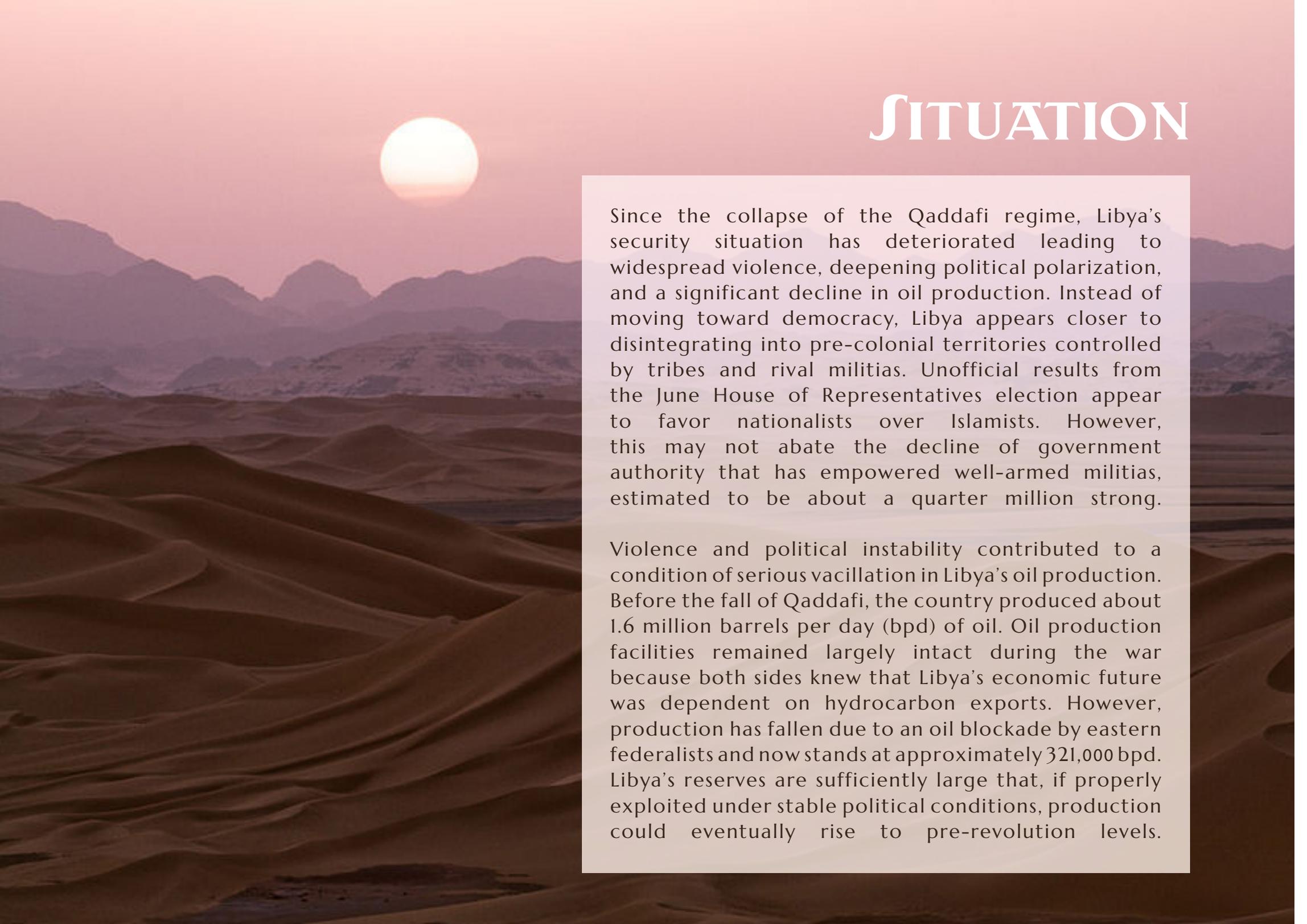


QUICK LOOK: LIBYA





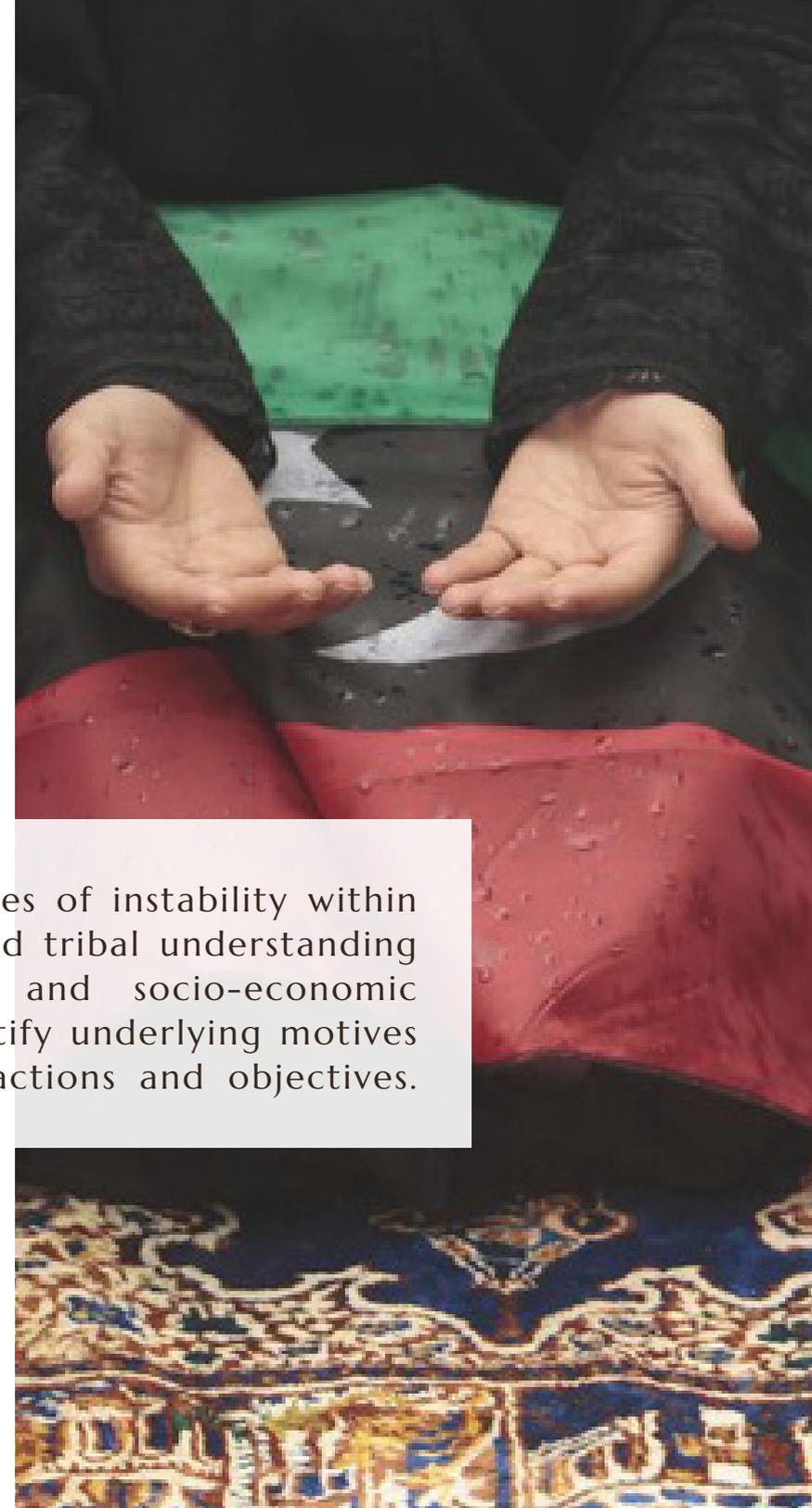
SITUATION

Since the collapse of the Qaddafi regime, Libya's security situation has deteriorated leading to widespread violence, deepening political polarization, and a significant decline in oil production. Instead of moving toward democracy, Libya appears closer to disintegrating into pre-colonial territories controlled by tribes and rival militias. Unofficial results from the June House of Representatives election appear to favor nationalists over Islamists. However, this may not abate the decline of government authority that has empowered well-armed militias, estimated to be about a quarter million strong.

Violence and political instability contributed to a condition of serious vacillation in Libya's oil production. Before the fall of Qaddafi, the country produced about 1.6 million barrels per day (bpd) of oil. Oil production facilities remained largely intact during the war because both sides knew that Libya's economic future was dependent on hydrocarbon exports. However, production has fallen due to an oil blockade by eastern federalists and now stands at approximately 321,000 bpd. Libya's reserves are sufficiently large that, if properly exploited under stable political conditions, production could eventually rise to pre-revolution levels.

APPROACH

ENODO Global's analysis examines the main sources of instability within Libyan society. We apply pre-colonial, regional and tribal understanding to contemporary geopolitical, ethno-religious and socio-economic conditions. This approach enables ENODO to identify underlying motives that drive militias and their leaders' behaviors, actions and objectives.



FINDINGS

Stark regional divisions are the most salient features of Libyan society. Throughout the country, “Deep and historic political divisions between the western mountains, Tripoli, Misrata, and the east continue to obstruct the formation of a broad-based consensus government, and the drafting of an effective constitution.”

Changes of power in the capitol and the influence of militias at the local level make sub-national understanding an essential element for any foreign entity conducting business in the country.

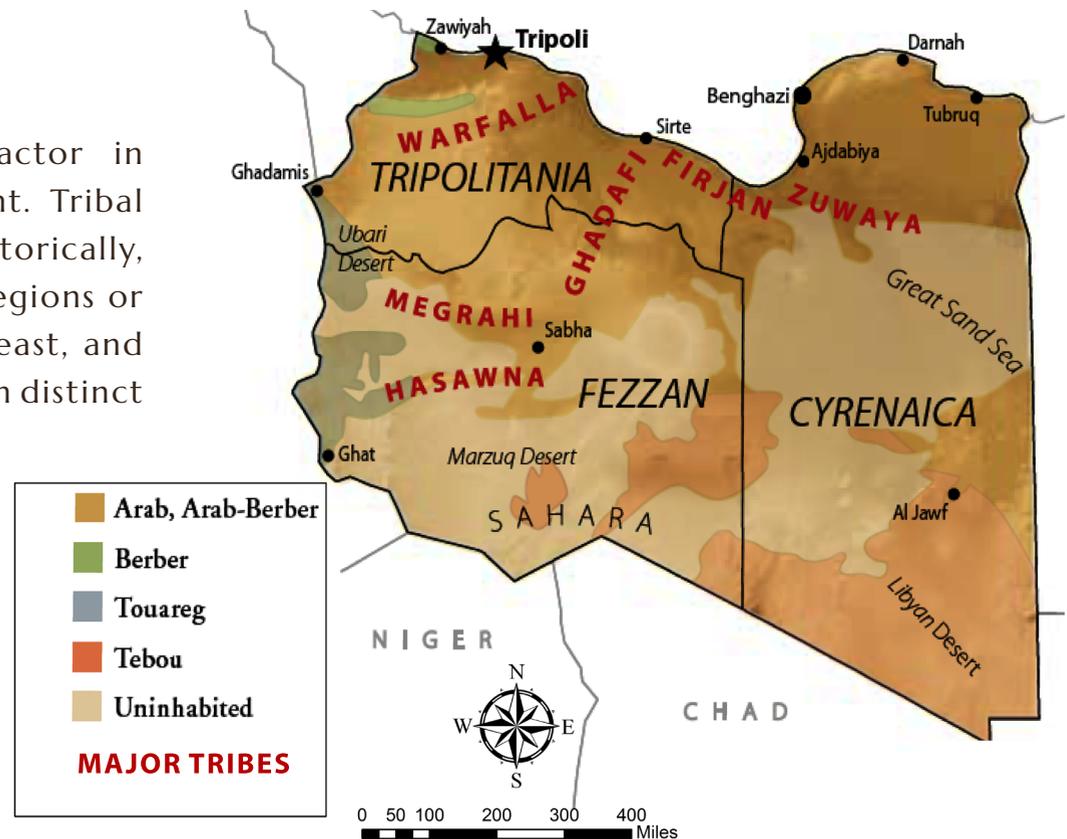


TRIBAL DYNAMICS

Tribal dynamics is the single most important factor in understanding the current geo-political environment. Tribal dynamics have dominated the region for centuries. Historically, Libya was divided into three relatively autonomous regions or provinces: Tripolitania in the west, Cyrenaica in the east, and Fezzan in the south. These regions maintained their own distinct political structures, cultural patterns, geographic orientations, and economies reinforced through strong tribal networks. Within each region, rivalries existed among competing tribes creating a complex socio-cultural landscape.

Today, historical tribal rivalries, retribution for civil war crimes and economic entrepreneurship over oil and water resources and control of smuggling routes are manifesting across Libya.

These are particularly evident in central and western Libya where Qaddafi supporters and opponents divide the landscape. In the south, disputes between the Tabu and Arab tribes over control of Sabha, the largest metropolis in the south are emerging. In the most recent example, on July 13, 2014 Islamist militias launched an attack against the Zintan militia and Khalifa Haftar's forces who control Tripoli's international airport. The Zintan militia, one of the most experienced and heavily armed is comprised of the Awlad Khelifa, Awlad Abulhul, Awlad Duib and Omyan tribes. Leaders of these tribes play a central role in political and military decision-making of the Zintan militia, demonstrating the relationship between Libya's tribes and militias.



MILITIA INFLUENCE



Libya's militias are deeply rooted across tribal, ethnic and geographic boundaries and have become increasingly politicized. Their politicization is directly related to the absence of effective local and national governance, unresolved grievances, ethnic marginalization and distrust of the ineffective transitional government.

Libya's militias vary in their size, their affiliation with the central government and political parties, and their regional, tribal or ethnic basis and Islamist outlook. The Libyan Army, Libya Revolutionaries Operations Room, National Security Directorate, Al-Saiqa Forces, Anti-Crime Unit, Special Deterrence Force,

Petroleum Facilities Guard, and Libya Shield Force comprise the majority of government controlled units. Most were formed after the revolution to fill the security void left by the fractured army and police. And nearly all are affiliated with the government, subordinating themselves under the Ministry of Defense or the Libya Shield Forces.

The Libyan National Army, Al-Zintan Revolutionaries' Military Council, Al-Qaqa Brigade, Al-Sawaiq Brigade, Misrata Brigades, 17 February Martyrs' Brigade, Rafallah al-Sahati Brigade, Ansar al-Sharia Brigade and small local forces, which act outside governmental authorities, comprise the majority of non-government units. The leaders of these groups seek to maintain or expand control of their political influence, territories and resources in their regions. They often use ideology, religion or ethnicity to advance their objectives, which puts them in direct opposition to other groups. Most importantly, however, these armed groups represent certain constituencies and have become entrenched in the state's security apparatus.



GEOPOLITICAL

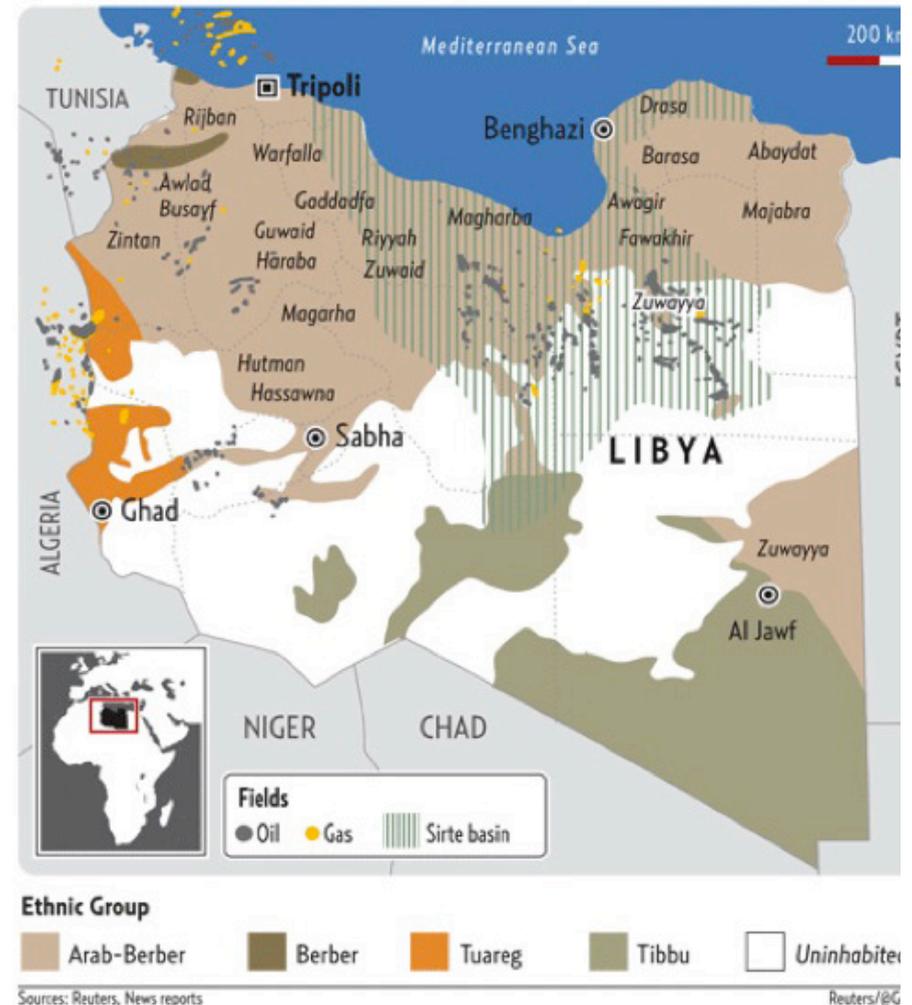


The recent (June 2014) National elections afford Libya a means to overcome the polarizing effects of the General National Council (GNC), which ultimately was dominated by Islamists. The election replaced the transitional GNC with the House of Representatives—a 200-member legislative body designed to govern Libya. The new parliament has a chance to break the political stalemate and become the central element in a new and more inclusive political settlement to the ongoing conflict. However, according to a regional expert, “these elections will not pull Libya out of the abyss, because real power remains firmly outside formal

SITUATION

state institutions and in the hands of an array of local power brokers that emerged during and after the revolution.” The new parliament and prime minister can deliver enduring stability to the country by forming a truly inclusive government that allows representation to marginalized political and ethnic groups. By mitigating existing political rivalries, the newly formed government can forge a political solution to and develop Libya’s nascent security institutions. At the same time parliament can implement effective programs to disarm, demobilize and reintegrate members of militias.

Libya’s tribes



POPULATION DISTRIBUTION

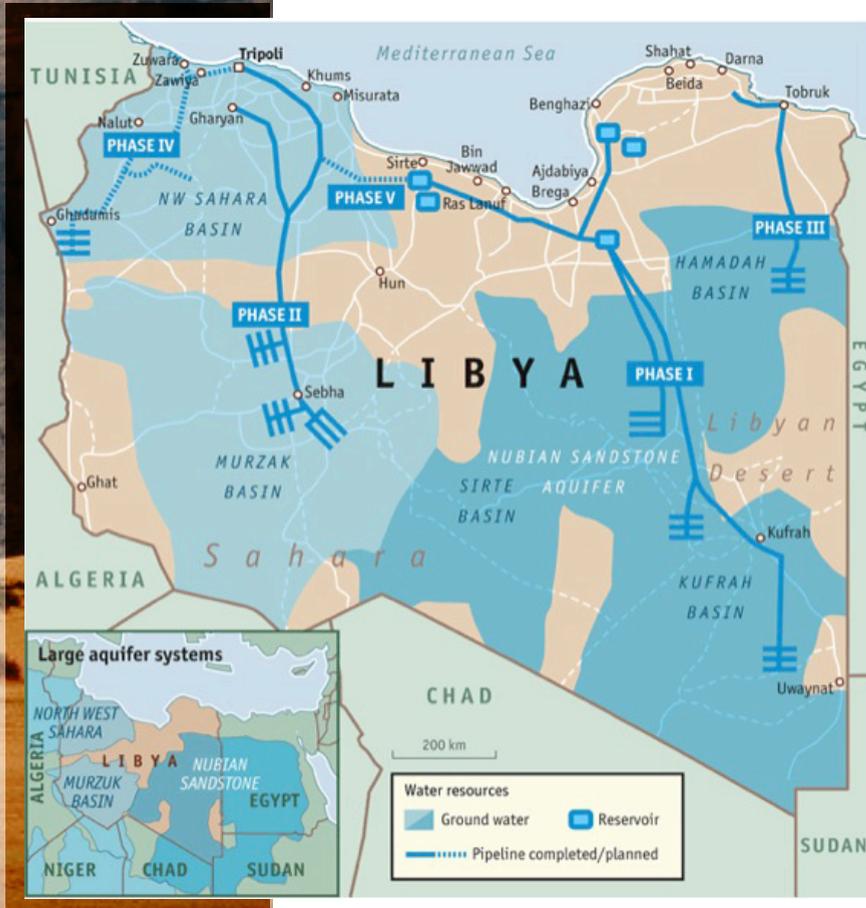
The majority of Libya's population and all of the major urban centers lie on the narrow coastal strip, no more than five to ten kilometers inland from the Mediterranean Sea. The coastal strip is divided by the Sirtica, an uninhabitable area in central Libya where the desert continues up to the beach. Libya has therefore, traditionally been divided into two main territories. Tripolitania in the west, culturally tied to the Arab countries of North Africa, is home to Libya's capital and largest city, Tripoli which has the largest share of the country's population. Cyrenaica in the east, tied more closely to Egypt and slightly less populous, is home to the majority of the country's oil reserves stretching from east of Tripoli to the Egyptian border. The division between east and west is further complicated by the sparsely populated rural hinterland of Fezzan, whose oasis towns are politically marginalized and home to a number of smaller ethnic minorities, including the Tebu and the Tuareg. Long-suppressed grievances by Tabu, Tuareg and Amazigh have surfaced along the country's southern and western peripheries.



WATER

The majority of Libya's area is barren desert with about 93 percent of the land surface receiving less than 100 mm/year of precipitation. Fresh water aquifers are the lifeblood for Libya's 6.3m people. The Nubian Sandstone Aquifer System, the world's largest, is located under the eastern part of the Sahara desert which spans across Libya, Chad, Sudan and Egypt. The Great Man-Made River (GMMR) Project supplies water from the desert aquifers to Libya's coastal regions. Water from the GMMR was traditionally directed toward Tripoli and the western part of the country due to large concentrations of people and their loyalty to Qaddafi.

Prior to the GMMR project, Libya relied on desalination facilities to supply water to the population. Due to the high costs of desalination and increased salt content in coastal reservoirs, Libya now relies on the GMMR to distribute the majority of fresh water across the country. Water security therefore has become a major issue due to fuel shortages, power outages and control of the GMMR's pipelines, flow stations and reservoirs. In 2013, militants seized control of the pipeline and temporarily cut off supplies to Tripoli. Most recently, towns from Sirte to Benghazi have suffered from water shortages due to clashes in the south that forced the closure of the Sarir power station and severed transmission lines, preventing electricity from reaching GMMR pumps.



OUTLIERS

The inability of Libya's transitional government to forge a political solution for ethnic and religious divisions or address national, regional or local security challenges has codified the role of militias within Libya's governance and security structures. These challenges are amplified by regional and national level stressors that include:

Increased violence between militant federalism, Islamist extremism, rival tribal factions and the remnants of the Qaddafi regime in the eastern part of the country, all calling for greater political autonomy.

Daily kidnappings, assassinations and clashes between armed groups along with fuel shortages, widespread blackouts and robberies that have halted banks distribution of currency, tear apart Libya's social fabric and move the population toward a social tipping point.

Islamist factions' refusal to accept the election results; instead they choose to declare the democratic process invalid and launch a political and military campaign to undermine dialog or reconciliation efforts that might lead to a power-sharing agreement.

Religious frustration between the majority Sufis and the more extreme Muslim Brotherhood and Wahhabis over religious authorities, calling for the ultraorthodox mufti post to be replaced with a Fatwa Council more representative of the country's religious diversity.



CONCLUSION

Libya's civil society and informal sources of authority have kept the country from descending into chaos. However, Libya's future will be determined by the interaction of competing forces, which include: the creation of a new central government; armed militias that fight for greater decentralization and autonomy; and complex tribal dynamics, all vying for control of the country's natural resources. While these forces compete, Libya is likely to see frequent disruptions to its oil exports and chronic low-level political violence.

Political instability and low-level violence are likely to plague Libya for years to come. Neither the government nor the international community is positioned to end the fighting among security forces, local militias, and Islamist fighters. Foreign corporations are not positioned to influence the long term outcomes of Libya's political dynamics, and will have to move carefully as they adapt to changing conditions. Yet continued oil production and the markets opened up by the fall of Qaddafi's authoritarian regime will likely continue to attract investors who are willing to take the risks. For investors, a comprehensive understanding of local or regional dynamics is required to navigate Libya's challenging security environment.



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