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**Research Report**

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SWP Comment, No. 29/2021

**Provided in Cooperation with:**

Stiftung Wissenschaft und Politik (SWP), German Institute for International and Security Affairs, Berlin

*Suggested Citation:* Lacher, Wolfram (2021) : Libya's flawed unity government: A semblance of compromise obscures old and new rifts, SWP Comment, No. 29/2021, Stiftung Wissenschaft und Politik (SWP), Berlin,  
<https://doi.org/10.18449/2021C29>

This Version is available at:

<https://hdl.handle.net/10419/256690>

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# SWP Comment

NO. 29 APRIL 2021

## Libya's Flawed Unity Government

A Semblance of Compromise Obscures Old and New Rifts

*Wolfram Lacher*

The formation of the Government of National Unity (GNU) under Abdelhamid Dabeiba in March 2021 was a breakthrough in efforts to overcome Libya's political division. But the settlement's flaws are already starting to show. So far, political actors have merely agreed to compete for access to state funds within a unified government. Distributive struggles could soon test the government's cohesion. Meanwhile, substantive disagreements are being shoved aside; in particular, the government is trying to ignore the challenges in the security sector. Unless progress is made towards elections that are planned for December 2021, tensions between profiteers and opponents of the government risk provoking a new political crisis. But even the elections themselves harbour potential for renewed conflict.

In February 2021, United Nations (UN) mediation efforts met with unexpected success when the UN-led Libyan Political Dialogue Forum (LPDF) selected a three-member Presidency Council and a prime minister. Even more surprising was Prime Minister Dabeiba's success in winning his government the endorsement of the House of Representatives (HoR), which is the Libyan legislative body that was elected in 2014. This endorsement has given Libya its first unified government since August 2014. According to the LPDF roadmap, the GNU's term ends with elections that are planned for 24 December 2021 even though there is not yet any legal basis for their implementation.

This breakthrough was unforeseen not only because the country's political division had hardened in recent years, but also because the civil war over the capital of

Tripoli from April 2019 to June 2020 deepened societal rifts. The GNU's formation also confounded expectations because the convergence between political representatives in the LPDF was not matched by that between the actual parties to the conflict. The armed groups that fought each other in the most recent war remain affiliated with opposing military command structures and continue to host foreign forces and mercenaries to deter their adversaries.

Another surprise was the role of Russia, Turkey and the United Arab Emirates (UAE) in consenting to the formation of the GNU, which they could plausibly have sought to prevent. After all, a unity government could seek to expel these states' forces or mercenaries from Libya. But no such foreign obstruction occurred; in fact, Egypt and Turkey supported the process, even



though they had been on opposing sides in Libya for years.

The negotiating framework emanated from the Berlin Process that Germany and the UN launched in autumn 2019 to broker an understanding between the foreign powers involved in Libya. But the Berlin Process was not the reason why the mediation efforts were able to gather momentum. Instead, two factors were key. First, in spring 2020, Turkey's military intervention in support of the Tripoli government — and in violation of the Berlin declaration of January 2020 — ended the war in Tripoli and created a balance of power. Khalifa Haftar, leader of the Libyan Arab Armed Forces (LAAF), could no longer hope for military victory. The ceasefire agreement signed under UN auspices in October 2020 merely formalized the prevailing stalemate. Second, from January 2020 onwards, the warring parties deprived each other of access to oil revenues, causing growing financial difficulties for both sides. Russian attempts to negotiate the resumption of oil production in summer 2020 prompted the US to intensify its own mediation efforts on the matter. For Libya's politicians, forming a unity government became the only way to once again unlock access to oil revenues.

## The Logic of Unification

The UN-led process that produced the GNU was selective with regard to its participants and the questions it tackled. This facilitated the GNU's formation, but also limited its prospects for success.

The LPDF, which the UN first convened in November 2020, is one of the UN's three negotiating forums intended to resolve conflict in Libya. The others are the Libyan Economic Dialogue and the Joint Military Commission, the latter of which yielded the October 2020 ceasefire agreement and has also been tasked with negotiating the unification of Libyan military command structures.

Government formation through the LPDF, and subsequently the HoR, brought

together politicians who mostly have only weak ties to forces on the ground. Half of the 75 representatives chosen by the UN to be LPDF participants are members of one of the two competing legislative bodies — the HoR and the High State Council. Over the past few years, these bodies have become infamous for defending their privileges and obstructing progress. In most cases, their constituencies have long stopped seeing these parliamentarians as representing their interests. Egypt, which exerts great influence over HoR Speaker Agila Saleh, ensured that the LPDF included numerous supporters of Saleh and that the HoR would need to approve LPDF decisions in order for them to become binding. In addition to the parliamentarians, the LPDF includes proxies of individual political figures and, to a lesser extent, military actors, as well as civil society representatives.

By contrast, Haftar's forces and western Libyan armed groups are weakly represented in the LPDF, as are the concerns of the conflicts' victims — internally displaced persons, the war-disabled, and relatives of those killed in the conflicts. Indeed, LPDF delegates came to focus primarily on selecting members of the Presidency Council as well as the prime minister.

Parliamentarians played an even stronger role in forming the cabinet. The HoR's endorsement of the GNU was a key condition for transcending the state of institutional division. To gain this endorsement, Dabeiba allowed small groups or even individual parliamentarians to name their own ministers. During negotiations, many members of the HoR openly demanded what they claimed was a fair share in government posts for their cities, tribes or regions. Dabeiba fully submitted to such demands and thereby arrived at a government of 35 ministers whose selection occurred on the basis of clientelist ties, and who have few common political interests. Several have already been subject to administrative reprimands or judicial investigations for abuse of office, embezzlement and other charges.

The GNU therefore does not rely on a coalition of well-identifiable political blocs.

Libya has few well-organized political forces, and they largely ended up empty handed in the process of government formation — among them Haftar's power structure in eastern Libya and the Justice and Construction Party, which is affiliated with the Muslim Brotherhood. Instead, the government includes representatives of dozens of different clientelist networks.

To date, the UN-led process has only required these networks to agree that they will compete for access to state funds within a single government. But exactly who gets what largely remains to be negotiated. Ministerial posts are only one aspect of this equation. Many other official positions can or must be reshuffled, and budgets are to be divided. Dabeiba still requires the HoR's approval for the GNU budget, and in exchange for their confirmation thereof, parliamentarians are trying to push through their choices for deputy ministers. As soon as the budget has passed, competition over the control of funds will unfold within the government. In addition, members of both the HoR and GNU are trying to agree on new appointments to top positions, such as those of the Central Bank governor and the head of the Audit Bureau, for which they also intend to ensure proportional representation of the regions. In sum, the new political settlement has yet to produce winners and losers. As a result, the GNU's opponents will organize with time. Already, resentment is on the rise among the many political and military actors to whom Dabeiba had promised posts, so far without keeping his promises.

The logic of proportional representation on the basis of regional or local origin had implicitly shaped previous governments as well. But the current process has openly established it as its dominant principle. The composition of the Presidency Council reflects this logic, as it will consist of one representative each for western, eastern and southern Libya. The blatant demands for a proportional share of government positions are transparent attempts to receive access to state funds. They rely on a tacit understanding between political actors that

these funds serve to build patronage networks, or simply personal enrichment. This logic dominated the GNU's formation mainly because the UN-led process depended on the lure of state wealth as the primary driver behind the LPDF.

## Persistent Military Realities

To enable negotiations on the redistribution of access to state funds, political actors circumvented core issues and key players in the conflict. These include the continued existence of opposing military forces and the grievances — particularly impunity for war crimes — of groups from which the conflicting parties recruit.

The armed groups on both sides of the most recent war were only marginally involved in the political process. Haftar submitted to the process because his foreign backing dwindled in the wake of his defeat in Tripoli, and because he was exposed to Egyptian pressure. Likewise, his opponents in western Libya were also more or less excluded from the formation of the government, because they lacked the necessary weight after fragmenting into rival factions subsequent to the war. But neither side has a strong stake in the GNU, nor do they effectively submit to its authority.

So far, the GNU has refrained from claiming leadership in the security sector. According to the LPDF, the Presidency Council has the power to appoint the top echelons of the military and thereby to reunify command structures. But it has yet to do so. In fact, it remains unclear whether Haftar even recognizes the Presidency Council's role as the supreme commander of the armed forces. For his part, Dabeiba has not named a defence minister because no candidate gained the acceptance of both Haftar and his adversaries. Dabeiba's interior minister, like most of his predecessors, stands for a policy of allowing rival armed groups to operate under the interior ministry umbrella and benefit from its funds. Dabeiba himself has extensive contacts among armed groups in Tripoli, Misrata

and Zawiya, which have so far enjoyed greater leeway during his tenure than under the previous interior minister, Fathi Bashagha.

As for the task of placing the competing military command structures under a unified leadership, the GNU has merely deferred to the Joint Military Commission. Consisting of two sets of five officers appointed respectively by Haftar and the GNU's predecessor government in Tripoli, the Joint Military Commission has confined itself to working out the details of the ceasefire and its monitoring mechanism. It lacks the political weight to negotiate a reunification of the army. The five officers appointed by Tripoli enjoy little trust among the armed groups that form the bulk of western Libyan forces. The role of the five officers appointed by Haftar is primarily to simulate the existence of a formal military hierarchy, whereby actual decision-making authority lies with the warlord's inner circle of close relatives.

Haftar's effective submission to a unified military command is as equally unlikely as the possibility that his adversaries accept a leading role for him or his sons. The core LAAF units are inextricably intertwined with both his claim to overall power and the economic predation of his relatives. As long as Haftar's power structure stands, he will only permit a notional integration into a national military, in order to gain access to funds. He urgently needs such access given his increasing financial difficulties, his tarnished standing following the Tripoli defeat and his limited influence on the government formation. But with the persistence of Haftar's forces, the threat he poses to his enemies in western Libya also endures and thereby necessitates their dependence on local militias and Turkish protection as security guarantees.

In sum, the GNU is unlikely to make progress towards unifying command structures, tightening control over armed groups or dissolving militias. Armed actors are insufficiently integrated into the political process. The government itself avoids tackling the challenges in the security sector since

doing so would collide with its approach of appeasing factions across political divides by offering them access to state funds. Finally, Haftar's power structure remains the single biggest obstacle to the establishment of national security institutions.

Even if the GNU continues to ignore the thorny issues in the security sector, it will soon see itself confronted with the realities of the military landscape. In Tripoli, armed groups exert great influence within state institutions — a state of affairs that has fuelled anger among forces in other cities and regions, and provoked open conflict in the capital in 2018. As in previous governments, the Tripoli militias are pushing to place allies in senior positions, which is already driving growing tensions in the capital. In the east and centre of the country, the GNU will only be able to operate with Haftar's approval. Government representatives will have to strike arrangements with Haftar's forces; for the latter, this means opportunities to siphon off funds and fill positions with allies. Above all, recurrent acts of violence by armed groups will soon show just how limited the new government's sway is over militias that nominally act as state security forces.

## Economic Opportunities?

Instead of tackling the problems in the security sector, Dabeiba emphasizes that he intends to jump-start the economy and restore basic public services like the supply of power, cash and fuel. In doing so, he responds to pressing concerns among the population. The economy and financial sector have severely suffered during years of institutional division. Underinvestment, corruption and war damage have taken a toll on public infrastructure. Inflation and the decline of public services have impoverished large swathes of the middle class.

But Dabeiba's focus on the economy is also a political calculation. It fits well into the political class's current tendency of ignoring fractious substantive issues in favour of focusing on splitting the spoils.

Dabeiba also hopes to gain political capital from an economic upturn, whether apparent or real — political capital that could allow him to hold on to power longer than anticipated. This likely explains his early moves to increase public salaries by 20 percent and pay a basic pension as well as child and spouse allowances.

Dabeiba's intention to resume major public investment projects for the first time since the 2014 political divide also likely hides ulterior motives. By awarding contracts, Dabeiba could seek to gain the goodwill of foreign governments with the aim of securing his power. There are also justified fears that cronies associated with Dabeiba would use investment projects to siphon off profits through commissions or other methods. After all, Dabeiba represents a network that is notorious for doing just that.

During the final years of the Qadhafi era, Dabeiba headed the state-owned Libyan Investment and Development Holding Company (LIDCO). This company partnered with foreign contractors to implement construction projects worth billions of dollars that were awarded by the Organisation for the Development of Administrative Centers (ODAC). Until 2011, the head of this state institution was Ali Dabeiba, a cousin and brother-in-law of the current prime minister as well as a current member of the LPDF. While at the helm of ODAC, Ali Dabeiba amassed immense wealth that can only be explained by massive corruption, leading to suspicions that have caused Libyan and British authorities to open fraud investigations. Abdelhamid Dabeiba's ostentatious prosperity is also difficult to reconcile with his job as an executive at a state-owned company. Moreover, in recent years, the prime minister paid millions to lobbying firms in the US and France to raise his political profile, partly using LIDCO funds for this purpose. It seems likely that Dabeiba's political ambitions are also a quest to amass even greater wealth.

With Dabeiba, an entire network of interests has come to power. Well-informed observers in Dabeiba's native Misrata con-

cur that his cousin Ali is the eminence grise behind the prime minister. Since 2011, Ali Dabeiba has built a patronage network among armed groups in Misrata and Tripoli to protect his interests. His son Ibrahim is the prime minister's closest adviser, even accompanying him to meetings with foreign heads of state. Other advisers are also longstanding confidants, some of whom he worked with at LIDCO and to whom he is related by marriage. In addition, the ministers for transport and construction, as well as the state minister for prime minister affairs also have close ties to the Dabeiba network. Using his official powers, Dabeiba will seek to place allies in top positions at state-owned enterprises.

The Dabeiba network's interests are therefore ambivalent. On the one hand, visible economic and social amelioration would serve to secure Dabeiba's hold on power. On the other hand, cronyism and corruption obstruct such progress — even more so as the proponents of rival networks in the government will also strive for self-enrichment.

Competing interest groups within the GNU are only one obstacle to reforms. Corruption is rampant across all levels of the public sector. Curbing it would require restoring the authority of the courts and at least an embryonic state monopoly on violence. In addition, key institutions such as the Audit Bureau and the Central Bank remain divided, and the prime minister has no remit over them. Rival networks could use such institutions as levers to veto contracts and other budget allocations.

Dabeiba has found a powerful ally in Central Bank Governor al-Siddiq al-Kabir, who is keen to maintain good relations with the government to secure his position, and also has longstanding ties to the Dabeiba network. Over the past year, Kabir came under strong pressure from Dabeiba's predecessor Faiez al-Serraj as well as the chairman of the National Oil Corporation Mustafa Sanalla, both of whom sought to oust him. But with the advent of the GNU, that pressure has faded, which hasn't helped to advance reforms. Kabir is now

less cooperative on efforts to reunify the Central Bank, as doing so would dilute his power over the institution. A key unresolved issue concerns the 70 billion dinars (13 billion euros) in public debt accumulated by the parallel eastern authorities since 2015. Only reunification of the Central Bank would permit a concerted effort to restore trust in the dinar, improve the availability of cash and tackle the discrepancy between the official and parallel exchange rate.

## The Foreign Military Presence

The contrast between the semblance of compromise and the facts on the ground is starkest in the continuing presence of foreign forces and mercenaries that back the parties to the most recent civil war. According to the ceasefire agreement of 23 October 2020, all foreign forces were to leave Libya within three months. Six months after the ceasefire agreement was signed, no such withdrawal is in sight. In fact, Turkey and Russia are continuing to reinforce their presence. Turkish military flights to al-Wutiya Airbase continue, as does the building of fortifications in central Libya by mercenaries of the Wagner Group, whose activities the Russian government denies but actually controls. Another key actor is the UAE, which has financed and equipped at least parts of the contingents of Russian, Syrian and Sudanese mercenaries bolstering Haftar.

Turkish and Russian footprints are solidifying because both continue to serve as security guarantors for the conflicting parties. These groups fear that their foreign backers' departures would alter the balance of power, provoking renewed fighting. The Syrian mercenaries that Turkey has deployed in Libya are largely irrelevant to the balance of forces, but the formal Turkish military presence is crucial. Turkish officials consistently argue that the ceasefire agreement does not affect their official presence, but more recently, they have started signalling that Turkey is ready to withdraw the Syrians if Haftar's mercenaries leave the country too.

But for Haftar, whose foreign backers do not acknowledge their role, the Russian mercenaries are vital. To a lesser extent, the same can be said for his Syrian and Sudanese fighters. In the absence of an alternative foreign security umbrella, a Russian withdrawal would threaten Haftar's influence in southern and central Libya, and could even provoke the collapse of his power structure. As with other core issues in the conflict, there is therefore little chance for progress on the matter so long as Haftar remains an indispensable, albeit difficult, partner for his foreign sponsors. Neither the UAE nor Egypt will want the withdrawal of mercenaries to lead to Haftar's sudden demise and the eruption of conflicts in eastern Libya.

Even beyond the mercenary dilemma, conflicting foreign interests will compound the centrifugal forces within the government. States that were on opposing sides in the recent war are now trying to woo individual figures in the GNU. So far, Prime Minister Dabeiba has sought to maintain ambivalence in relations with these states. But as they push for the government to position itself more clearly, they could exacerbate tensions within the GNU — such as between Dabeiba and the Presidency Council, both of whom claim the right to represent Libya internationally.

## The Coming Crisis

On paper, the GNU's role is to prepare the country for the parliamentary and presidential elections planned for 24 December 2021, to usher in Libya's first unified and democratic government since 2014. In reality, the GNU's formation has created a vested interest in the new status quo. Dabeiba's grand plans for public investments and decentralization leave little doubt that he aims to stay on beyond 2021, just as the clientelist networks in his government will also seek to hold on to power for as long as possible. This is all the more the case as an LPDF decision prevents GNU members from running in the elections.



The conflict of interest is most glaring in the House of Representatives, whose members have just placed their candidates in ministerial positions — and should now prepare these ministers' exits by adopting a constitutional and legal framework for the elections. To block such votes, parliamentarians interested in the survival of the Dabeiba government could exploit the continuing dispute over the HoR's presidency and meeting venue, as well as over the possibility of holding a constitutional referendum.

A plausible scenario therefore is that progress towards the elections could remain elusive, meaning that the Dabeiba government could hold on to power beyond 24 December 2021. This situation would be bound to trigger a new political crisis even if the government blames the HoR for the delay. Many actors have only accepted the new government due to its limited mandate. Extending it would call the GNU's legitimacy into question. The ranks of the government's opponents, which are set to grow with the upcoming distributive struggles, could then swell dramatically. Renewed political division would be a real possibility.

In view of the significant obstacles to elections, domestic and foreign pressure currently focuses on making sure that the elections take place — but not on creating the conditions for free and fair elections. For the UN as for Libyan political forces, the elections have become an end in themselves. There is little discussion whether they will help to resolve conflict. Nonetheless, the minimum conditions for successful elections are lacking. By reunifying military command structures, the GNU was supposed to mitigate the risk that armed groups could manipulate electoral results or refuse to recognize them. But by now, it has become clear that little progress is likely to be made in the security sector.

If the elections happen, they are bound to be accompanied by violence and irregularities in several cities and regions. The situation is most problematic in areas controlled by Haftar, where dissidents face

fierce persecution. Presidential elections harbour particular potential for conflict, since the victory of any candidate affiliated with a party to the conflict would pose an existential threat to that party's adversaries. But even in the absence of large-scale escalation, the risk that political forces could challenge, reject and even fight the results would be high.

## Conclusions

The stated aim of the UN-led process is to tackle a root cause of the conflict by ensuring fairer and more transparent management of state wealth. In reality, however, the GNU's formation has prepared the grounds for intensified looting of the state. This, in essence, is what competing networks have agreed to under the cover of regional and local proportionalism, and to that effect, they have circumvented most substantive issues in the conflict. The appointment of a prime minister whose name is synonymous with Qadhafi-era corruption epitomizes this understanding. As a basis for a reunified Libya, this settlement could have wide-ranging consequences and shape the political system even after the next elections. More immediately concerning is the fact that this settlement creates the conditions for renewed conflict, even if the imbalances and losers it produces will take time to surface.

Current European attitudes towards the GNU will not encourage it to temper these tendencies. Europeans are relieved that they can present the GNU's formation as a success of their diplomacy. They also display a keen interest in the deals Dabeiba dangles in front of them. Official European policy in support of the elections notwithstanding, some diplomats exhibit a growing preference for the stability they hope Dabeiba could bring. This is problematic, since Dabeiba's continuation beyond December 2021 would be very likely to provoke a new political crisis. It is important to encourage progress towards elections, even if they will bring serious risks under



the current conditions. But the elections should not be seen as a mere box-ticking exercise. Europeans should not only focus on ensuring the passage of a legal framework for the elections. Their attention should shift to the conditions in which the elections will take place, and the actors that could prevent the subsequent peaceful transfer of power.

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ISSN (Print) 1861-1761  
ISSN (Online) 2747-5107  
doi: 10.18449/2021C29

(Updated English version of  
SWP-Aktuell 34/2021)

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SWP Comment 29  
**April 2021**