



List of Acronyms

Benghazi Defense Brigades	BDB	Benghazi Revolutionaries' Shura Council	BRSC
Al-Bunyan al-Marsous	BAM	Central Bank of Libya	CBL
Government of National Accord	GNA	Government of National Salvation	GNS
House of Representatives (Tobruk)	HOR	Libyan Political Agreement	LPA
Libyan National Army (Haftar)	LNA	Presidential Council	PC
Petroleum Facility Guards	PFG	Countering Violent Extremism	CVE

Executive Summary

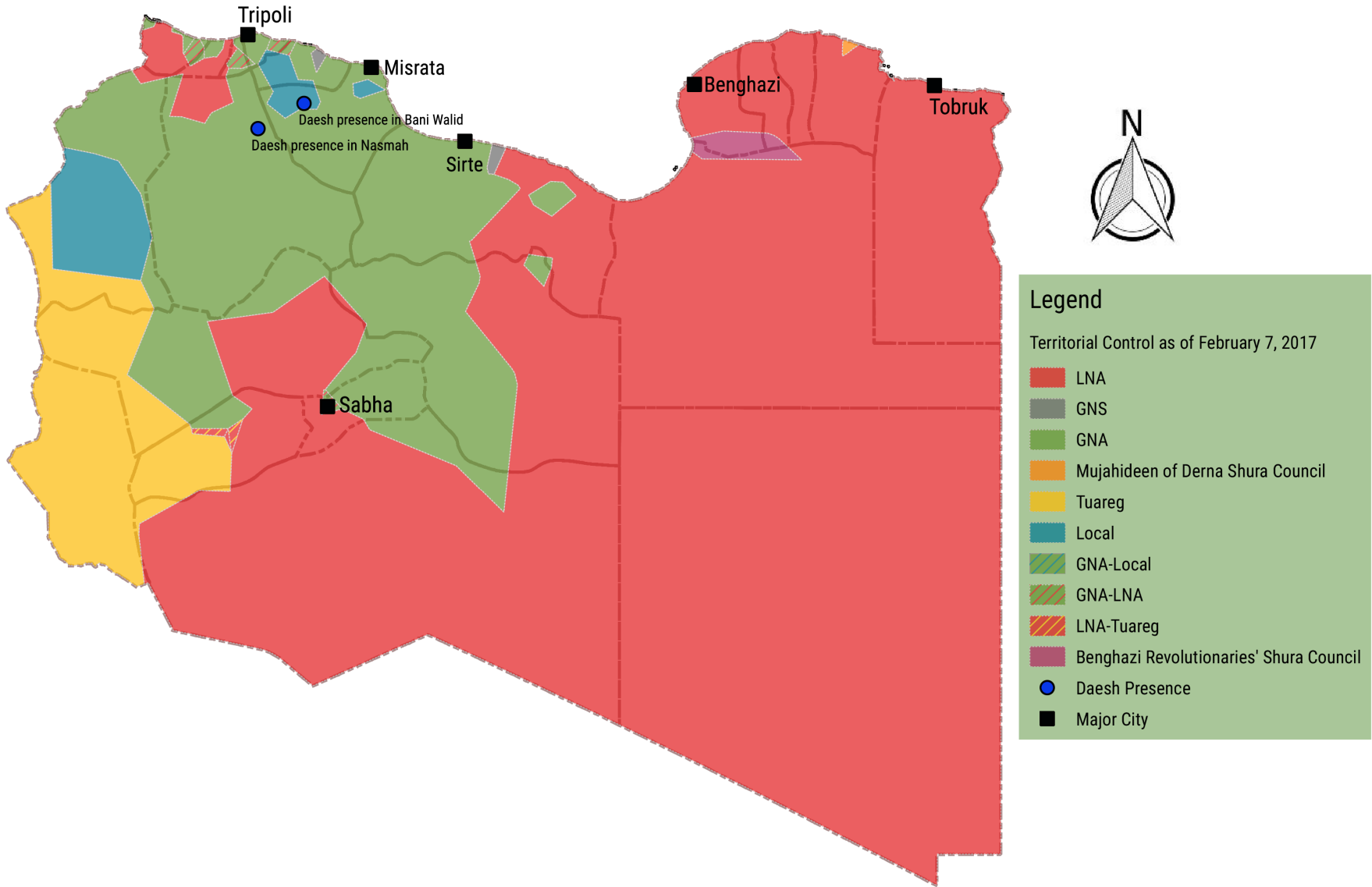
Through its first year of existence, the UN-backed **Government of National Accord (GNA)** has struggled as Libya has only become further mired in a multi-polar political crisis plaguing the country. Though the **GNA successfully ousted Daesh from its stronghold in Sirte**, the terrorist organization continues to pose a major threat to Libya's national security. Additionally, **military confrontation with the Libyan National Army (LNA), led by eastern military strongman General Khalifa Haftar**, has become increasingly likely, with Gen. Haftar now representing the most significant threat to the GNA's continued viability. **Control of Libya's vital "Oil Crescent"**, meanwhile, remains a likely military flashpoint between the GNA and LNA. Furthermore, should the UN-backed government continue to fail to meet its objectives, the **resurgent Government of National Salvation (GNS) may coopt the GNA's anti-Haftar base of support**, thereby creating a third political pole in an already divided country.

If the GNA is to survive, it must simultaneously continue its fight against Daesh while also making significant progress toward achieving its core missions of unifying the country's political factions and stabilizing the faltering Libyan economy. If current trends hold, however, this will prove a very tall order.

Background

On 17 December 2015, the rival Libya Dawn Coalition and Tobruk-based House of Representatives (HOR) signed the Libyan Political Agreement (LPA) which created the Government of National Accord (GNA), a UN-backed unity government. The GNA's tasks were as vague as they were daunting: reconcile regional and national political and military factions, address the manifold economic crises plaguing the country, and effectively take the fight to Daesh. Over the course of the GNA's first year, it has allied itself with various militias to gain military support, conducted endless rounds of negotiations with its opponents, and

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brokered deals with overarching “national” entities such as the Central Bank of Libya (CBL) to fund public institutions. However, despite these efforts, the GNA’s position in early 2017 remains just as precarious as it was at its inception, and it has largely failed to live up to its ambitious mandate.

The GNA’s executive body, the Presidential Council (PC) headed by Prime Minister Fayeza al-Sarraj, has been mired in political gridlock with the internationally-recognized Libyan legislature, the Tobruk-based HOR. The rivalry between the two branches of government came to a head on 22 August 2016 when the HOR tabled and then passed a motion of no-confidence in the PC. Meanwhile, the GNA continues to struggle to address key economic and security issues both in its base of power, Tripoli, as well as in the rest of the fractured country.

The GNA’s Fight against Daesh

Although the GNA has failed to overcome a litany of economic and political hurdles, one bright spot has been its successful campaign to oust Daesh from Sirte, the extremist organization’s final urban stronghold in North Africa. Beginning in May 2016, al-Bunyan al-Marsous (BAM), a GNA-aligned coalition of anti-Daesh forces dominated by militias from the western city of Misrata, waged a brutal but ultimately successful campaign against Daesh in and around Sirte. Over the course of the nearly seven-month-long battle, 720 BAM fighters and 2,500 Daesh operatives were killed in the fighting.^{1,2} With the aid of substantial NATO air support,³ the GNA announced on 6 December 2016 that BAM had fully eradicated Daesh from the city. This victory over Daesh has breathed life into the floundering GNA; indeed, in the wake of Sirte’s liberation, several Western governments, including those of the United States, France, Italy, the United Kingdom, Germany, and Spain reaffirmed their support for the ailing unity government.⁴

Haftar’s Fight against Extremism

While the GNA’s victory was met with approbation from Western countries, it also highlighted a problematic overreliance on primarily western militias. The relative instability of the GNA’s military alliance is starker still when juxtaposed with the unity of the eastern Libyan National Army (LNA) led by Field Marshal Khalifa Haftar, whose forces effectively function as the HOR’s military.

Gen. Haftar accrued substantial popularity throughout his three-year long battle against Libya’s sundry Islamist brigades, and today—though the Tobruk-based HOR is internationally recognized as Libya’s legitimate legislature—Gen. Haftar is the de facto ruler in the

1 Libya Alaan, Twitter Post, 21 December 2016, 1:45 AM, <https://goo.gl/Bd00v0>.

2 “Al-Ghasri: 2500 IS radicals were killed in Sirte battle,” The Libya Observer, 18 December 2016. <https://goo.gl/TrDiuS>.

3 Between 1 August and 6 December 2016, the United States conducted 492 air strikes against Daesh targets in Libya. See “Libyan Forces Claim Full Control of Former Islamic State Stronghold Sirte,” Wall Street Journal, 5 December 2016 - <https://goo.gl/Pj4rTA>.

4 “American and 5 European governments express their total support for the Presidential Council of the Government of National Accord,” Alwasat, 23 December 2016 - <https://goo.gl/5UwkjQ>.

East. Consequently, Gen. Haftar, who has steadfastly refused to acknowledge the legitimacy of the GNA, is seen to pose the most significant threat to the GNA's legitimacy.

Haftar's strong political position and popular support were further bolstered when his forces captured Libya's "Oil Crescent", including most prominently the major Mediterranean



Figure 1 : LNA forces in Benghazi

port towns of Ras Lanuf, al-Sidr, Zuwaytina, and Bin Jawad, in August 2016 from the nominally pro-GNA Petroleum Facility Guards (PFG). After the LNA captured these port cities, Libyan oil shipments to European ports resumed after two years of inactivity. Increased oil production—680,000 barrels per day (bpd) in early 2017⁵—and the corresponding revenues rejuvenating the CBL's reserves have enhanced Gen. Haftar's image among many. Gen. Haftar has also continued his fight against eastern-based Islamists. Throughout 2016, his forces won a series of victories over the Benghazi Defence Brigades (BDB) and Benghazi Revolutionaries' Shura Council (BRSC), of which the Al-Qa'ida-affiliated Ansar al-Shari'a is a member. This sustained success against Islamist factions, coupled with his reopening of vital oil terminals, has positioned Gen. Haftar as a powerful counterweight to the GNA's legitimacy.

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A Third Civil War Ahead?

Despite no significant confrontations having yet occurred between GNA-aligned forces and the LNA, there is reason to believe that trouble lies ahead. Both sides have begun using incendiary rhetoric, some of which suggests that Haftar—whose forces are mainly in eastern Libya—and the GNA and its western backers may soon come to blows in Tripoli.

Gen. Haftar stoked fears of confrontation on 5 December 2016 when he ordered his forces to prepare for the "liberation" of Tripoli from the GNA and its "terrorist" backers.⁶ In response to Gen. Haftar, the Zintani and Misratan military councils affirmed that they would not

5 Aidan Lewis, "Libya's oil production rises to 685,000 bpd – National Oil Corp," Reuters, 2 January 2017 - <https://goo.gl/3h9P6M>.

6 "Khalifa Haftar orders mobilization of troops 'to liberate Tripoli'," Libyan Express, 15 December 2016 - <https://goo.gl/m16g87>.



Figure 2 : Field Marshal Khalifa Haftar meets with LNA commanders

allow violence to erupt in Tripoli,⁷ a thinly veiled threat to the eastern general that the western militias are determined to prevent LNA forces from taking the capital by force.

While both sides wait to see what might take place in Tripoli, sporadic skirmishes have broken out across the country since the liberation

of Sirte, compounding the possibility of military escalation between Gen. Haftar and the GNA. The first such clash occurred only days after the GNA's triumphant announcement of victory over Daesh when unidentified militants launched a failed attack to wrest control of the Ben Jawad and Nufliya oil ports from the LNA. While no group claimed responsibility for the attack, the LNA accused the PFG and GNA of giving the orders to carry out the attack. The GNA's PC and its Ministry of Defense categorically denied any association with the attack.⁸

Following the failed assault on Ben Jawad and Nufliya, the Misratan Third Force militia waged a series of firefights with the LNA near the city of Sabha, the largest urban center in the southern desert region of Fezzan. The two forces are vying for control of the Tamanhint airbase and the Ghwirat al-Mal crossroads northeast of Sabha which would provide a strong base of operations for subsequent campaigns in Fezzan. On 2 January 2017, the Third Force successfully captured both Tamanhint and Ghwirat al-Mal, while just two days later, the Council of Fezzan Notables demanded that the Third Force surrender the airbase to the LNA and depart from the South immediately.⁹ In response, Sabha's municipal council rejected the Notables' statement, reaffirming its desire for the Third Force to remain in the area.¹⁰

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Conflict further escalated between GNA and LNA forces on 3 January 2017 when Haftar declared a no-fly zone over the GNA-controlled Jufra region south of Sirte, and its air force carried out a strike on the Jufra airbase. Worryingly, LNA spokesman Ahmed al-Mismari claimed that the strikes targeted BDB and BRSC operatives gathering at the base, pointing

7 "Fears grow in Tripoli despite Misrata/Zintan rejection of military action," Libya Herald, 19 December 2016 - <https://goo.gl/1Mzfyb>.

8 "LNA retake Ben Jawad and Nufliya," Libya Herald, 7 December 2016, <https://goo.gl/6syaHJ>.

9 Ramadan Karnafuda, "Fezzan's notables demand the Third Force depart from the southern region," Alwasat, 4 January 2017, <https://goo.gl/L6bHzf>.

10 "Sabha municipality rejects calls for dislodging Third Force," Libya Observer, 5 January 2017, <https://goo.gl/ABhdPD>.

to collusion between the Misratan militias and al-Qa'ida affiliates.¹¹ The following day, a second round of LNA airstrikes targeted the Tagreft Martyrs Brigade, a Misratan militia based near Jufra, with the GNA¹² and the Misratan municipal and military councils all condemning the LNA's airstrikes. Furthermore, the Misratan councils issued a general call to arms of its forces to confront Gen. Haftar's aggression,¹³ while the UN Support Mission in Libya's envoy, Martin Kobler, called for restraint in the wake of the recent military escalation.¹⁴

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The mounting tensions in Fezzan and Jufra are indicative of the Libyan crisis as a whole, whereby a politically divided populace is pulled to two rival poles of legitimacy. What's clear is that both the GNA and Haftar are striving to stake the strongest military position possible in anticipation of a coming full-scale confrontation. Yet again, it is military escalation, rather than political dialogue, which remains the order of the day nationwide.

Dire Economic Realities

The initial outbreak of fighting in the Oil Crescent underlines the vital nature of Libya's oil exporting capabilities. The closure of the Oil Crescent ports by the PFG prevented exports of Libyan oil for over two years, crippling the country's economy. Indeed, a recent UN report indicated that the Libyan economy has shrunk 22 percent since the outbreak of the second civil war in 2014.¹⁵ Production has since increased to nearly 700,000 bpd following Gen. Haftar's capture of the region; however, this output is still drastically lower than the 1.2 million bpd Libya produced in 2011 under Gaddafi, resulting in a forecasted GDP contraction of 5.2 percent in 2017.¹⁶ This presents something of a catch-22 for the GNA; whereas control of production is crucial to stabilizing the Libyan economy (and to undergirding the GNA's nationwide legitimacy), recapturing these facilities would require destabilizing offensives against the LNA in the Oil Crescent.

Innately linked to the downturn in Libya's oil industry, the country's economic woes have also manifested themselves in rolling blackouts and long lines of Libyans waiting to withdraw

11 "Mismari: Libyan Air Force targeted gathering of terrorist organizations in Jufra," Alwasat, 4 January 2017, <https://goo.gl/YQOqq1>.

12 Government of National Accord, Twitter Post, 3 January 2017, 2:41 PM, <https://goo.gl/yCFqNB>.

13 218TV, Twitter Post, 3 January 2017, 3:08 PM, <https://goo.gl/ejPwvg>.

14 Martin Kobler, Twitter Post, 3 January 2017, 3:27 PM, <https://goo.gl/SLgCg5>.

15 "Survey of Economic and Social Developments in the Arab Region, 2015-2016," United Nations, 5 May 2016, <https://goo.gl/JYqpW3>.

16 Ibid.

cash from ATMs. Blackouts regularly spark protests, especially in winter, following reports of children harmed or killed by the cold.¹⁷

The public is pressuring the GNA to address these issues, while the unity government and the CBL recently agreed on “temporary financial arrangements” for 2017. Through these “financial arrangements”, the CBL will dispense 37 billion dinars (US\$9.25 billion)¹⁸ to the GNA, with which it will pay government salaries; provide subsidies for medicine, electricity, and fuel; and ensure the continued functioning of government institutions.¹⁹ The HOR has rejected these “financial arrangements” as an unconstitutional usurpation of its exclusive authority to pass a budget. However, should the GNA receive these funds, it may be the biggest boost for Prime Minister Sarraj’s government since its creation. In a conciliatory move, the GNA’s “temporary financial arrangements” include 4 billion dinars (US\$1 billion) for national development, of which millions of dinars are slated for projects in eastern cities outside of the GNA’s control such as Tobruk and Benghazi, strongholds of HOR-Haftar influence. This tentative allocation of funds for projects such as renovating Tobruk’s desalination plant or rebuilding Benghazi University may represent the GNA extending an olive branch to the HOR and reminding Libyans in the east that Sarraj and the GNA have not forgotten them.

Tangible efforts to mitigate the dire economic conditions paired with overtures to political rivals for reconciliation are vital to the GNA expanding its base of support and emphasizing its capacity to function as a capable central government. These efforts became even more essential with the re-emergence of the defunct Government of National Salvation (GNS) in Tripoli and its attempted coup d’état in October 2016, during which it seized the Rixos Hotel complex. Led by former GNS Prime Minister Khalifa Ghwell, the Rixos putschists declared the GNA a failed government and declared themselves Libya’s legitimate government.²⁰ The ensuing months have seen tense face-offs between GNA and GNS supporters in Tripoli, with violence breaking out in the capital between rival militias in early December. However, despite the fact that Ghwell and the GNS have failed to amass the support of their former allies, namely the Misratan and Zintani militias, GNA forces have not yet been able to dislodge them from the Rixos complex. The GNS’s presence continues to threaten the GNA’s foothold in Tripoli and diminish the unity government’s credibility. As such, should the country’s economic and security conditions continue to deteriorate, it is possible that

17 “Child dies due to strong cold in al-Bayda,” Alwasat, 1 January 2017, <https://goo.gl/jzXt6z>.

18 Based on reported real exchange rates from 2015. Official exchanges rates drastically overvalue the Libyan dinar.

19 “GNA and CBL agree on a LD 37.56 BN 2017 emergency “budget”: HoR rejects it as unconstitutional,” Libya Herald, 30 December 2016, <https://goo.gl/88uygA>.

20 Chris Stephen, “Libya coup attempt as Tripoli militias seek to topple UN-backed government,” The Guardian, 14 October 2016, <https://goo.gl/HI7sx9>.

anti-Haftar forces might abandon Sarraj and the GNA for Ghowell and the GNS, should the former prove incapable of defending western Libyan interests against Haftar and the LNA.

The Continuing Daesh Threat

Finally, and despite their recent ouster from Sirte, Daesh continues to pose a serious threat to the GNA. Though the organization no longer holds any significant territory in Libya, all signs point to Daesh's intention to establish insurgent cells, particularly in Libya's sparsely populated, loosely policed south. As mentioned above, the organization did suffer significant casualties during its defeat in Sirte; however, reports of 150 to 200 Daesh cadres near Bani Walid (175 kilometers southeast of Tripoli) corroborate previous indications that Daesh operatives were able to escape Sirte and head south.²¹ West of Bani Walid, residents of the small town of Nasmah have reported Daesh flags and posters appearing throughout the town, further raising concerns of cells establishing themselves in the region.

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This is not to say that Daesh is simply biding its time in the desert. Since the liberation of Sirte, Daesh has in fact conducted a handful of terrorist attacks in the West, including two separate attacks on Libya's vital Man-Made River which supplies water to Tripoli, Sirte, and other urban centers. Daesh also carried out a failed suicide attack targeting civilians on 4 January 2016. Though these attacks were relatively small in scale, they indicate Daesh's continued operational abilities and freedom of movement across Libya's vast deserts.

In addition to the ongoing attacks in the West, Daesh militants conducted a mass breakout from the besieged Ganfouda neighborhood in western Benghazi on 5 January 2017. Before dawn, a column of 25 to 30 technicals and around 70 Daesh operatives broke the LNA's siege lines and fled south towards the town of Ajdabiya. LNA forces pursued and destroyed most of Daesh's column; however, authorities remain unclear as to whether or not all Daesh operatives who fled Ganfouda have been killed or captured. Numerous militants blew themselves up in and around Ajdabiya after LNA forces cornered them, but other operatives may still be heading south. Should any of the Daesh militants who fled Ganfouda evade LNA and GNA forces, it is likely that they will either join the cells being established in the Bani Walid region or set up their own cells southwest of Benghazi from which they might stage attacks on Oil Crescent facilities.

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As exemplified by their attacks on Man-Made River stations, Daesh's targeting of infrastructure may prove highly effective at diminishing the GNA's image as a viable government able to provide basic services and ensure security. As such, the GNA and its allies must continue to combat Daesh in order to reassure Libyan civilians, as well as the international community, that

21 Tom Feneux, Twitter Post, 31 December 2016, 4:38 AM, <https://goo.gl/JZ9G9Y>.

they are the only viable option for countering terrorism in the country. Since liberating Sirte, BAM has allocated considerable manpower to combing the city's surrounding areas for Daesh operatives. This manhunt is necessary to securing the countryside around Tripoli, Misrata, and Sirte; however, this mission also occupies fighting units that could otherwise be used to confront Haftar's growing threat in the East. It is not unreasonable to assume, then, that if the fight with Haftar were to flare, several communities in western Libya could once again find themselves vulnerable to Daesh advances.

Conclusion

As military confrontation with Haftar looms overhead, economic conditions worsen, Ghwell and the GNS continue to undermine the unity government's legitimacy in Tripoli, and Daesh establishes terrorist cells in the country's west, PM Sarraj and the GNA find themselves in an increasingly perilous position. The rivalry between the GNA and Haftar has entrenched the multi-polar political and military crisis plaguing Libya, the very situation which PM Sarraj's government was intended to resolve, and one year after the signing of the LPA and the creation of the GNA, the list of urgent issues which must be tackled has only grown. If Sarraj's government is to continue in its role as the facilitator of national reconciliation, it must make significant progress in the immediate future to address pressing issues, most notably the reconciliation of rival political and military factions, the stabilization of Libya's economy, and the eradication of Daesh. If not, the PC's support will continue to erode, quite possibly leading to the GNA's collapse.



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THE STABILISATION NETWORK

