a certificate after successful completion of training.¹⁵⁶ Trainees are incentivized with modest remuneration during the training period, with the added prospect of earning a salary equivalent to that paid in the security sector once they are employed full-time.¹⁵⁷ In the south, both the oil and agriculture sectors provide opportunities for job creation and promotion of the private sector.¹⁵⁸ There have been some efforts at capacity-building in the oil sector, such as setting up a technical training institute near Ubari, but these are insufficient.¹⁵⁹ Further efforts should be invested into helping graduates apply for positions in the oil sector, without relying on NOC recruitment mechanisms or the state's poorly performing labour offices. In particular, the commitment of oil companies to facilitate local hiring should be followed up upon.

Reducing armed group engagement in the economy

The militarization of Libya's economy is a driver of conflict. While a focus on curtailing illegality may seem like the obvious way of reducing armed groups' engagement in the economy, a more useful criterion for assessing which activities to target with enforcement measures is to focus upon activities and actors in closest proximity to violence.

Determining the focus of local and international policies to reduce armed group engagement in the economy requires a judgment on which practices can and should be targeted, as well as on the feasibility of doing so in the context of ongoing war. This is far from a straightforward calculation. The involvement of armed groups in illicit activities can be overestimated, and not all armed group engagement in the conflict economy is strictly illegal. For example, most armed groups are formally part of the state's security apparatus and therefore legally recognized as recipients of salaries from the state payroll. In the east of the country, the LAAF's economic activities in the public and private sectors are supported by legislation passed by the House of Representatives – though this endorsement is at best quasi-legal given the flaws in the House of Representatives and the unrecognized status of both the Interim Government and the eastern CBL.

At the same time, many of the economic activities undertaken by armed groups are demonstrably illegal. Even in the case of the LAAF, it is clear that the MAIPW is seeking to expand beyond its (contested) legal scope of operation. Armed groups within Libya's fractured security environment compete against one another for resources and influence. Keeping a significant armed group running requires concomitantly significant spending on operational costs, beyond salary requirements. Yet, as the state's support for these expenditures is often not forthcoming, armed groups claim that they need alternative sources of funding. In many cases, this argument is used to justify illicit coercive practices

¹⁵⁶ Phone interview with the project director in Sebha, August 2019.

¹⁵⁷ *Ibid.*

¹⁵⁸ Oil field operators largely rely on contractors from outside the region, including for electrical or construction works that do not require a high level of specialization. Even for catering contracts, they often use companies from northern Libya.

¹⁵⁹ The Higher Institute for Oil Technology opened in Germa (Wadi al-Hayat) in 2015 as part of a set of commitments made by the government in 2013–14. However, the Institute did not fulfil local expectations. Local interviewees' main argument is that, unlike graduates of Libya's oil academies in the north, graduates of this institute do not have direct access to NOC positions. Moreover, they complain that their job applications are rarely successful.

that include rent maximization and state capture. This has created a vicious cycle wherein armed groups cite insecurity and a lack of effective governance as proof of the need for their continued existence, even as many of their actions hinder effective governance.

The international community could do much to curb the growth of the conflict economy by restricting the capacity of Libyan actors to mobilize resources for the purposes of violence. This effort must begin closer to home – i.e. within the international policymaking environment itself – with enforcement of the arms embargo. Inside Libya, it means opposing the increasing entrenchment of actors such as the LAAF in the economy in the east. It also means opposing lower-level engagement, such as the collaboration between Ghneiwa's forces in Tripoli and the local municipality. The international community should consider the use of sanctions to dissuade Libyan actors from employing state resources to escalate the conflict, as it previously did in the case of Ibrahim Jadhraan.¹⁶⁰

Prospects for enforcement by the Libyan state

Weak institutions, operational divides and a lack of capacity to enforce policies constrain the ability of the Libyan state to clamp down on illicit activities. Nonetheless, there have been efforts, via different authorities, to apply the rule of law in both the west and the east. The judiciary still functions to a certain extent, with prosecutors and judicial enforcement agents cooperating across political lines of division. This is something that the international community should seek to reinforce.

The Attorney General's Office (AGO) in Tripoli has moved to prosecute crimes against the state, issuing arrest warrants against Libyans implicated in fuel smuggling and the sabotage of oil facilities, among other alleged crimes.¹⁶¹ Some of the indictments have targeted members or commanders of armed groups. Since the AGO's authority has not been formally challenged by the House of Representatives, AGO rulings remain applicable throughout the country. Arrest warrants and travel bans are communicated to immigration police at land borders and airports, as well as to other law enforcement agencies (such as the judicial police, criminal investigations department and intelligence agencies).

The main difficulty for the AGO is to execute warrants, given Libya's splintered security sector. It has various tools at its disposal, depending on the location, situation and type of crime. Often, executing a warrant requires the cooperation not only of official law enforcement agents but often also of irregular armed actors. In western and southern Libya, individuals suspected of relevant crimes are usually captured by armed groups within their own communities and then handed over to Tripoli, where the SDF places them in temporary detention awaiting prosecution. The success of such operations depends on the level of coordination and the relationship with the communities involved, including the SDF's connections in other regions. Decisions are often the result of social consultations – local stakeholders weigh the options in determining whether to protect their charged 'sons' or comply with the orders of Tripoli, and the outcome is then connected to some form of trade-off.

¹⁶⁰ 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 Jadhraan from 2013 to late 2016 cost Libya \$160 billion according to CBL figures. Although Jadhraan and his forces were ousted from the 'oil crescent' by Haftar's forces in September 2016, Jadhraan had been able to obtain a payment of \$42 million from the GNA some months prior to this. Jadhraan would briefly capture the oil crescent again in June 2018, before Haftar's forces once again recaptured the area. Following the June 2018 incident, UN and US sanctions were placed upon Jadhraan for his actions.

¹⁶¹ For example, in January 2019 the AGO indicted six Libyans (including Ibrahim Jadhraan) and 31 foreign nationals (Chadians and Sudanese) on charges including assault on oil ports and fields and banditry. In February 2019, the AGO issued a list of 103 individuals accused of smuggling fuel abroad, and instructed law enforcement agencies to detain them. Between November 2018 and March 2019, the AGO also indicted 27 individuals for a blockade at Sharara oil field.

Prominent figures are out of reach of the judiciary, however, especially if allied with the LAAF or GNA and playing a role in the current war. The ability of the AGO to enforce rulings also depends on the type of crime and individual targeted; rulings on crimes that are removed from the political and military domains have a greater chance of success.

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In some instances, the AGO has been accused of bias or being a puppet of other actors. A case in point was its indictment of members of the Fezzan Anger Movement for anti-state action in the context of a sit-in at the Sharara oil field, which had prompted the NOC to declare *force majeure* on 10 December 2018.¹⁶² The protest movement, launched in Ubari in October 2018, demanded better public services, jobs, economic development and SSR. It quickly gained support among the general public and local officials.¹⁶³ Between 26 November 2018 and 1 March 2019, the AGO indicted a total of 27 individuals in connection to the Sharara blockade, including the coordinator of the Fezzan Anger Movement, Bashir al-Sheikh (for incitement to blockade the field) and at least 14 other members of the movement.¹⁶⁴

In the east, there has been increasing friction between the LAAF and civilian authorities over the LAAF's expanding economic activities. Legal battles involving the MAIPW and the Interim Government in administrative tribunals in Benghazi and al-Bayda have covered issues such as migration control and management, as well as the operation of agricultural and industrial projects owned by the Social Security Fund and the Libya Local Investment and Development Fund.¹⁶⁵

Both Libyan and international efforts to tackle predatory economic activities are undermined by the lack of transparency in governing structures, and by the atomization of the country's anti-corruption bodies. In order to investigate and target individuals more effectively, greater efforts must be made to increase the transparency of the system and build the institutional capacity of anti-corruption authorities. Here, the international audit – requested in 2018 and now currently impeded by the Libyan Audit Bureau – of the records of the rival branches of the CBL would provide a potential opportunity to leverage international pressure to increase the transparency of state entities. For example, insistence on the disclosure of Libyan recipients of LCs and their partners (in other countries) would improve oversight of one of the most lucrative revenue streams within the conflict economy.

¹⁶² National Oil Corporation (2018), 'NOC declares force majeure at Sharara and demands the immediate withdrawal of the occupying militia', news release, 10 December 2018, <https://noc.ly/index.php/en/new-4/4291-noc-declares-force-majeure-at-sharara-and-demands-the-immediate-withdrawal-of-the-occupying-militia> (accessed 13 Feb. 2020).

¹⁶³ See details on the movement's Facebook page: <https://www.facebook.com/latefkhama/>.

¹⁶⁴ The AGO issued an arrest warrant against Bashir al-Sheikh and Abdulaziz Ighnima on 26 November 2018, followed by a list with 25 further names, which was disclosed at the start of March 2019 (date of issuance not stated on the document). Although some media reported that all 27 individuals were members of the Fezzan Anger Movement, it seems that only 15 were, the remainder being oil guards. Alharathy, S. (2019), 'Attorney General's Office orders arrest of 27 members of Fezzan Rage movement', *The Libya Observer*, 2 March 2019, <https://www.libyaobserver.ly/inbrief/attorney-generals-office-orders-arrest-27-members-fezzan-rage-movement> (accessed 13 Feb. 2020).

¹⁶⁵ In another example of concrete actions taken by the Libyan state, a new police and security forces law was adopted by the House of Representatives on 27 November 2018; it was subsequently reissued on 18 August 2019 after the House's approval of additional amendments and provisions suggested by the Ministry of Interior, which had proposed the original bill. According to Interim Government officials, the law is intended to strengthen the police in the face of growing dominance by the military. The amendments introduced by the Ministry of Interior include an additional LYD72 million to support increases in police officers' salaries. Libyan House of Representatives. Law No. (5) 2018. Full text in Arabic can be accessed at: <http://parliament.ly/wp-content/uploads/2018/12/بش-م-لسنة-2018-رقم-5-لقانون-90%D9%90قوة-الشرطة.pdf>.

International enforcement

The international community has a mixed record on addressing Libya's conflict economy. On the one hand, international actors continue to support the activities of armed groups, both directly in the form of military aid and support, and indirectly through the provision of diplomatic cover. These fault lines are of course well known in Libya, which makes it more difficult for international actors to appear as neutral arbiters in any criminal justice-led initiative. On the other hand, there have been some notable successes: in 2014, US marines were deployed to prevent exports of crude oil from the east; the policy has had a lasting effect despite continuing efforts by armed groups in that region to access the international oil market directly. In addition, joint Italian–Libyan efforts to apprehend the fuel-smuggling 'kingpin' Fahmi Salim Ben Khalifa proved successful in 2017. Here, the collaboration between Italian and Libyan authorities must be seen as a positive means of supporting the Libyan state's capacity to apprehend conflict economy profiteers.

International actors should commission experts to analyse the supply chains for illicit activities. This could perhaps be done through providing additional resources to the UN Panel of Experts on Libya, or through commissioning sectoral expertise and attaching the experts to UNSMIL.¹⁶⁶ The advantage of expanding the capacity of the UN Panel of Experts is that the panel's mandate from the UN Security Council places it in a stronger position to compel Libyan actors to cooperate. The focus of the analysis should be to identify chokepoints along illicit supply chains that could be targeted to undermine specific activities.

International enforcement mechanisms have focused on the imposition of sanctions on individuals. These have served multiple functions to date: to increase pressure on certain Libyan players (e.g. the speaker of the House of Representatives, Agila Saleh) who were threatening to undermine negotiations ahead of the signature of the Libyan Political Agreement in 2015; to target individuals accused of involvement in human trafficking (e.g. Ahmed al-Dabbashi, Mohamed Kushlaf); to target individuals who have endangered civilians (Salah Badi); and to target those who have wrought economic damage upon the state (Ibrahim Jadhra).¹⁶⁷

If properly used and enforced, sanctions can be an effective means of restraining Libya's conflict economy. The international community should adopt criteria that can be consistently applied, and which place the interests of the Libyan state at the heart of its approach.

To date, two principal problems have characterized the use of international sanctions: first, they are perceived locally as arbitrary and politically motivated; and second, their implementation and enforcement have been ineffective. Consequently, there is little evidence that the use of sanctions against individuals in Libya since 2011 has had any real impact. There is no evidence to suggest that the ability of Saleh, Jadhra and Badi to travel or manage their finances has been impaired by UN Security Council sanctions – which included a travel ban and the freezing of their assets abroad.

¹⁶⁶ Other analysts suggest a formalised 'International Financial Commission' is the only way to realistically improve corporate governance in Libya. See Pack, J. (2019), *It's the Economy Stupid: How Libya's Civil War Is Rooted in Its Economic Structures*, IAI Papers 19/17, September 2019, Rome: Istituto Affari Internazionali, <https://www.iai.it/sites/default/files/iaip1917.pdf> (accessed 13 Feb. 2020).

¹⁶⁷ UN Security Council (2018), 'Security Council Committee concerning Libya Adds Six Individuals to Its Sanctions List', press release, 7 June 2018, <https://www.un.org/press/en/2018/sc13371.doc.htm> (accessed 13 Feb. 2020).

Nonetheless, if properly used and enforced, sanctions can be an effective means of restraining Libya's conflict economy. The international community should adopt criteria that can be consistently applied, and which place the interests of the Libyan state at the heart of its approach. While international actors may consider sanctions on individuals who block political progress or who have committed violations of human rights, such measures will undermine efforts to tackle the conflict economy if they continue to be applied inconsistently. For example, the sanctioning of Badi for impeding a political resolution to the conflict (and, to a lesser extent, for his role in the fighting in Tripoli in 2018) is inconsistent with the failure to sanction Field Marshal Haftar for derailing the proposed national conference with the launch of his offensive on Tripoli in April 2019. An approach that places the emphasis on targeting individuals who are plundering Libyan state resources and assets would be more likely to win support from the general population. Increased international pressure and oversight alone would likely reduce some of the excesses of Libya's conflict economy. Indeed, the threat of sanctions should always be made clear before their actual application, in order to induce behavioural change (where possible) across networks of revenue-generation mechanisms. This could contribute significantly to tackling the conflict economy in cases where economic incentives outweigh other considerations.

Sanctions should target 'rent maximizers' (actors who have amassed significant resources from illicit practices) in particular. Such figures are better targets for sanctions than those engaged in activities where the profits are more widely distributed. Placing sanctions on rent maximizers is likely to be more effective at undermining illicit activity, and should not be limited only to those who bear arms. For example, applying sanctions to networks of profiteers engaged in financial crime is likely to be more effective than targeting fuel smugglers, because financial crime supply chains are shorter and resources are concentrated in fewer hands. Such actors are also likely to have more limited social legitimacy. Increasing transparency in the fuel sector is also a necessary first step before more effective criminal justice measures can be adopted. Efforts to target commanders in groups with vertical command structures are likely to be more successful. The activities of the MAIPW, along with joint ventures and holding companies created as subsidiaries of it, should be subject to extensive investigation.

Sanctions should also target actors with significant assets overseas. The most underutilized – but most powerful – point of leverage for international players is the ability to target assets held overseas by Libyan individuals. A wide range of actors have accumulated significant funds and assets overseas, particularly in the UAE, Morocco, Turkey and Europe. For many of the principal types of activity in the conflict economy, a foreign company is necessary to operationalize revenue-generation schemes. This also implies the existence of a paper trail that includes a record of transactions.

The ability to monitor such activities is hindered by the complexity of asset-tracing, a lack of transparency in Libya and the limited appetite of the international community to investigate. Yet if international players are serious about clamping down on the worst excesses of Libya's conflict economy, they have the tools to do so. In particular, the reliance of Libyan actors on US dollar transactions in international markets means that the US Department of the Treasury is privy to the details of the sender and recipient accounts (along with the value of each transfer) involved in the import of goods to Libya.

Nonetheless, there are clear limits to what sanctions against individuals can achieve: most revenue-generation mechanisms require a network of participants across multiple institutions. Therefore, it would be very rare for one individual to be central enough to an entire revenue-

generation scheme for the scheme to be significantly curtailed through the imposition of sanctions on that person alone. In an environment highly conducive to illicit activities, sanctions may even be redundant, as one individual may simply be replaced by another or remain in charge regardless of the sanctions imposed (as has been seen with the sanctioning of Mohamed Kushlaf). This underscores the need for sanctions to be used as part of a broader political, economic and social compact that would allow the overhaul of Libya's official distributive system. At best, the threat of sanctions or their use could disincentivize economically motivated actors from engaging in particular revenue-generation mechanisms.

There is also a risk that sanctions and international pressure could lead to second-order effects. This was witnessed in Tripoli following cutbacks in spending by the Ministry of Interior and the Ministry of Defence in 2014, when armed groups appeared to partly offset reductions in official disbursements with revenues generated from illicit activities. Armed factions are likely to seek alternative mechanisms rather than simply accepting reduced income. Attempts to disrupt illicit activities also threaten to destabilize situations where there is a fragile status quo. For example, the control of trade and smuggling routes linking Libya to Egypt, Sudan and Chad has long been a source of contention between Zway and Tebu groups in Kufra. Since around 2015, in the wake of communal conflict, the Zway tribe's dominance has enabled its kinsmen to assume exclusive control over smuggling operations south of Sarir – this development has been perceived by the Tebu involved as a humiliating defeat.¹⁶⁸ Yet pragmatism prevails: traders from both tribes still interact when necessary, even paying road tolls to opposing armed groups when crossing areas controlled by those groups.¹⁶⁹ Paradoxically, these developments have created a stability of sorts.

¹⁶⁸ Phone interview with resident of Kufra, September 2019.

¹⁶⁹ Ibid. Human smuggling has become less lucrative and has given way in many instances to drug smuggling – in particular of the opioid Tramadol, which is trafficked between the Sahel and Central Africa to Libya and Egypt.

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