Final Report

Structured Dialogue

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Introduction

On 14 December 2025, the United Nations Support Mission in Libya launched the Structured Dialogue (SD), a component of the roadmap announced by Ms Hanna Tetteh, the Special Representative of the Secretary General, during her briefing to the Security Council in August 2025, with the view to end the political impasse. The three key pillars of the roadmap included "(i) the implementation of a technically sound and politically viable electoral framework aimed at holding Presidential and Legislative elections; (2) unifying institutions through a new unified government; and (3), a structured dialogue that enables broad participation of Libyans to address the critical issues that need to be tackled in order to create a conducive environment for elections, shaping a shared vision and addressing long term drivers of conflict while underpinning short term efforts to unify institutions and enhance governance in key sectors."[1]

The Structured Dialogue serves as an inclusive platform that had enabled large swaths of the Libyan community to take part and contribute to the formulation of collective national vision for the future of Libya and introduce recommendations on the necessary reforms that need to be completed at the political, security and economic levels, as well as that of national reconciliation and transitional justice and the revival of the constitutional process. The Structured Dialogue that included around 120 members reflected the rich geographical and political diversity of the Libyan society, ensuring the active participation of women (35 percent), youth, cultural components and people with disability. The Structured Dialogue sessions were convened via four integrated key tracks; governance, economy, security, and national reconciliation/human rights, from December 2025 to June 2026, to assess and discuss the key issues Libya has been encountering and introducing recommendations to address those issues.

This report and annexes of which sum up the key outputs of the Structured Dialogue consultations. The content of which expresses the views of the Libyan Structured Dialogue participants only and does not represent the viewpoint of UNSMIL.

[1] Briefing of Ms Hana Tetteh, the Special Representative of the Secretary-General before the Security Council on 21 August 2025.

Overview of the Composition of the Structured Dialogue

As mandated by the Security Council, UNSMIL has taken up the facilitation of an inclusive Libyan-led and owned political process, with the view to end the open-ended transitional periods and reunification of all institutions and hold national free and fair elections across Libya.

In the wake of the failure to hold the national elections in December 2021, against a backdrop of persistent political impasse, albeit following the endorsement of legislative and presidential electoral laws (2023), in February 2025, UNSMIL established an Advisory Committee (AC) comprising 20 Libyan experts, renowned for merits and diverse constitutional, legal and political expertise, with national vision and sense of patriotism in common, in order to impart advise to UNSMIL vis-à-vis how to overcome the contentious issues marring the electoral framework. The report and recommendations of the Advisory Committee were published and then utilized as a baseline for extensive consultations carried out by UNSMIL, in person as well as online and online surveys, to formulate a roadmap and then announce the latter before the Security Council in August 2025. The roadmap, as well as its three key pillars were welcomed and supported by the Security Council, via Resolution 2796 (2025).

The Structured Dialogue component within the roadmap was a response, on the part of UNSMIL, to the demands that were voiced by the majority of Libyans across the surveys. They stressed on the need for a more inclusive political process, in which broader swaths of Libyans take part. It constitutes a forum for amplifying the voices calling for an end to the cycle of recurrent transitional periods, preservation of the unity of the country and institutions, renewal of legitimacy via presidential and legislative elections, accomplishment of the national reconciliation program and addressing the urgent economic issues, including the deteriorating living conditions of the citizens, and the accomplishment of responsible good governance that hinges on a permanent constitution, promoting the sovereignty of Libya and ending foreign intervention. The objective of the Structured Dialogue was to offer an inclusive and safe platform for broader segments of the Libyan society to formulate a unified vision regarding the future of their country.

To ensure effective participation in discussing and addressing those issues, a Libyan Women Caucus was established to enable Structured Dialogue women members to coordinate and engage with broader women constituencies, receive technical support and broach issues that constitute a priority, as far as women rights are concerned, besides ensuring the accomplishment of outcomes that consider the concerns of Libyan women and demands within the Structured Dialogue.

Framework Governing the Structured Dialogue

The Structured Dialogue was organized, in accordance with Security Council Resolution 2796 (2025), which expresses full support to the mediation role and good office of UNSMIL, towards the promotion of an inclusive political process. The framework governing the Structured dialogue is defined in the Terms of Reference, Rules of Procedure and Code of Conduct. All those documents were published on UNSMIL website. Furthermore, all members have signed the Code of Conduct.

Timeframe of the Discussions

The Structured Dialogue was formally launched on 14 December 2025 with an opening plenary session in the Capital City of Tripoli. Between December and May, the Structured Dialogue teams, across the four tracks convened many rounds of in-person monthly meetings, four to five days for each round, besides a number of virtual meetings. An online meeting was convened on 27 April, whereas a final plenary meeting was held on 7 June 2026.

Modus Operandi within the Structured Dialogue Tracks

The Structured Dialogue, an intra-Libyan dialogue platform, was organized based on four key tracks; governance, economy, security and national reconciliation/human rights. The role of UNSMIL was limited to providing general framework, logistical and thematic support for the discussions to take place, as well as providing expertise, as needed by the tracks and topics broached for deliberations,

Each of the four Structured Dialogue tracks selected a Coordination Bureau comprising three members, with at least one woman. However, the Security Track opted to take up the coordination tasks on a rotational basis. With the support of UNSMIL, such bureaus were responsible for coordinating the meetings and functions of each track, including moderation and facilitation of the sessions, ensuring adherence to the agenda, observing the timelines, abidance by the rules of procedure and Code of Conduct and documentation of the deliberations. Each track identified the key priorities for discussion, as well as the frameworks for presenting the recommendations in their regard, throughout the duration of the Structured Dialogue, alongside benefiting from the outcome of the public surveys carried out by UNSMIL prior to the launch of the Structured Dialogue.

Each of the four tracks identified the framework of the subsequent discussions. Some tracks chose to hear the presentations prepared by Structured Dialogue members of the same track or presented by representatives of State institutions, and national or international experts. Whereas other tracks opted for discussions that hinge on guiding questions. In accordance with the rules of procedure, the final recommendations were based on consensus as much as possible, aiming at appreciating the various viewpoints and striving to come up with common grounds.

To support the deliberations across the four tracks, Structured Dialogue members familiarized themselves earlier with the Charters of Libyan Women as well as Persons with Disabilities respectively as references. Moreover, a digital Youth Platform was established to enable their participation and provide a mechanism for community outreach.

Furthermore, members of each thematic track were given the chance to present and discuss their opinions with the Berlin Process working groups.

Cross-cutting topics that came up as a result of the Structured Dialogue

Structured Dialogue members discussed two broad categories of issues; (i) immediate issues pertaining to policies, governance and reconciliation that need to be addressed in order to create conducive environment for the elections and (ii) short-term and long-term conflict drivers that warrant solutions to formulate a unified national vision for the future of the country,

Throughout the deliberations, common clear concerns emerged within the four tracks that pertain to the following key topics:

- Firstly, all tracks identified the political and institutional division as a key trigger for the structural imbalances marring the functions of the state. Moreover, they stressed on the importance of ending the political division, curbing the institutional duplication, reclaiming and reinstating unified national institutions that represent the entirety of the State of Libya, on top of which a new sole government. This applies to the remainder of the executive institutions, including the financial, monetary and oversight, as well as the security and military institutions, besides the judiciary. Structured Dialogue members were strongly convinced that reform may not be successful without non-duplicated Libyan institutions.

- Secondly, all tracks concurred to endorse good governance criteria, including transparency and accountability, which are essential principles for reform and an indispensable condition for stability. This includes financial transparency, promotion of the role of oversight institutions, expending genuine and effective efforts to combat corruption, as well as clearly identifying the mandates of interim authorities, their term in office and accountability mechanisms. Moreover, all tracks agreed on the need to protect state resources in a manner that benefits the people of Libya, rather than exploits such resources for political purposes or to reap gains that benefit a select few.
- Thirdly, all tracks stressed the need to define a limited timeline for the transitional period, which shall be restricted to specific goals, clear mandate and tight timelines. All the above focus on leading the country towards the elections and completing the national reconciliation program.
- Fourthly, all tracks adopted a progressive and integrated approach to reclaim a minimum of institutional stability and cohesion and create conducive conditions to hold a credible electoral process, as well as availing the necessary guarantees to ensure the crisis is not regenerated. Moreover, all tracks stressed the need to explore the required balance between the interim milestones and the exigencies of the deeper structural reform that paves the way for the building of the State in the long run.
- Fifthly, all tracks focused on the need to put an end to marginalization and address its decades-long repercussions through adopting decentralization and developing policies that may ensure well-balanced and equitable development across various areas of Libya, while stressing the principles of national unity and cohesion. Furthermore, there was normative and practical focus on the participation of women, persons with disability, youth and cultural components, besides the equitable geographical representation and ensuring fairness in resource management and allocation, as well as service delivery.
- Sixthly, the tracks agreed on the need to promote the political participation of women, ensure equal opportunities for them to assume leading position and engage in decision-making constituencies. The four tracks witnessed

crucial deliberations on women representation percentages in the elected authorities, sovereign institutions, executive, electoral and constitutional committees, as well as oversight institutions. There was a tendency across all tracks towards ensuring the representation of women by at least 35 percent, whereas another opinion called for equitable representation of women in all sectors and institutions, without defining a specific percentage. All tracks concurred on the need to come up with legal frameworks and robust accountability mechanisms to protect women against violence.

- Lastly, all members of the Structured Dialogue tracks exuded a profound sense of responsibility, as well as the patriotic duty bestowed upon them. Moreover, they have demonstrated cognizance of the challenges dictated by the status quo the country has been undergoing, as well as the risks of reluctance to address them. Moreover, the members unanimously denounced the use of violence to achieve political goals, voicing their resolve to ensure it should be left to the Libyans to decide the future of their country, in a manner that preserves its unity and sovereignty.

Chapter 1

Governance Track

Structured Dialogue

Introduction

Since the first formal session convened in January 2026, Governance Track members of different backgrounds; representatives of municipalities, political parties, academia, CSOs, persons with disability and cultural components identified five pivotal issues for further deliberation and discussion, namely the elections, constitutional track, local governance, unification of institutions and the executive authority, aiming at forging inclusive national consensus that paves the way for the electoral process and bolsters the chances for political stability in Libya.

The discussions manifested broad consensus among track members around the fact that temporary solutions and partial understandings are no longer sufficient to end the state of political stalemate. Therefore, the discussions focused on the need to accomplish a clear constitutional framework that precedes the electoral process. In this vein, a number of approaches were broached; this included recourse to the constitutional legacy since the time of independence of the State of Libya or drafting a temporary interim constitutional instrument. The majority opined that the elections constitute a key national goal. However, they require a clear constitutional basis and tangible guarantees for peaceful transfer of power, as well as the unification of sovereign and executive institutions, prior to engagement in any electoral process.

Moreover, throughout the discussions, the importance of restructuring the executive authority was highlighted. This may be done through the establishment of a sole government with a restricted mandate and term in office. The key mandate of this government is limited to the creation of conducive environment for the elections and ending the transitional period. Members of the track stressed the unification of sovereign institutions, as a priority, on top of which is the High National Elections Commission, while emphasizing the independence of and safeguarding HNEC against political wrangling.

On the other hand, the local governance and decentralization file garnered considerable attention. This file constitutes one of the crucial steps towards resolving the structural imbalances and the conflict over resources in the State of Libya.

Summary of Deliberations of the Governance Track

Governance Track deliberation concluded that it has become imperative to transition from a stage of open discussion to a more organized track, through the establishment of specialized working groups and coming up with timelines and executive viable proposals. It is worth noting that the Board of HNEC has witnessed heightened structural challenges, after the House of Representatives designated members to fill the vacant seats in the Board of Commissioners of the HNEC. This was followed by the unilateral selection of three more members and chairperson of the Board by the HCS, without consultation with the HoR. This has entrenched the division over the legitimacy and structure of HNEC. In the light of such developments, the Governance Track was delegated to discuss the means to unify the HNEC structure, given that HNEC is deemed one of the sovereign institutions that are directly associated with the creation of conducive environment that is required for the electoral process. The mutual escalatory actions of the two chambers have contributed to channeling the discussions among the Governance Track members towards exploring mechanisms for the re-establishment of the Board of Commissioners of HNEC. In this regard, two main routes were introduced:

a. The first hinges on addressing the dispute over HNEC from within the two chambers, based on Article 12 of the Libyan Political Agreement Annex that was signed in Skhirat in 2015.
b. The second, however, is premised on approaches that are introduced outside the two chambers. This included four key options:
    - The first option recommends the establishment of a small mediation convening that assists in the re-establishment of the Board of HNEC.
    - The second option stipulates that a broader committee is established, in keeping with Article 64 of the LPA, that, besides the re-establishment of the Board of HNEC, takes up other tasks that are associated with the electoral process.
    - Two additional options were broached; the establishment of a *Constituent Assembly* or *Preparatory Council*, to bypass the two chambers, once and for all, and to rebuild the political process in an inclusive manner.

Within the framework of supporting the output of the Governance Track and furthering the chances for consensus to be forged regarding the urgent issues, an invitation was addressed to members of the Governance Track to hold a meeting with representatives of Berlin Process member states, to present a briefing paper that covers the most salient immediate issues, on top of which the re-constitution of the Board of HNEC, as it is one of the key files that are associated with the creation of conducive political and legal environment for the electoral process.

Throughout the deliberations and discussions of the track, the issues on the table were categorized according to their chronological priority and the nature of their impact on the political process. The first three issues focused on the short-term files, that are premised on the roadmap presented by Ms Hanna Tetteh, the SRSG, in August 2025. This included the re-constitution of the Board of HNEC, consensus on a constitutional and legal framework for the electoral process, as well as the establishment of a sole executive authority with restricted prerogatives and term in office that takes up overseeing the elections and ensuring the fairness thereof, including coming up with effective mechanisms to prevent fraud and promote the acceptance of the results of the elections.

Regarding the two remaining issues, they were categorized as long-term, given that they are associated with permanent stability and state building stage. The first is embodied in the local governance file, through promoting local administration and strengthening the role of municipalities, as a mechanism towards achieving more equitable distribution of resources, pending the realization of an interim model of local governance, that combines the executive and legislative roles. As for the second, it is embodied in the means to revive the permanent constitution track, through the materialization of guiding recommendations that pave the way for the preparation of a national consensus-based constitution that contributes to the establishment of the grounds for political and institutional stability in the near future.

In the paper that was submitted to the Berlin Process member states, members of the Governance Track broke down the electoral issue into two key themes; the first pertains to the internal division of HNEC, whereas the second is related to the need to have an explicit electoral framework and a government that is capable of administering the elections and ensuring their fairness. Moreover, Governance Track members stressed the importance of introducing realistic, practical and viable solutions.

The formal virtual meeting held throughout March witnessed considerable progress in the discussions; the track members reached an agreement vis-à-vis opting for working groups approach, to expedite the completion and save time and effort. Based on that, the members voluntarily joined three main themes, following their own interests and expertise. The themes included the executive authority, local governance and constitutional framework that fall into two aspects; the elections and the permanent constitutional framework. The working groups proceeded with their tasks throughout the month of Ramadan. They were able to prepare detailed proposals and preliminary remedies for each theme respectively, in a manner that contributes to supporting the outcome of the Governance Track and development of practical recommendations which may be built on in the subsequent stages. The internal deliberations regarding the executive authority dwelled on a number of crucial issues that are associated with the nature of the proposed executive authority and its role throughout the transitional period. The discussions focused on the identification of the key mandate bestowed upon the executive authority and the limits of its term in office, in a manner that ensures its role is limited to running the transitional period and the creation of the necessary political, security and institutional conditions to hold the elections, alongside providing guarantees to ensure the executive authority does not scale up its prerogatives or morph into a permanent authority. Furthermore, the respective theme members also discussed the potential mechanisms to establish the executive authority, whether in terms of the selection criteria of its members or the political and geographical equilibriums that need to be heeded in order to ensure they will be nationally accepted. The deliberations also included the exploration of organizational structure of the executive authority, the relation among its components and internal decision-making mechanisms, in a manner that strikes considerable balance and curbs potential political or institutional division or conflict within the prerogatives during the transitional period.

By the same token, the Track members were particularly interested in the guarantees related to ending the mandate of the executive authority. It was emphasized that there was a need to come up with clear and binding arrangements that prevent prolonging the transitional period or regeneration of the interim bodies. The discussion also touched on the topics that have to do with the handover of power following the expiration of the mandate and the means of transferring power in an orderly and smooth manner to the elected executive authority. Moreover, there was discussion of the eligibility criteria for candidacy for the executive offices and the criteria that need to be met by the potential candidates, in a manner that promotes the values of integrity, transparency and merits.

As far as the local governance is concerned, the deliberations revolved around the potential development of the latter through two main routes:

a. The first is premised on the employment of the existing legislative framework, particularly Local Administration Law 59, by recommending that it should be reviewed and amended in a manner that strengthens decentralization and contributes to the devolution of prerogatives to the municipalities and governorates, while maintaining institutional stability and the operationalization of the existing legal provisions rather than overlooking them.
b. The second route focuses on building a consensus model of local governance that accommodates various political leanings, including decentralization and federalism, aiming at reaching an agreed national formula for the shape of the local governance system in Libya.

The deliberations confirmed the importance of a fair and transparent national framework for the distribution of resources and prerogatives across the regions, in accordance with objective criteria, such as population density and level of spatial development, in a manner that secures development fairness and equilibrium among the regions of Libya. Moreover, the restructuring of local revenues system was emphasized. This may be achieved through the creation of a central fund for supporting the municipalities that are the least fortunate regarding the generation of revenues. However, the distribution of such revenues shall be associated with regular oversight and review mechanisms to ensure good governance and justice are at play.

In the context of the deliberations that pertain to the constitution, the track had witnessed extensive discussion that focused on two key issues: drafting a permanent constitution and exploring an interim constitutional basis that regulates the current stage.

As for the first, many disparate ideological and political approaches emerged regarding the most adequate constitutional baseline. Some opined that the constitutional experience of the monarchy should be invoked, given that it is part of the constitutional legacy of the State of Libya since its independence, and that it can serve as a baseline that may contribute to building consensus-driven legitimacy that is premised on historical continuity. Conversely, the other visions were in agreement, regarding support to the Constitution Drafting Assembly of 2017, given that it is the most legally and institutionally detailed framework. Some disagreements were registered regarding the inadequacy of the CDA track for the current stage and the possibility to amend the 2017 draft constitution or regenerate political consensus around it. The discussions also addressed the overarching framework of the Libyan constitutional legacy, since the time of independence, including the various political transition stages and exploring the possibility to build a new constitution through a multitude of approaches, including full constituent approach, interim consensus or building on existing drafts besides introducing substantial amendments to it.

Regarding the second issue – the interim constitutional basis – the discussion focused on the potential procedural mechanisms to regulate the transitional period, pending the accomplishment of a permanent constitution. The possibility of operationalizing constitutional and procedural articles, within the existing framework, was also discussed. This includes Articles 12 and 64 in the context of the work of the specialized committee, given that they constitute regulatory tools that may be utilized to finetune the political and institutional tracks throughout the transitional period. The option of *arbitration referendum* was also proposed as a mechanism to overcome the political impasse, by enabling the population to have the final say in the outstanding constitutional options, whether those related to the shape of the state or the track related to the endorsement of the constitution, in a manner that promotes popular legitimacy and minimizes the disputes among political actors.

It is worth noting that in the framework of the general deliberations, the principle of integrating the issues of youth, women, persons with disability and cultural components was emphasized, given that they constitute horizontal priorities that need to be heeded within all the proposals that were presented, in a manner that promotes inclusivity, equal opportunities and non-exclusion in all political and institutional tracks. Those priorities are deemed key elements in any future governance settlement or arrangements in Libya.

It is worth noting that in the framework of the three themes that were on the table, a set of proposals were submitted for each theme respectively. A proposal regarding local governance was submitted, as well as two others on the executive authority and two more on the constitution. During the third in-person session that was held on 13-16 April 2026, deliberations were dedicated to reviewing those proposals and integrating the recommendations and remarks in their regards. The executive authority theme witnessed in-depth discussions that were concluded by merging two proposals into one. This is in the context of the patriotic considerations and political consensus taking precedence over all else. Seeking public opinion, UNSMIL presented the outcome of the survey *Have Your Say,* in which around 6,000 Libyan citizens participated. The outcome demonstrated that 64 percent of the respondents stressed the importance of disambiguating the mandate of the government overseeing the electoral process prior to commencement with the implementation of the elections.

As for the local governance, the discussion concluded in two directions: one that calls for reforming Law 59 on the Local Administration and another that calls for a *transformative* option, through adopting an inclusive local administration model at the level of the *wilayat* (states), that includes legislative and executive prerogatives. The deliberations were concluded by formulating a preliminary proposal that combines both directions, reformative and transformative, while adopting the principle of interim implementation, in a manner that heeds the existing institutional reality.

Regarding the constitutional theme, it was the most complicated, in terms of disparate visions; two key proposals were presented, one was widely accepted by Governance Track members. It is premised on Article 64 of the Libyan Political Agreement (Skhirat), to form a broader political dialogue committee that takes up the implementation of the constitutional roadmap. On the other hand, the second proposal is based on Article 12 of the LPA Annex, in a manner that narrows down the agreements between the HCS and HOR. As it was not possible to establish unified approach that combines the two proposals, it was decided to defer the file pending the meeting in May, while seeking the assistance of international experts to introduce constitutional options that contribute to addressing the existing state of impasse. During the first week of May 2026, in-person meetings were held for drafting the final outputs of the various themes. The first day was dedicated to the endorsement of the final amendments regarding the executive authority and local governance. Whereas the subsequent three days were dedicated to discussing the constitution in an in-depth manner. The deliberations concluded with an agreement on coming up with an electoral transitional constitutional framework that regulates the period preceding the elections, while deferring the endorsement of the permanent constitution at a later stage, with the availability of the requirements for political stability. However, from this stage, recommendations titled *permanent constitutional framework* shall be drawn for guidance. A consensus formula was reached. It combines two constitutional proposals, whereby the HoR and HCS are granted a chance to complete the constitutional milestones during a limited timeframe. In the event of failure to forge an agreement, UNSMIL takes up the formation of a broad political dialogue committee that takes up the completion of the track and transmission of the output to the HoR for endorsement. In the event of non-endorsement of the outputs during the defined timeline, such prerogative is transmitted to the dialogue committee to decide on the matter. Recourse to the referendum was also acknowledged as a baseline mechanism, when the need be, to ensure popular legitimacy.

Upon the conclusion of the meetings, a drafting committee was selected from the members of the Governance team, to which the task of preparing the final, as well as the collective SD reports of this track was delegated. The committee concluded its tasks during a virtual meeting on 2 June 2026, during which the final wording of the report was endorsed, in preparation for incorporating it into the final SD report and presenting it during the concluding session on 7 June 2026.

Recommendations Presented by Governance Track

I. Recommendations Regarding the Executive Authority

For over a decade, Libya has been encountering a state of entrenched political and institutional division, embodied in the duality of the executive authority and multitude of decision-making positions, which led to the erosion of the unity of national sovereignty and disruption of the democratic transition. Against the backdrop of such a reality, an urgent need to have a sole and effective executive authority was accentuated. The key mandate of this authority is to run the transitional period and prepare the political, security and institutional environment required for inclusive national elections to take place at the earliest timelines possible, free of endless extension of the transitional period or regeneration of transitional entities. The possible practical solutions for such an issue necessitate the existence of legitimate monopoly of force, through the unification of the military and security institutions and transforming the ceasefire into a state of inclusive peace, to ensure ballot boxes, candidates and voters are well-protected and strive to promote the values of good financial governance and prevent the employment of financial resources of the state in political polarization or illicit electoral financing.

Moreover, the Track recommended working on adopting decentralization for the quality of the public and private services to ameliorate, in a manner that contributes to the stability of public life and enabling the municipalities and institutions, at the level of the regions, to manage their own affairs to ensure the resources are directly accessible, promote the role of CSOs, and support political parties, as a key tool in the democratic transformation process. The solutions also included addressing the legal and civil files, the most important of which is ensuring inclusive legal settlement of the status of holders of temporary civil register, through a legal mechanism that is far from politicized.

Based on that, regarding the structure of the executive authority, the Governance team recommends that the Presidential Council comprise a president and two vice-presidents. However, the president of the Presidential Council shall be granted explicit and exclusive executive prerogatives constituted in the supreme command of the Armed Forces. Furthermore, the President shall endorse the general budget proposed by the prime minister, appoint/relieve ambassadors, heads of diplomatic missions, Chargé d'affaires and senior officials, in coordination with the prime minister. The President of the Presidential Council shall directly designate the ministers of defense and foreign affairs who will operate directly under his supervision. As for the declaration of the State of Emergency and making war and peace-related decisions, the competence is shared with his two deputies.

The *National Attainment Government* comprises a president and three deputies; one from each region, as well as ministers and ministers designates. The prime minister and Council of Ministers exercise their prerogatives, in accordance with the laws in force. As for the deputies of the prime minister, each one of them exercises his/her functions, administer and monitor development programs and public services for their regions respectively, in a manner that ensures fair distribution of resources and accessible services to all Libyan areas.

The Governance Track came up with two options for the establishment of the executive authority:

a. The first revolves around the selection of the Presidential Council and premiership by the Dialogue Committee that is established based on Article 64 of the LPA (2015). The Prime Minister composes the government and transmits the composition to the HoR for a motion of confidence within 30 days at the latest. If the HoR does not grant the motion of confidence within the proposed timelines, the second option will be enforced.
b. This option stipulates that the issue of the government is transmitted to the Political Dialogue Committee for endorsement.

Regarding the mandate of the executive authority, guarantees and inclusivity, Governance Team recommends that the mandate of the government is restricted to a preliminary period that may not exceed 18 – 24 months, following a tight timeline that may not be extended under any justification. It is prohibited to conclude any international commitments or long-term sovereign agreements throughout the transitional mandate. Moreover, the team emphasized the need to consider the geographical equilibrium and ensure fair and effective representation of the political hues, women, youth, cultural components and persons with disability in the structures of the executive authority, in a manner that reflects the true diversity of the Libyan society.

Moreover, the Governance Team came up with eligibility criteria for the executive authority candidates, such as having a Libyan citizenship, being a holder of a university degree and being, at least, 35 years of age. Ministers and ministers designate are the exception to this, as they shall be at least 25 years of age, besides the need to have adequate practical experience and relevant scholarly qualifications, having records free from any criminal convictions and submission of written explicit pledge to not run for office during the forthcoming elections.

Regarding people with disability, candidates running for the aforementioned positions are required to be qualified and have cognitive abilities.

By the same token, in the framework of realizing oversight and safeguards system, the Governance Team recommends that the executive authority undergoes stringent judicial and parliamentary oversight that ensures effective, rather than proforma, accountability and the enforcement of the role of CSOs and the media, as they are true partners in monitoring government performance and unveiling any potential violations. However, there must be coordination with UNSMIL to ensure the necessary technical support, to garner unified international recognition that promotes the legitimacy of the transitional authority, and to support its mandate to prepare the country for the elections.

Regarding the preparation of the electoral environment, the Governance Team recommends placing the security forces under one command that falls under the executive authority to ensure they remain impartial. They also affirm the need to provide security for the elections, via a comprehensive security plan to secure polling centers and safeguard the will of the voters. Moreover, all financial and logistical resources shall be availed to the HNEC to enable the latter to live up to its mandate with efficiency and independence and launch national public outreach campaigns to promote the active political participation of citizens in the elections, while giving particular attention to the youth, women and cultural components.

In conclusion, the Governance Team affirms that any attempts to disrupt the elections or cling to power, following the expiration of the mandate of the executive authority, constitute an abject violation that warrants full accountability to the law, the people and international community. The sublime goal aspired by those deliberations is to build a Law and institutions-based state that reveres the will of the people of Libya and materializes that will in the ballot boxes.

II. Recommendations Regarding Local Governance

Deliberations in this theme focused on the development of the local governance system in Libya, in a broader context to rebuild the state and strengthen its institutional stability. The crux of the matter is that the efficiency of the existing local governance system is limited, in terms of achieving effective and equitable decentralization. This is reflected in the continued development gaps between the areas and the poor capabilities of the municipalities to deliver services and the disparate distribution of public resources.

In this context, decentralization emerged as one of the crucial themes for rebuilding the state, not only as an administrative option, but also as a comprehensive reformative approach that is responsive to the complications of the Libyan reality and aspirations of the citizens towards spatial development equity that is more balanced. Moreover, the deliberations demonstrated that the misconception that associates decentralization with the dismantling of the State requires conceptual revisiting. The core of decentralization is not about undermining the central authority, but rather the redistribution of public employment across the various governance levels, in a manner that promotes merits and supports accountability in the framework of the unity and sovereignty of the State. Furthermore, decentralization may be perceived as an approach towards promoting the unity of the State and elevating its efficiency, rather than an advent to dismantling it. This is based on a set of guiding principles that constitute the baseline framework for any subsequent reforms, the most important of which are striking a balance between the levels of central governance, the level of *wilayat* (States) and locally, and efficiency in the distribution of public employment positions, besides instilling the principles of accountability and transparency as key guarantees that may not be negotiable, as well as adopting an incremental and sequential principle in the implementation of the reforms, in a manner that preserves institutional and administrative stability. Therefore, the recommendations were premised on a fact that the success of political decentralization may only be through the completion of devolution of prerogatives and building a well-balanced model that ensures complementarity among the various levels of governance, disambiguates prerogatives, and optimally utilizes the resources, in a manner that promotes the efficiency and strength of the State rather than undermining it. It was stressed that should the status quo persist without any effective structural reform, this would lead to entrenching the development gap among the areas and aggravating the poor service delivery on the part of the municipalities, the persistent disparity in the allocation of resources, which would exacerbate the local dissatisfaction and undermine confidence in state institutions, which maintains a central administrative model that is unable to respond to the needs of the diverse local reality. This jeopardizes the stability of the development track and national cohesion.

The deliberations concluded that developing the local governance system in Libya constitutes a pivotal reformative necessity within the track pertaining to rebuilding the State, whether through amending Law 59 (2012) to incrementally promote decentralization, or through the formulation of a novel national model that reregulates the relations among the various levels of governance

Based on the foregoing, the Governance team recommends concurrently taking up two tracks; reformative that is incremental, as well as the transformative – structural. The reformative track (incremental) is premised on investing in the existing legislative framework, namely Law 59 (2012) on Local Administration System, through the operationalization of the provisions thereof and addressing the shortcomings that transpired in the course of implementing the law, whether at the level of completing the devolution of competences or financially and administratively enabling the municipalities. Moreover, coordination mechanisms should be developed between the local level as well as *Wilaya* (State) and the central level. This track is perceived as less costly, in terms of time and risks. It also permits generating incremental gains. As for the transformative track (structural), it aims at transitioning into a local governance model with broad powers. It is exercised through the three governance tools (legislation, implementation and oversight) within a well-regulated national framework.

Regarding the implementation mechanisms of those two tracks, in the discussion of which, the fact that the central authorities are weak due to institutional division was considered, besides the lack of agreed legislation regarding local governance. Therefore, transitioning into local governance at the present warrants the existence of an effective institutional structure.

a. Recommendations Regarding Reformative - Incremental

In the light of the foregoing, the Governance Team recommends the adoption of an interim reform strategy, through the amending Law 59 (2012) on Local Administration System, to address the shortcomings that were unveiled by the hands-on implementation, whether at the level of completing the devolution of prerogatives to the local units, or financially and administratively empowering the municipalities, so much so that they are able to live up to their mandates, as well as developing the coordination mechanisms at the local and *wilaya* level, on the one hand, and the central on the other, and regulate the relations between both levels. Moreover, the legislative prerogatives of local nature shall be finetuned and meticulously defined, in a manner that culminates in an explicit and disambiguated definition of the competences and responsibilities at all governance levels.

Furthermore, the Governance team recommends that the House of Representatives establishes a committee or a national authority, to be tasked with the preparation of a comprehensive local governance proposal to transition into a local governance model with expansive powers, within a well-regulated national framework that builds for the restructuring of the central institutions. This proposal realizes equitable distribution of resources, so that the tenure of the committee/authority is timebound by 6-8 months at the latest. This committee/authority may seek the assistance of experts in policies and economic planning. Should the disagreement over key matters persist and forging final consensus fails, a popular referendum shall be sought, as a democratic mechanism of adjudication and guarantor of participatory legitimacy.

To conclude those stages, the Governance Team recommends coming up with objective and transparent criteria to endorse *Wilayat* (states) that ensure their structures are well-regulated and the efficiency of their performance, and also the municipalities are re-regulated in accordance with specific controls that take into consideration the demographic, geographic and development variables, while working on re-formulating the competences of the councils of *wilayat* and municipalities by granting them broader prerogatives that enable them to live up to their development tasks and service delivery in an efficient manner that would prevent the disruption of the functions of the officials in the councils of governorates and municipalities, due to oversight or judicial procedures and to ensure the continuity of the institutional performance and spare the local units administrative paralysis.

The Team recommends the unification of the levels of power in a hierarchal manner (*wilaya*, municipality, municipal branch, *mahalla* (quarter)). They also recommend defining a binding timeframe to complete the devolution of competences to the local levels, to be associated with stringent oversight measures that ensure implementation is regularly monitored and reviewed in an orderly manner, in accordance with three integrated assessment criteria, on top of which is the level of institutional performance, quality of services delivered to the citizens, as well as the development projects that are actually implemented on the ground, which render the commitment to this devolution a track that is subject to accountability, rather than proforma commitment.

Parallel to this, the team recommends that the Ministry of Local Government, governorates and municipalities are comprehensively restructured, in a manner that is in harmony with the actual competences of each level, writing off the overlapping roles and duplicated functions, which culminates in a clearcut institutional structure that highly considers merits and instills accountability at each layer of governance.

Moreover, the Governance Team recommends coming up with coordination mechanisms, through promoting the role of the Supreme Council for Local Administration and restructuring the latter, as the overarching supreme coordination authority for the various gubernatorial levels, in a manner that ensures harmony of public policies and ensuring that all are on the same page, overcoming any potential obstacles that may arise between the center and the localities, and converting it from a proforma entity into an effective coordination mechanism with concrete prerogatives and well-regulated modus operandi. *Wilaya* shall be endorsed as a formal denomination for the regional level, in lieu of canton or governorate. Regarding their number and borders, the Governance Team recommends that the competent authorities decide on that matter, in a manner that considers the population and societal variables, and contributes to promoting inclusivity, social justice, development and administrative stability.

Regarding financial independence, the Governance team recommends the amendment of the local revenues system, in a manner that reinvigorates the said system and renders it a concrete source for financing local development and enabling the municipalities to impose charges and local taxes within well-regulated legislative frameworks that ensure equity and avert exacting a toll on the citizens.

Parallel to this, it is recommended to establish a national financial balance fund, that addresses the development disparities among the rich municipalities and those with limited resources, in accordance with objective national criteria that instill spatial justice and bridge the disparity among the areas. It is also recommended to be open to the private sector and attract the capacities and resources of which, in support of the course of local development, within transparent contractual frameworks that safeguard public funds and live up to common interests.

Regarding the tools for expending and employment of resources, the team recommends transitioning from conventional budgeting to programs/performance-based, in a manner that links public spending with measurable outputs and renders development outcome the criterion based on which financial performance of the local units is assessed. Specific percentages shall be allocated across the *wilayat*, governorates, municipalities and the central government. The calculation of those percentages shall consider a set of objective criteria, on top of which the population and spatial justice among the areas, besides the development needs for each local unit, as well as the level of performance and efficiency in the utilization of resources, in a manner that ensures transparent and equitable distribution across various areas, and steering clear of all other considerations that are far from objective. Regarding the local revenues, overall, they shall devolve to the municipalities. However, each municipality shall retain a percentage of all that is aggregated within its borders, whereas the remaining percentages shall be deposited into a collective fund for financial equilibrium, to be re-distributed across the municipalities that lack adequate local resources, in accordance with a well-defined transparent national criterion that ensures development fairness among all areas.

Moreover, the Governance Track recommends promoting the values of transparency, accountability and disclosure, through operationalizing Article 30 of the Law that binds the governorates and municipalities to disseminate their decisions within a month from the date of issuance, as well as enforcing a deterrent mechanism to halt the monetization of budgets from local units that do not adhere to dissemination. This is to convert such obligation from a suspended legal provision into effective financial control. It is associated with enabling the citizens and CSOs to have free access to local information, as an enshrined right, rather than an extraordinary benefit.

By the same token, the team recommends expediting the implementation of digitization across all governance levels, and the establishment of an online portal that is accessible to the public so that they may keep abreast with the contracts and track the implementation stages of local projects in real time, which instills a culture of transparency and promotes community-driven accountability tools.

To complete this, the team recommends operationalizing participatory democracy and instilling the principle of participatory budget, as a tool to engage citizens in coming up with the priorities of local spending and development-related decision-making, alongside adopting local referenda regarding development plans; a mechanism to verify whether such plans are in harmony with the aspirations and actual needs of the population, as well as work on promoting the principle of inclusive participation and equitable representation through concretely opening up to all community segments and groups, on top of which women, youth, persons with disability and cultural components, in a manner that ensures genuine and actual presence of those groups in the local and regional decision-making processes, as well as promote the role of the municipality branches, *mukhtars of mahallas*, given that they constitute the closest link to the citizens and the ones that grasp the individual character of each population agglomeration, by expanding their prerogatives and developing their capacity.

b. Recommendations Regarding the Transformative-Structural Track

As part of the recommendations that are related to the transformative-structural track with expansive powers, the Governance Team recommends the incorporation of an explicit provision in the constitution regarding political decentralization, as a well-established strategic option for the State, corroborated by explicit constitutional guarantees that safeguard the prerogatives of the local units and prevent the encroachment of the central authority on those units. In the light of this constitutional basis, the team recommends the enactment of a new local governance law to re-regulate the governance system, in accordance with three integrated levels at once, central, regional and local levels, while ensuring the independence of each and safeguarding their functional identity. However, this legislative construction shall be completed through clear and precise definition of the competences of each level, based on the principle of subsidiarity that stipulates that competences are devolved from the highest to the lowest level, in a manner that maximizes the activity and brings the decisions closer to the citizens and ends the overlapping competences and duplication of roles.

Consequently, the team recommends drafting a meticulous constitutional/legal framework that instills and safeguards the unity of the State, which renders the national coherence a constitutional and legislative yardstick that may not be overcome at any stage in the course of implementing political decentralization.

In the same context that is associated with restructuring the local governance system, the team recommends the abolishment of the Ministry of Local Government and the reallocation of the competences of which, in accordance with a multi-tiered governance model, in a manner that terminates the roles of the mediating bureaucratic layer and brings the decision-making circles closer to the local units. Moreover, the team recommends that the competences of the regions and municipalities are defined by an explicit legal provision that is binding for the executive authority, in a manner that protects it against disparagement or breaches.

The team stresses the need to concretely and fundamentally transfer the competences to the local governments, rather than only granting proforma administrative mandate, whereas decision-making continues to be monopolized in the center. Such devolution extends to include granting restricted local legislative competences that enable the local units to promulgate binding rules and regulations, within the general national framework, in a manner that grants them concrete governance tools that go beyond the purely executive nature.

By the same token, regarding planning and development, the Governance Team shall ensure the independence of local decision-making in those two domains, and bind the local and regional units to prepare development plans to be approved that reflect own priorities and are responsive to the needs of its population, in complementarity with the national approaches, rather than subordination. To that effect, the Team recommends the establishment of the Higher Council of the Regions, as a higher coordination authority that combines the central and regional levels, to be presided over by the Prime Minister with the membership of the chiefs of regions and relevant ministers, depending on the nature of the topics on the table, in a manner that ensures concrete integration in decision-making, averting the central unilateralism regarding the policies that have regional impact.

In this context, a set of options were broached. The Governance Team called for deliberating and deciding on them based on consensus. The most paramount of which are the proposed denominations at the regional level, including cantons and governorates. It was decided to standardize the terminology as *wilaya – plural wilayat* and the need to settle on one denomination that reflects the national identity and avoids any inadvertent suggestion of separatism or federalism. The administration of the region is proposed to be run by a deliberative body, such as a board or equivalent, that shall have concrete decision-making competences, not only advisory. The team had two substantive options; direct elections that would promote popular legitimacy and designation that ensures harmony with the national approaches. The Team recommends assessing the possibility of combining both mechanisms, in a manner that strikes a balance between legitimacy and efficiency.

In the same context, the topics related to financial independence were discussed. The Team recommended that a comprehensive local revenues system should be in place that is fully independent, authorizing the local units to impose charges, taxation and tax collection and management of disbursement mechanisms, free from central trusteeship. This instills financial autonomy and liberates local development decision-making from subordination to the center. At the level of sovereign revenues, the team recommends the allocation of a clear and guaranteed percentage of which to the regions, including oil revenues, in accordance with fair distribution criteria that include population number, geographical area and development level, as well as other objective measurable criteria.

To promote spatial justice, it was recommended to establish the aforementioned national fund for regional equilibrium, to bridge the development gaps among the rich regions and those with limited resources, in accordance with a well-defined and transparent national criterion. Such financial construction may be completed through transitioning from the conventional budgets to programs and performance-based, that link spending to measurable outputs, alongside granting the local units full competences to prepare and endorse their budgets with utmost independence, far removed from any direct central interference. Similarly, regarding the financial resources, the State budget shall allocate specific percentages to be distributed across governance levels, taking into account in their calculation a set of objective criteria, on top of which the population number, as well as spatial justice among the areas and the development needs of each local unit and the performance level and efficiency in the utilization of the resources. The local revenues are transferred to the regions. However, the remaining percentage shall be deposited into the national fund for financial equilibrium, to be redistributed across the regions that lack sufficient local resources.

To instill the principles of transparency and accountability, the team recommends designing an oversight multi-tiered model that covers all governance layers. Such a model should engage in its system various oversight actors that include formal agencies, civil society and citizens, so much so that it is not limited to oversight of a unilateral source, which may be unable to keep abreast of the entirety of the institutional performance. This should be associated with committing all local and regional authorities to the regular and frequent dissemination of their decisions and expenditure reports. Moreover, a deterrence mechanism should be operationalized. Such a mechanism should suspend the monetization of the budgets allocated for the authorities that do not adhere to dissemination. This is promoted through enabling the citizens and CSOs to effectively access information, given that it is an enshrined right.

As for digitization, the team recommends accelerating the implementation of digitization at all governance levels and the establishment of an online uniform portal that is accessible by the public, to be able to view the contracts and follow up on the implementation stages of the local projects in real time, in a manner that instills the culture of accountability and drains the sources of administrative corruption.

To promote the participation of the people, the team recommends the operationalization of local democracy and the establishment of the principle of participatory budget, as a tool for engagement of citizens in coming up with the priorities of local spending and development-related decision-making, alongside adopting local referenda regarding development plans, as a mechanism to verify whether such plans are in harmony with the aspirations and actual needs of the population. The team also recommends that the principles of inclusive participation and fair representation are promoted through opening up to all community groups and segments, on top of which women, youth, persons with disability and cultural components, in a manner that ensures meaningful and effective presence of those categories in the local and regional decision-making processes.

In essence, in this aspect of the report, reforming the local governance system and instilling the principle of administrative and financial decentralization constitute some of the crucial pillars required for rebuilding the State of Libya and promoting its institutional stability. Realizing effective decentralization is conditioned to the existence of adequate constitutional and legislative frameworks, building institutional capacity at the regional and local levels, and ensuring meaningful financial independence of the local units, establishing transparency and accountability mechanisms, as structural prerequisites, rather than optional procedures. The recommendations cited in this report remain to be a preliminary reference framework that is open to further review and development, in the light of the output of the Dialogue, as well as the specialized technical studies. A reform may not be deemed complete or sustainable, in isolation from collective national consensus and explicit political will in the implementation of which.

III. Recommendations on the Constitutional Track

The crux of the matter lies in the persistent absence of a national consensus on the constitutional basis that regulates the transitional period, as well as the multitude of the references at play for drafting a permanent constitution. This complicates access to political and institutional stability in Libya. Such complication is exacerbated by the overlap of two parallel tracks: permanent constitution building track and that of running a transitional period, which warrant temporary, clear and effective constitutional tools. The issue also stems from a broader reality, namely part of the root causes of the constitutional and political crisis is associated with the differences over the draft permanent constitution or introducing the constitution in a cursory manner in an environment that is far from stable. This makes it imperative to re-order the priorities and define a more realistic interim track.

On the basis of the principle of operating in a climate rife with meaningful and constructive dialogue, the deliberations regarding the constitutional concern in Libya witnessed extensive discussions that focused on two main themes: drafting of permanent constitution and defining interim constitutional mechanisms to regulate the current phase. The deliberations concluded in two directions: the first revolves around the endorsement of an interim constitutional track (electoral) that focuses on addressing the contentious issues within the electoral laws, in a manner that ensures national free and fair elections take place. On the other hand, the second direction is embodied in running the transitional period through clear and effective mechanisms, while maintaining the strategic goal that is the accomplishment of an inclusive permanent constitution that garners broad national legitimacy and ends the state of constitutional fragmentation.

a. Recommendations on the Interim Constitutional Framework

Regarding the interim constitutional direction (electoral), in accordance with the recommendations, the endeavors covering the constitutional track stemmed from the need to establish a consensus-driven, binding and viable constitutional framework that is premised on realistic options that hinge on the principles of good governance and ensure fair opportunities are made available to all social, cultural and political components, free from exclusion or marginalization, while maintaining the national parameters, safeguarding the unity and territorial integrity of Libya, and promoting stability and development, through instilling principles that render this national constitutional framework supportive of the democratic transition track and ensure that such framework bolsters the legitimacy of institutions, and is in harmony with the international governance standards. Furthermore, work must be done to ensure the constitutional process is consistent with the general principles of human rights, and effective political participation, in a manner that promotes confidence among various community stakeholders, stressing on the most sublime and crucial goal, namely ensuring the people of Libya have the final say, collectively, in the endorsement of a consensus-based constitution, that reflects the free will of the people and builds for a democratic civil state that is based on the principles of citizenship, rule of law, separation of powers and respect for rights and basic freedoms of the citizens.

This direction is based on three options, as far as implementation is concerned:

- The first option is carried out within the two chambers, upon agreement between the House of Representatives and High Council of State, regarding the establishment of a committee, in accordance with Article 12 of the the Libyan Political Agreement (Skhirat), within 45 days, at the latest from the date of submission of the Structured Dialogue report. However, this committee shall be in charge of endorsement of the electoral laws, in accordance with the recommendations of the Advisory Committee and the Governance Track of the Structured Dialogue, the review and endorsement of the Constitutional Amendment 14, in accordance with the outputs of the Advisory Committee and the Governance Track, as well as the preparation of a national instrument for peaceful coexistence and governance. This option hinges on the incorporation of a consensus-based constitutional amendment that addresses the contentious issues that are associated with the prerogatives of the executive authority and guarantees for the transitional period, based on the recommendations of the Advisory Committee, in a manner that includes restrictions on the prerogatives of the head of the State and linking his/her term in office with a limited and unextendible transitional duration, and prohibition of amending the Constitutional Declaration during the transitional period.

- Regarding the second option (alternative), it is based on the establishment of a broader dialogue committee. This track shall be automatically operationalized, in the event of failure of the first or the lapse of the defined duration, without the achievement of results. This is in accordance with Article 64 of the Libyan Political Agreement (Skhirat), to establish a broad political dialogue committee that undertakes the preparation of the constitutional basis within 90 days at the latest. This committee shall also address the contentious issues, particularly regarding the implementable electoral laws and interim constitutional basis, stressing that the committee shall comprise representatives of the political stakeholders, elected municipalities, cultural components, academics, as well as persons with disability, women and youth, without prejudice to the geographical and political equilibrium. The outputs of the broader dialogue committee shall be transmitted to HoR and HCS, for endorsement within 20 days, at the latest. In the event of non-endorsement within this timeline, the outputs are returned to the committee to decide in their regards.
- As for the third executive option, it is based on the *arbitration referendum*. For all intents and purposes and at all stages, establishing the referendum as a general rule is beyond having it as a temporary procedure, but rather a sustainable approach, to which there will be recourse, in the permanent constitutional track. This principle hinges on rendering the popular will the final authority that decides on the contentious issues, in a manner that ensures broad community consensus is achieved, without undermining or derailing the political process. An arbitration popular referendum is opted for, as a mechanism for reverting to the population, in their capacity

as the source of legitimacy, through introducing the contentious issues that pertain to the government system and form of the State for popular referendum.

On the other hand, Governance Team recommends the enclosure of a number of binding national instruments and guarantees within the interim constitutional framework. They are perceived as an inherent indivisible part of the implementation package. They include **political and security guarantees-related instruments**, such as prohibition of exclusion, utilization of consensus tools for purposeful disruption, neutralization of security institutions, prohibition of employment of weapons to influence the political track, as well as **legal and financial instruments**, such as protecting the constitutional bases against unilateral interpretation or amendment, prohibition of employment of public money or extraordinary government spending in the political conflict, and subjecting expenditures during the transitional period to public regular reports, as well as the instruments pertaining to **gradual punitive measures**, such as the imposition of ascending sanctions, starting from formal admonition, ascending to referral to the national courts or competent international authorities.

b. Recommendations Regarding the Permanent Constitution Direction

Governance Team recommends that the interaction with the file on the permanent constitution should be based on deeming this file a full-fledged national track, to be deferred to a later more stable stage. However, the Senate that will be elected in the future shall consider the constitution, while defining a clear timeline that ensures consensus is forged in its regard.

During the preliminary stage preceding the elections, at least 18 months, the Governance Team recommends the establishment of a national arbitration panel of political and legal experts, to go through the Libyan constitutional legacy, from the time of independence and analyze its various stages and outputs. Following the holding of the national elections, the Governance Track recommends the deferment of the outputs of this team to the Senate within a well-defined timeframe from one to two years from the date of receipt of the results and end of the electoral process. Moreover, the Governance Team also recommends the effective engagement of women, youth, academics and persons with disability, as well as the Libyan cultural components (Amazigh, Tebu and Tawareg) in the membership of the panel of experts, in a manner that ensures meaningful rather than advisory participation only.

The Governance Team stresses the need to endorse independent constitutional judiciary, in parallel with the constitution drafting process, so that it incorporates explicit provisions that stipulate the establishment of the constitutional court and a definition of its form and jurisdiction. Moreover, the Governance Team recommend linking the permanent constitution with a binding institutional implementation map that ensures transition from texts to effective implementation.

Annexes Complementing the Report

To stress the outputs of Governance Track, this report included four key annexes that constitute, alongside the preceding recommendations, a full-fledged implementation package that aims at ensuring the transitional track culminates in success, through fortifying the anticipated electoral process with the necessary constitutional and political guarantees. This pertains to the following:

- Annex 1: Matrix on the assessment of constitutional options in Libya: it presents objective justifications to assess the constitutional alternatives, based on a criterion that is a cross between its legal value and the political viability of which, to avoid disruption and ensure transitioning into a stable environment.
- Annex (2): the binding national guarantees charter: it constitutes the reference framework and legal and political cover for all annexes, to connect legitimacy with compliance and place explicit costs for disruption, to liberate the constitutional track from the power balance and good faith.
- Annex 3: the binding national charter for elections in Libya: an instrument on politics and ethics that guards HNEC against and regulates challenges and transforms the acceptance of the results of the elections from an optional political position to a binding and responsible legal obligation.
- Annex 4: a memorandum of recommendations to create a conducive environment for the elections in Libya: a procedural and practical annex that translates the principles in the report and annexes into immediate measures on the ground, that ensure the elections do not transform into a novel conflict nucleus.

Chapter 2

Economy Track

Link to the full reference report [Arabic only]

Structured Dialogue

Introduction

This document represents the executive summary of the full reference report prepared by the members of the Economic Track within the framework of the Structured Dialogue, under the auspices of the United Nations Support Mission in Libya (UNSMIL). The reference report covers six interrelated pillars that collectively form an integrated vision for rebuilding the Libyan economy and overcoming its structural fragility. These pillars are:(1) financial governance and public money management, (2) Governance and management of the oil sector and sovereign resources, (3) Economic restructuring, private sector stimulation, and diversification, (4) balanced development and economic equity, (5) economic policies and macroeconomic stability, (6) transparency and economic accountability.

This summary provides a condensed presentation of the key diagnostic findings, expected scenarios, and the unified strategic framework for reform, along with a package of core recommendations derived from the six pillars. It is structured as a single coherent document, rather than a set of separate summaries, in order to highlight the structural interlinkages between reforms and avoid fragmented approaches that previously led to limited results.

This summary does not replace the full reference report. This document only highlights the essential contents and broad reform directions. The report includes detailed econometric analyses, statistical data, reference evidence, and more than 371 detailed recommendations across the six pillars. It is recommended that the original report be consulted to grasp the full context, before making executive or legislative decisions based on this summary.

The analytical framework in this document is based on a methodology that integrates four tools: Descriptive statistical analysis for the period (2012–2025) to track structural changes in macroeconomic indicators; Econometric analysis using multivariate regression models to estimate responsiveness elasticities between variables; Scenario modeling to anticipate potential trajectories over the next five years; and finally, Benchmarking against the experiences of selected comparable countries.

I. Macroeconomic Diagnosis of the Libyan Economy (2012 - 2025)

The macroeconomic diagnosis of Libya during the baseline period (2012 - 2025) reveals a set of complex and interrelated structural imbalances. These imbalances have transformed Libya, despite its oil wealth, human capital, and strategic geographic position, into a fragile state, in terms of economy, dependent on a declining rentier income, operating under divided governance, and within an institutional environment undermined by corruption, poor transparency, and limited accountability. Below is a brief overview of the most important indicators related to the scale of total public spending during this period.

%98	LYD 303 billion	LYD 1,182 billion	LYD 1,401 billion
Dependence of public finances on oil revenues, reflecting complete rentier exposure	Domestic public debt as of end-2025, equivalent to 146% of GDP	Excluding spending by the Benghazi-based governments (2015–2020) (2023–2025)	Total cumulative public spending (2012–2025), including governments based in Tripoli and Benghazi

1) Macroeconomic and Financial Indicators

The baseline period reveals a structural disconnection between the volume of resources spent and their actual developmental impact. Total cumulative public spending exceeded 1,401 billion Libyan dinars, while real GDP declined from its peak of approximately $105 billion in 2012 to $34.5 billion in 2021, followed by only a partial and unsustainable recovery to $48.5 billion in 2024.

The United Nations Economic and Social Commission for Western Asia (ESCWA) estimates the total cost of the conflict between 2011 and 2020 at approximately $576 billion, and total cumulative losses for the period (2011–2025) at over $1 trillion. Meanwhile, the World Bank has estimated cumulative losses at approximately $600 billion, alongside a lost opportunity to achieve an additional 74% of GDP in 2023.

In contrast, officially recorded domestic public debt exceeded 303 billion Libyan dinars by the end of 2025, distributed as follows:

- 72.3% (approximately 219 billion LYD) attributable to Benghazi-based governments, and
- 27.7% (approximately 84 billion LYD) attributable to Tripoli-based governments.

This places total debt at approximately 146% of GDP, a ratio that situates the Libyan economy within the critical risk zone, according to IMF's standards, which consider exceeding 120% of GDP as requiring urgent intervention.

This accumulation of debt is closely linked to public spending conducted outside formal legal frameworks and in the absence of a unified state budget, as a result of political conflict and institutional fragmentation. It has relied on temporary financial arrangements and indirect monetary financing through the banking system, in violation of public debt regulations. Furthermore, there is no clear repayment plan, nor transparent disclosure regarding its structure or maturity profile.

From an efficiency perspective, econometric results for the period (2012–2025) indicate a fundamental functional weakness in the transmission mechanism through which public spending impacts the real economy. Specifically, spending has demonstrated limited effectiveness in stimulating GDP, largely due to its consumptive nature. Moreover, public spending shows a direct correlation with money supply, parallel market exchange rates, and the general price level.

Econometric estimates of absorptive capacity further indicate that the optimal level of public spending, which maximizes real growth, without generating monetary distortions, is approximately 105 billion Libyan dinars annually. Furthermore, the medium- and long-term fiscal breakeven point between public revenue and expenditure stands at 117 billion dinars annually.

However, actual public spending in 2025 reached approximately 250.5 billion Libyan dinars, representing 2.4 times the optimal level. This excessive expansion in spending has resulted in direct inflationary pressures, a widening gap in the exchange rate, and broader imbalances across key macroeconomic indicators.

2) Distortion of Revenue and Expenditure Structure

Libya's public finances depend on oil revenues by more than 98% in some years. On the expenditure side, Chapters 1 and 4 (salaries and subsidies) account for approximately 73% of total public spending on average, while the share of development expenditure does not exceed 11.3%. This is in contrast to Planning Law (13) of 2000, which mandates allocating a minimum of 70% to investment spending.

Fuel subsidies alone account for approximately 25% of total public expenditure, exceeding $16.6 billion in 2024. International reports indicate that a significant proportion of these subsidies is lost through smuggling networks linked to organized crime. The cost of imported fuel has more than doubled, rising from $3.8 billion in 2019 to $9.2 billion in 2024, representing a compound annual growth rate of 34.64%. Meanwhile, the system of crude oil barter for refined petroleum products has continued through the end of 2025, without being recorded as either revenues or expenditures in official financial reports.

At the level of productive sectors, GDP remains highly concentrated in the oil sector, with grave marginalization of manufacturing, agriculture, and services. The findings further indicate that the relative importance of exports is overwhelmingly concentrated in the oil sector.

3) Developmental and Social Imbalances and Human Capital Challenges

The analytical findings reveal the presence of interconnected imbalances across developmental, social, and demographic levels, which have collectively undermined economic stability and complicated Libya's development trajectory.

At the spatial level, development efforts over past decades have failed to achieve balanced growth across cities and regions. Conversely, they have contributed to deepening developmental disparities, particularly in the south and in parts of the eastern and western regions. These disparities have reinforced a concentration of more than 90% of the population along the coastal strip, particularly in Tripoli and Benghazi, as people seek better employment opportunities and services.

The impact of these disparities extends beyond economic dimensions, fueling perceptions of developmental injustice. Since 2011, this has become intertwined with the political and security context, making part of the division and conflict a reflection of accumulated regional and developmental imbalances over decades.

At the social level, these imbalances are manifested in disparities in income levels, welfare, access to senior positions and employment benefits among different segments of society. These inequalities occur within a context where practices influenced by political, geographic, and social factors, often overlooking merit and competence. This has negatively affected work values, performance, and productivity, contributing to declining institutional efficiency and the expansion of disguised unemployment.

Extending from these imbalances, human capital emerges as one of the most significant structural challenges. Libya has thus far failed to transform its demographic advantage, represented by a high proportion of youth, into an effective productive force. This is due to the persistent gap between educational output and labor market needs, poor training and qualification systems, and an excessive reliance on the public sector, alongside the limited role of the private sector in generating productive employment opportunities. As a result, employability has declined, and the gap between required and available skills has widened.

The continued interaction of these imbalances undermines economic security and weakens prospects for balanced development, while also fueling dynamics of tension and division. Therefore, addressing these issues requires a comprehensive approach that restores balanced regional development, strengthens social justice, and aligns education and employment with the needs of the economy, thereby supporting long-term development and stability.

4) Weak Transparency and Accountability

Financial and administrative corruption has deepened in the absence of an independent oversight infrastructure. The state's final accounts have not been closed for an extended period, as consolidated financial statements have not been issued since 2009.

The Libyan Investment Authority has also not published its financial statements since 2008, despite managing assets exceeding $60 billion, distributed across more than 550 companies, half of which are distressed. According to the internationally recognized Public Expenditure and Financial Accountability (PEFA) framework, Libya recorded a national score of 2 out of 10, classifying the country within the category of critical financial management performance.

II. Expected Scenarios and the Cost of Non-Reform

According to the econometric analysis prepared by the Economic Track Team, Libya is expected to face four possible trajectories during the period (2026–2030). The impact of those range from severe stagflation, with accompanying social consequences that could undermine the already fragile stability, to a gradual restoration of stability.

1) Macro-fiscal Scenarios (2026–2030)

The table below illustrates the impact of different levels of public spending on key macroeconomic variables, including the parallel market exchange rate, money supply in the narrow sense, GDP growth, inflation and poverty rates, as follows:

Economic Indicator (2027 Horizon)	Pessimistic Scenario (Spending +30%)	Status Quo Scenario (250 bn LYD)	Optimal Scenario (117 bn LYD)	Gradual Reduction Scenario (13–16% annually)
Parallel Exchange Rate (LYD/USD)	14.5	9.90	5.20	6.85
Real Growth Rate (%)	0.4	0.5	9.3	-1.0
Inflation Rate (%)	30.3	5.2	-9.4	-4.5
Money Supply (bn LYD)	260	210	120	164.8
Poverty Rate (%)	59.0	46.4	37.5	41.0
Overall Assessment	Severe stagflation	Accumulating fragility, deficit of 71.7 bn LYD	Contractionary shock	Balanced budget by 2030

Source: Outputs of the standard simulation using GRETEL – Chapter four, Pillar One on Financial Governance

2) Implications of Continuing the Status Quo

In case of failure to adopt a comprehensive reform framework, during the period (2026–2027), the Libyan economy is expected to continue its downward trajectory at an accelerating pace, leading to a series of interconnected consequences. These developments will ultimately outweigh the cost of reform and pose a serious threat to social peace, as outlined below:

- Decline in foreign currency reserves held by the Central Bank, coupled with a growing inability to finance imports, thereby threatening food and pharmaceutical security.
- Continued depreciation of the Libyan dinar, with the widening gap between the official and parallel exchange rates expected to exceed 200% by 2027.
- Expansion of the shadow economy (including smuggling, money laundering, human trafficking, and drug trade), potentially being in parallel to the formal economy by over 30%.
- Escalation of brain drain, particularly among skilled professionals and technical personnel, transforming Libya into a repellent environment for human capital, which is the primary driver of any potential future sustainable development.
- Deterioration of infrastructure and public services (energy, water, healthcare, and education), due to the lack of development spending, leading Libya to become a purely consumption-based economy with limited domestic productive capacity.
- Deprivation of future generations of their share of oil wealth, as a result of the erosion of sovereign assets and poor disclosure, alongside a surge in public debt exceeding 500 billion Libyan dinars.
- Deepening regional and social divisions, erosion of trust in state institutions, and the escalation of local tensions toward the risk of open conflict.

The first and second scenarios converge on the same outcome: namely, that the continuation or expansion of the status quo leads—according to econometric simulations—to a state of **monetary instability within 18–24 months**, accompanied by a further depreciation of the Libyan dinar, an expansion in money supply, and inflationary pressures that would be difficult to contain. Moreover, the **economic cost of non-reform is several times higher than the cost of gradual reform.**

3) Gradual Optimistic Reform Scenario (Recommended)

The recommended reform scenario is based on a gradual reduction in public spending by 13–16% annually, declining from 250 billion Libyan dinars in 2025 to 117 billion Libyan dinars by 2030 (the fiscal breakeven point). This path is to be supported by measures aimed at diversifying revenues, implementing structural reforms across the four chapters of the state budget, and establishing intensive social protection mechanisms for vulnerable groups.

Under this trajectory, the gap between the official and parallel exchange rates is expected to narrow gradually by 2030, while real economic growth is projected to recover to exceed 3.5%, alongside the achievement of a sustainable balanced budget.

However, the success of this scenario requires strict implementation of the reform package outlined in the recommendations of this report, in addition to political and institutional integration to ensure continued commitment across successive government cycles.

III. Integrated Reform Recommendations

The recommendations outlined below represent the integrated implementation framework for reforms, stemming from more than 371 detailed recommendations contained across the six pillars of the reference report. They have been organized in accordance with these six pillars while maintaining the unity of the analytical methodology and editorial approach, so they can be read as a single coherent document rather than six separate summaries. The recommendations intersect horizontally across pillars and are mutually interdependent, which requires that they be implemented in a simultaneous and coordinated manner.

Each recommendation provided here is a summarized and condensed version of a set of detailed actions included in the full reference report. For information on institutional responsibilities, legal reference frameworks, detailed timelines, and performance indicators, please see the relevant chapters of the original document.

1) Financial Governance and Public Financial Management

The financial governance and public financial management pillar of the reference report recommends a comprehensive package of structural reforms, distributed across four main areas: general budget reform, development of sovereign revenues, rationalization of public expenditure, public debt management. Each of these areas includes both legislative and executive reforms, covering the immediate and short term, as well as the medium and long term.

a. General Budget Reforms

Objective: to restore the unity of the state budget, strengthen fiscal discipline, and apply international governance standards.

Immediate and short-term recommendations:

- Issue a sole unified state budget law within the legally prescribed timeframe, to be implemented by a sole government, that is to commit to ensuring that expenditure remains within projected revenues, and that the general budget includes clearly defined and measurable targets (overall, sectoral, and regional).
- Discontinue the negative practices from previous years, such as expenditures based on the 1/12 rule for consecutive years, off-budget spending agreements, or financial arrangements, and eliminate all practices that perpetuate deviations from preparing and implementing a disciplined and balanced unified budget.
- Activate the Unified Treasury Account between the Ministry of Finance and the Central Bank of Libya, with clearly defined and legally regulated roles.
- Issue a comprehensive budget circular (one only) specifying expenditure ceilings and guidelines, with clearly defined quantitative and qualitative targets, as well as macroeconomic and sectoral indicators.
- Clarify the legal mandates and responsibilities among the National Planning Council, the Government, and the Ministries of Finance and Planning, and prevent overlaps in competencies.
- Ensure the regular disclosure and publication of financial data, and adopt international standards, such as the IMF Fiscal Transparency Code, as a reference framework for periodic evaluation.

- Review and audit public debt and establish a specialized public debt management unit within the Ministry of Finance.
- Close the annual final accounts within their legally mandated timelines, without exception.
- Strengthen the capacity of national staff in budget preparation, execution, monitoring, evaluation, and closure, in accordance with modern international standards.

Medium- and Long-Term Recommendations:

- Review and develop the legislation governing public finances to align with modern international standards and best practices in public financial management.
- Transition gradually to target-based budgeting, alongside the adoption of the unified treasury account as the primary execution framework.
- Adopt a new administrative and economic classification of budget items in line with international standards.
- Activate a macroeconomic and modeling unit within the Ministry of Finance to undertake fiscal forecasting, forward-looking analysis, and the preparation of independent revenue and expenditure projections.
- Development of Sovereign Revenues (Oil and Non-Oil)

Objective: to gradually increase the share of non-oil revenues and halt leakage in oil revenues.

Immediate and Short-Term Recommendations:

- Enact a law to safeguard public funds that criminalizes violations including encroachment on public revenues, negligence in their collection, the accumulation of public debt without prior legal authorization, and failure to finalize annual accounts within legally mandated deadlines, among other breaches of financial legislation, with strict penalties imposed on violators.
- Allocate revenues generated from foreign exchange sales fees and surplus oil revenues for specific financial purposes, foremost among them the repayment of public debt.
- Increase customs duties, based on careful assessment, on non-essential, luxury, and high-end goods.
- Require public companies and sovereign investment funds to finalize their closing accounts and transfer the state's share of profits to the public treasury, in accordance with applicable legislation.

- Reform the tax system, expand the tax base, and improve the efficiency of customs revenue collection.
- Strengthen the capacity of revenue-related institutions and digitize collection and payment processes.

Medium- and Long-Term Recommendations:

- Update the tax and customs laws of 2010 and consider reducing income tax rates to broaden the tax base and increase tax revenues.
- Conduct studies to introduce a Value Added Tax (VAT) on goods and services, and a property tax on real estate and land, as sustainable additional revenue sources.
- Examine the introduction of taxation on high public-sector salaries, while considering tax exemptions for private-sector employees to encourage workforce transition toward the private sector.
- Modernize the revenue collection system and address the low collection rates from fuel sales revenues.
- Regulate migrant labor and integrate it into the tax and social security systems.
- Reassess sovereign fund investments to generate sustainable annual financing for the state budget.
- Gradually integrate the informal economy into the formal system through incentives for registration, digitization of transactions, and tax reforms, in order to maximize non-oil revenues.
- Rationalization of Public Expenditure (Across All Budget Chapters)

Objective: To gradually reduce public expenditure toward a sustainable fiscal range, while protecting vulnerable groups and correcting the significant imbalance between current and investment spending.

Chapters I and II (Salaries and Operational Costs)

Immediate and Short-Term Recommendations:

- Limit the creation of new entities or institutions funded by the state budget.
- Suspend the issuance of any legislation stipulating the increase of wages until the unification of institutions is completed, overlapping entities are merged and reduced, and their organizational structures and staffing frameworks are finalized.

- Enact a unified salary law ensuring that the ratio between the minimum and maximum wages does not exceed 8–10 times, in line with international practice.
- Restrict new public-sector hiring to cases of necessity, taking into account existing vacancies within the approved staffing structures.
- Merge institutions with similar mandates and reduce the number of entities financed through the state budget.
- Reduce expenditures on subsistence, hospitality, travel, accommodation, official missions, building rents, employee housing, vehicles, security, conferences, and maintenance.
- Prohibit the purchase of luxury and armored vehicles and suspend ownership transfer of state-owned vehicles for at least two years.
- Reduce the number of employees in embassies and diplomatic missions, and close or merge at least half of Libya's diplomatic missions abroad.
- Continue auditing the national ID system and integrate it with the payroll system to prevent duplication and fraud.

Medium- and Long-Term Recommendations:

- Restructure the state and public institutions, transitioning gradually and systematically toward a regulatory state rather than a direct implementer.
- Reform the salaries system and link it to performance indicators and evaluation of employees and administrative units.
- Reduce the size of the public workforce at central and local levels through voluntary early retirement programs and selective replacement.
- Ensure compliance with the Planning Law, particularly by limiting current expenditure to no more than 30% of oil revenues.

Chapter III (Development)

Immediate and Short-Term Recommendations:

- Prohibit any spending outside the approved state budget by any entity.
- Prohibit the transfer of funds from chapter 3 allocations to other budget chapters.
- Review and assess ongoing and stalled development projects to determine necessity and prioritize accordingly.
- Adhere to public tendering procedures as the primary mechanism for government contracts and procurement, restricting direct contracting to cases of extreme necessity.

- Define which activities or projects should remain under state ownership and operation, and which should be transferred to the private sector or implemented through public-private partnerships (PPPs).
- Suspend the purchase of vehicles and buses under Chapter 3 for at least two years.
- Conduct a national population census and core economic surveys.
- Strengthen the Bureau of Statistics and Census, enhancing the comprehensiveness and reliability of data.

Medium- and Long-Term Recommendations:

- Review and update the Planning Law to align with modern international standards for public investment management.
- Revise and modernize administrative contracts and procurement regulations to ensure transparency and fair competition, while prioritizing Libyan contractors to support the domestic construction sector and retain financial resources domestically.
- Develop a vision document and indicative plan for economic restructuring and diversification.
- Engage the private sector in the financing, implementation, and management of development projects within a clear legal framework.

Chapter IV (Subsidies)

Immediate and Short-Term Recommendations:

Subsidies in Libya serve as a structural mechanism to compensate for low-income levels and limited purchasing power of the citizens, aiming to mitigate inflationary pressures and maintain social peace. However, the current subsidy system is accompanied by negative distortions that threaten its sustainability. It is therefore not recommended to implement major reforms in the short term until the following measures are adopted:

- Issue a law to protect public funds and prevent leakages and losses in economic resources.
- Amend legislation to impose stricter penalties on smuggling of fuel and subsidized goods.
- Review and audit actual fuel and petroleum product needs for major public-sector consumers.

- Combat fuel smuggling and seek international cooperation, given the involvement of complex local and transnational organized crime networks.
- Terminate oil-for-fuel barter arrangements and rely instead on imports through letters of credit.
- Utilize modern technologies to establish a system for tracking the fuel supply chain, from receipt to transportation, distribution, and sale.
- Identify vulnerable and disadvantaged groups using data from social security, solidarity, zakat funds, and municipal and social affairs databases.

Medium- and Long-Term Recommendations:

- Enact legislation regulating gradual subsidy reform within an integrated social protection system that ensures resource sustainability and protects vulnerable groups. This should be implemented by a government emerging from an electoral process after meeting requirements for improved public resource efficiency and targeted subsidy allocation to halt losses and smuggling, and to ensure a fair social protection system.
- Establish a modern digital system for subsidy beneficiaries, integrated with civil registry and social databases.
- Implement a comprehensive social protection system, restricting subsidies to eligible groups only.
- Develop a universal health insurance program, covering all citizens, improving healthcare services and reducing the need for treatment abroad.
- Gradually transfer public service delivery to the Libyan private sector, while maintaining the state's regulatory and supervisory role.
- Launch a comprehensive public dialogue and awareness campaign addressing the citizens on the rationale and benefits of subsidy reform before and during implementation.
- Develop public transport systems and networks, and promote fuel-efficient vehicles (hybrid/electric) to reduce fuel demand.
- Encourage the use of solar energy (more cost-effective in the long term) to reduce reliance on subsidized fuel for electricity generation.
- Reduce reliance of the electricity company on diesel for power generation and transition to natural gas as a primary energy source.

b. Public Debt Management

Objective: To halt the rapid and uncontrolled accumulation of public debt and to establish a clearly prioritized repayment plan.

Immediate and Short-Term Recommendations:

- Enact a law regulating public debt management, defining the mechanisms for incurring and repaying debt, as well as setting a maximum allowable ceiling for domestic public debt relative to GDP.
- Conduct a comprehensive inventory of all liabilities and debts owed by the public treasury and classify them according to priority.
- Establish a high-level committee to oversee and monitor public debt, comprising the Prime Minister, the Minister of Finance, and the Governor of the Central Bank.
- Establish a technical committee to analyze, classify, and review public debt.
- Adopt international standards of governance, disclosure, and transparency in all matters related to public debt.
- Prohibit the accumulation of any new public debt or additional financial obligations prior to the enactment of a public debt management law.
- Obligate all state institutions to finalize their annual closing accounts.
- Accurate and timely publication of data related to public debt and repayment.

Medium- and Long-Term Recommendations:

- Refrain from assigning any financial obligations to the state budget that have not been previously allocated appropriations.
- Conduct an annual inventory of all liabilities and debts and prioritize them in budget allocations.

2) Oil and Energy Sector and Management of Sovereign Resources

The recommendations under this pillar focus on protecting oil wealth as a shared asset across generations, while maximizing local value added through a gradual transition from crude oil exports to refined petroleum products and petrochemicals. They also emphasize the restructuring of the National Oil Corporation (NOC) and the Libyan Investment Authority (LIA) in line with international standards of transparency and governance. These recommendations are grounded in the reality that proven reserves, estimated at approximately 48 billion barrels since the 1980s, are expected to decline gradually unless supported by the development of mature (aging and underutilized) oil fields and new exploration activities. This underscores the urgent need to accelerate economic diversification.

a. Oil Sector Governance

Immediate and Short-Term Recommendations:

- Regulate the institutional relationship between the Ministry of Oil and Gas, the National Oil Corporation (NOC), and the Energy Council to ensure clear mandates and complementary roles, preventing the recurrence of structural imbalances and negative practices witnessed in recent years, while limiting political interference in technical and operational matters, thereby strengthening institutional stability and preserving the sector's efficiency and reputation both domestically and internationally.
- Develop a comprehensive strategic plan for the oil sector, including an assessment of restructuring and reorganization aimed at improving performance efficiency, ensuring transparency, and integration of competencies rather than overlapping and conflicting ones. This should include evaluating the transformation of NOC into a holding company operating in accordance with work efficiency standards, cost accounting, and drawing on best practices from comparable oil-producing countries.
- Engage international consulting firms and expertise to support the preparation of the strategic plan and studies required to enhance the performance and development of the oil sector.
- Strengthen internal control systems and performance indicators within the NOC and establish a dedicated risk audit committee.
- Enhance oversight over procurement processes by activating monitoring systems and eliminating direct contracting.
- Close accumulated budgets of the NOC and its subsidiaries and ensure that their final accounts are audited by both the Audit Bureau and an independent party.
- Discontinue the use of the proxy payment mechanism, given its lack of transparency and oversight.
- Settle all agreements and obligations related to the oil sector.
- Adopt a comprehensive governance framework aligned with best practices.

- Require the NOC to prepare: Annual operational budgets, multi-year investment plans, realistic production and depletion plans and audited final accounts.
- Deposit oil revenues into a unified sovereign account, fund the NOC based on approved budgets, allow regulated borrowing, and issue debt instruments under clear rules and defined purposes.
- Link funding to performance: cost per barrel as a measure of efficiency, unplanned production shutdowns as a measure of readiness, and other relevant performance indicators.
- Terminate all oil barter arrangements for any purpose and ensure that oil sales and procurement of petroleum derivatives are conducted through transparent competitive processes, with payments made via letters of credit.
- Confirm that the NOC is the sole authorized entity for the sale of Libyan oil and gas, with no delegation of this authority. All sales must be conducted through letters of credit, with proceeds deposited into the Libyan Foreign Bank, and subsequently transferred to the state treasury account at the CBL.
- Ensure monthly settlement of oil revenues between the NOC's inspection and measurement and marketing departments and the financial resources department of the Ministry of Finance.
- Publish weekly and monthly detailed reports outlining exported quantities of oil and gas, average selling prices, total revenues generated, amounts collected from oil and gas sales, royalties, and taxes, with clear reporting periods. In addition to the quantities of imported fuel products and corresponding payments.

Medium- and Long-Term Recommendations:

- Update the Oil Law issued in 1955 to better regulate the sector and define the roles of its institutional structures, ensuring effective governance and operations in line with international best practices, while achieving efficiency and transparency and limiting the impact of political conflicts on the sector and the national economy.
- Establish an independent regulatory authority for oil and energy, separate from executive and operational entities, composed of experts in oil and gas, economics and energy, law, accounting, and governance. Its mandate would include reviewing regulations to improve the regulatory environment, approving contracts to safeguard national interests,

overseeing performance to enhance efficiency, and issuing reports to promote transparency.

- Conduct an objective evaluation of the current exploration round, and prepare for additional rounds that would contribute to increasing reserves, offsetting depletion, and improving extraction and recovery rates.
- Increase oil and gas production rates and gradually shift from exporting crude oil to exporting refined petroleum products and petrochemicals.
- Invest a portion of oil revenues to expand renewable energy production, within the framework of the state budget.

b. Restoration of Oil Production and Development of Oil Industries

Immediate to Short-Term Recommendations:

- Upgrade urgent maintenance programs for oil extraction, production, and transportation equipment, and modernize them. Allocate the necessary funding in accordance with defined budgets and funding sources and monitor compliance through phased implementation and monitoring as a condition for continued financing.
- Conduct studies of oil reservoirs to increase field production capacity and maximize recovery. This includes developing discovered small fields, connecting non-producing wells to production systems, and expanding drilling activities for development and exploration purposes.
- Limit overseas training programs to areas not available domestically, conducted at high-quality training centers, and restrict participation to targeted personnel under a structured capacity-building plan.
- Strengthen the role of the private sector by promoting the use of local elements in oil services on the basis of competition and transparency.
- Review the potential return to granting concessions to benefit from the technical and operational capabilities of leading companies, while enabling local participation in accordance with efficiency standards.

Medium-Term Recommendations:

- Upgrade the infrastructure of the oil and gas sector and oil production technology.
- Develop oil and gas fields to extend their lifespan, increase reserves and recovery capacity (productivity), and employ the latest enhanced oil recovery technologies.

- Invest in the development and upgrade of field and oil facility infrastructure.
- Invest in development projects and maintain recovery capacity (productivity).
- Increase gas production rates, minimize gas flaring by using associated gas liquefaction technology, supply gas to power plants and export the surplus, and study liquefied natural gas (LNG) projects for export.
- Invest in petrochemical industries upon establishing the economic feasibility of producing polyethylene, polypropylene, fertilizers, ammonia, methanol, and plastics.
- Invest in the development of existing oil refineries based on economic feasibility studies, expedite the completion of the South Refinery project, and accelerate necessary maintenance at the Ras Lanuf Refinery. This aims to reduce fuel imports, export surplus production, and utilize the byproducts of the first phase of oil refining locally.
- Develop an integrated industrial and service system to support the oil and gas sector and reduce reliance on costly external services. The system priorities are to include establishing centralized maintenance workshops, developing engineering industries, establishing unified strategic storage facilities, manufacturing certain spare parts locally, and improving supply services.
- Utilize Law 14 of 2010 to establish special industrial zones for petrochemical and oil industries and related services, as well as industries that rely on them.
- Disburse the funds allocated to the oil sector in the approved budget on schedule so that the NOC can fulfill its contractual obligations, maintain equipment maintenance, and keep production rates stable, until the study and approval of the transformation of NOC into a holding company operating according to efficiency and performance standards is completed.

c. Sovereign Revenues – Libyan Investment Authority

Immediate and Short-Term Recommendations:

- Restructure the Libyan Investment Authority (LIA) according to the plans prepared for this purpose.

- Proceed with the liquidation of all distressed subsidiaries of LIA, based on completed studies, and focus LIA's efforts on reinvesting the proceeds of the liquidation.
- Publish the financial statements of LIA, as stipulated by the relevant Security Council resolutions.

Medium-Term Recommendations:

- Amend LIA's Law to clarify several key aspects, most importantly LIA's objectives and oversight mechanisms, enhance the independence of its investment decisions, regulate its investments in local currency, define the powers and functions of its leadership, regulate its relationship with other state bodies, and clearly define and separate the mechanisms for its contribution to supporting the public treasury.

d. Sovereign Revenues – Economic Diversification and Addressing Economic Fragility

Immediate and Short-Term Recommendations:

- Shifting away from a rentier economy is a priority that necessitates initiating plans to diversify the economy and shift from consumption-based to production-based economy, in preparation for a subsequent era, during which the oil could be depleted.
- Conduct regular demographic and economic surveys to determine the level and manifestations of economic fragility.

Medium-Term Recommendations:

- Implement strategic plans to diversify the economy and expand the role of the private sector in developing new industrial and service sectors.
- Continuously monitor the results of implementing plans to address economic vulnerability and address any shortcomings.

3) Restructuring and Diversifying the Economy and Encouraging the Private Sector

The Libyan economy stands at an existential crossroads: either continue with the current rentier model, which represents a rapidly declining trend, or undergo a structured transition towards a value-producing state model. The third pillar document presents a strategic vision based on four parallel tracks—institutional, legislative, vertical diversification, empowerment, and financing—capable of dismantling the *Dutch Disease* structure, diversifying the economy, and securing the well-being of future generations. The recommendations stem from a vision of shifting the state's role from operator to regulator and are distributed across four integrated strategic packages.

a. Restructuring the Economy

Objective: To build governing institutions capable of managing systemic crises, giving room for the private sector, and ensuring social protection before reform.

Recommendations for the Immediate and Short Term:

- Implement a unified digital attainment system, i.e., introducing a *unique economic identification number* for each company and linking it to the tax and credit numbers to streamline transactions and prevent tax evasion and double taxation. This includes generalizing the application of *Instant Salary* payment system across all government sectors without exception, as part of the required financial reforms.

Recommendations for the Medium and Long Term:

- Shift the role of the government and its various institutions from directly managing the production of goods and services to a regulatory and oversight role, while opening the door for private sector participation in the telecommunications, oil, electricity, port, and airport services sectors.
- Governing Public Services: Initiate a program to contract with the private sector to improve service quality and reduce costs, while linking payments to performance and quality indicators.
- Social Protection as a Prerequisite for Transformation: Initiate restructuring requires building an integrated system of proactive protection for vulnerable groups to safeguard them from falling below the poverty line and to mitigate the cost of the economic reforms included in restructuring programs. This should be coupled with the implementation of intensive rehabilitation and training programs for public sector employees to facilitate their integration into the private labor market.
- Strengthen efforts to prevent monopolies, promote competition, and protect intellectual property, and enact legislation to regulate this entitlement.
- Establish a Financial Stability Council, responsible for developing and implementing macroprudential economic policies to address systemic

crises that may affect the financial and banking sector and to mitigate their impact on economic and financial stability. The Council should comprise all institutions within the financial system and the CBL, and should be granted broad powers to access data, issue reports, and coordinate macroeconomic and macroprudential policies.

b. Economic Diversification

Objective: To maximize the added value of oil resources and introduce new industrial sectors in which the economy possesses a comparative advantage, generating returns ranging from 5 to 10 times the value of crude oil sales.

Medium-Term Recommendations:

- Expand the cultivation of olive and date palm trees, open the market for exporting olive oil and packaged dates, provide the necessary incentives for farmers, and focus on grain cultivation and the establishment of grain-based food industries.
- Activate Law 14 of 2010 on the establishment of special economic free zones and expand the development of free zones that combine import, export, packaging, and storage activities, complete the manufacturing of semi-finished products, and receive and handle containers. Among the zones that can be relied upon are the free zones in Misrata, Benghazi, Al-Mreisa, Derna, and Tobruk. Open the market to foreign capital participation and knowledge transfer.

Long-term recommendations:

- Start building petrochemical and plastics complexes and exporting petroleum derivatives (ethylene, propylene, plastics, ammonia, urea, methanol and its derivatives, synthetic fibers, synthetic rubber, industrial plastics and industrial oils and greases), and establish industries whose inputs depend on these products, ensuring returns ranging from 5 to 10 times the returns from exporting crude oil.
- Support the activities of the Industrial Research Center to develop an investment map for natural resources (iron-ore, marble, clays, uranium, gold, silica sands, sulfur, and antimony) and facilitate their exploitation through transparent international partnerships that guarantee the rights of future generations.
- Develop the construction materials industry, particularly the cement industry, whose raw materials are available in economically viable

quantities sufficient to meet domestic consumption and export needs, by restructuring cement companies, reforming their financial positions, and opening the field to private sector investment.

- Organize public-private partnerships and provide guarantees and tax incentives to attract investors.
- Focus on investment in clean and renewable energy resources such as solar and wind power, as part of reducing dependence on fossil fuels and attracting foreign investment in partnership with the private sector in Libya.
- Focus on the tourism sector as an important economic resource and open the sector to private and foreign investments in historical, desert, and cultural tourism.

c. Investing in Geography and Special Free Zones

Objective: To transform geography, coastlines, and tourism resources from a dormant asset into a regional source of income alternative to oil, through the activation and development of relevant legislation.

Medium- to Long-Term Recommendations:

- Launch the *Blue Economy* Initiative: Utilize Libya's 2,000 km coastline to provide maritime services and ports for yacht and tourist vessel owners for maintenance and refueling.
- Regulate harvesting of fish, shellfish, and sponges, and establish canning industries and related export activities.
- Encourage advanced marine fishing and marine supply, thus positioning Libya as an international maritime transport hub in the Mediterranean.
- Develop tourist resorts along the Libyan coast to attract tourists and provide organized recreational facilities for citizens.

d. Stimulating the Private Sector

Objective: To increase the private sector's contribution from 6.6% to the international standard (65–75%) by dismantling legal, financial, and bureaucratic obstacles.

Short-Term Recommendations:

- Reactivate the *One-Stop Shop* and *Libya Foreign Trade Network* initiatives to streamline procedures for establishing individual projects and initiatives, while providing advanced technical mechanisms for follow-up and subsequent monitoring.

- Move forward with the efforts to unify the Libyan dinar exchange rate through a policy adopted by the CBL, whereby the bank will manage the exchange rate in the foreign exchange market by setting a special, adjustable exchange rate that balances the supply of foreign currency (restrictions-free) and the demand for it for various purposes, until an equilibrium rate is reached. The CBL's experience in adjusting and unifying the exchange rate during the period 2000–2002 should be utilized.
- Resume the activities of the Real Estate Registration Authority in accordance with legal and technical regulations that are in keeping with the current stage, to enable investors to use real estate as collateral for financing.

Medium- and Long-Term Recommendations:

- Update and diversify banking products and enhance the role of banks in financial intermediation and the provision of trade finance tools and products. This will contribute to strengthening customer confidence in the national banking system and supporting economic transformation and diversification programs.
- Launch a national initiative, led by the CBL and with the participation of commercial banks, in coordination with the Ministry of Economy, to finance small, and medium enterprises and overcome the challenges they face, according to a comprehensive technical and credit framework that ensures their sustainability.
- Activate guarantee funds to support innovators and develop microfinance services to enhance financial inclusion.
- Revitalize investment funds and develop their operational mechanisms to encourage national and foreign private sector investment and participation.
- Engage national private companies in completing stalled projects, particularly in the housing and utilities sectors, within reconstruction plans, and finalize the review of outstanding contracts.
- Open the renewable and clean energy sector to private sector investment, while establishing a legal framework that obligates the General Electricity Company to purchase the generated power or regulate its direct distribution.

- Adopt modern urban and industrial plans and equip them with the necessary infrastructure to serve as platforms for launching private sector initiatives in the form of urban and industrial development motives, within a comprehensive vision for revitalizing the national economy and addressing bottlenecks hindering economic activity.
- Develop flexible legislation aimed at integrating informal activities (the informal economy) through tax incentives and streamlined registration to ensure fair competition and eliminate distortions in economic activity.
- Reform financing incentives by designing a reward system linked to the success of microfinance projects and the percentage of completion, instead of relying solely on a fixed salary.
- Adopt a gradual tax reform policy by replacing the fixed rate with a flexible tax system based on the company's lifespan and type of activity, while granting exemptions to incentivize the private sector.
- Establish a development fund, financed within the state's general budget, aimed at giving a strong boost to the spatial revitalization of economic sectors and overcoming the stagnation in the production sector, thereby creating an environment conducive to economic reforms and diversification in the medium term.
- Strengthen efforts to prevent monopolies, promote competition, and protect intellectual property, and enact legislation to regulate these matters.

4) Balanced Development and Economic Justice

This pillar represents the social and spatial dimension inherent in macroeconomic reform. Sustainable economic development cannot be achieved while developmental disparities persist between regions, social gaps widen, and human capital efficiency remains low. The success of any economic reform is not solely dependent on achieving fiscal balances but also requires a more equitable distribution of opportunities and services, strengthening social safety nets, and aligning education and employment with the needs of the economy. The recommendations of this pillar stem from three key facts outlined in the reference report: the continued imbalance in the spatial distribution of development, the widening social disparities in income, employment, and welfare opportunities, and the growing gap between educational outputs and labor market needs, which limits the economy's ability to employ its human resources productively and sustainably.

a. Spatial Development

Objective: To build a balanced development model based on addressing developmental imbalances between cities and regions through the optimal utilization of the resources available in each city and region.

Recommendations for the Immediate and Short Term:

- Strengthen political and security stability as a prerequisite for any development intervention, and work to insulate economic and service resources from conflict, in order to ensure the continuity of development projects and mitigate investment risks.
- Reconsider the administrative divisions of the state and the Local Administration Law to activate decentralization by transferring more powers to municipalities, particularly in the areas of basic services and local development, both in planning and implementation.
- Improve the level of access to basic services by supporting education, health facilities, and vital infrastructure, particularly in less developed areas such as villages, rural areas, and small towns, thereby reducing internal migration to major cities.
- Develop a national investment map that provides accurate and up-to-date data on investment opportunities in each municipality, to serve as a reference for local and international investors.
- Stimulate investment in less developed areas through exceptional incentives (tax exemptions, procedural facilitations, logistical support, etc.), with a focus on locating industries near sources of raw materials.
- Launch employment and training programs for youth and women according to quality standards, with guarantees for the banking sector, particularly specialized banks, and linking them to the needs of the local market, in addition to supporting small businesses through grants and concessional loans.
- Activate local consultation platforms that include municipalities, civil society, and the private sector, and engage citizens in setting local spending priorities.

Medium- and Long-Term Recommendations:

- Reform the legal and institutional framework for local governance to grant municipalities broader financial and administrative powers, while building their capacity in planning and project management.

- Establish a fair national system for utilizing resource revenues by adopting a clear formula for allocating public spending that takes into account population, geography, and the level of development gaps.
- Direct existing development funds to expand their operations to bridge development gaps between regions.
- Redirect public spending equitably and efficiently to improve the quality of basic services (education, health, infrastructure).
- Develop integrated infrastructure (roads, transportation, energy, communications) to enhance connectivity between regions and facilitate the movement of investment, trade, and labor.
- Adopt a regional development hub model by developing economic centers outside major cities according to regional and sub-regional plans, thereby contributing to achieving the desired local development.
- Expand community participation and governance by establishing permanent mechanisms for dialogue and accountability and developing e-government to improve efficiency and reduce corruption.
- Shift towards a balanced and diversified development model that reduces dependence on oil as the primary source of income and strengthens the role of non-oil sectors in creating value and employment opportunities through investment in untapped natural resources.

b. Social Justice

Objective: To reduce disparities in income and living standards among different segments of society, to ensure equal access to basic services and a decent standard of living for all citizens without discrimination.

Immediate and Short-Term Recommendations:

- Reform and update the legal and institutional framework by conducting a legislative review of social security and health insurance laws to identify coverage gaps (for youth, women, and persons with disabilities), issue transitional executive decisions that allow for expanding coverage without waiting for a comprehensive legislative amendment and standardize eligibility criteria across regions to reduce geographical disparities.
- Activate the Health Insurance Fund by launching a pilot phase in a number of priority municipalities in the south, east, and west, to cover a package of essential services such as primary care, emergency services, and maternal and child health, and adopt a system for purchasing health

services from the public and private sectors to reduce pressure on government facilities.

- Establish a social safety net by launching a temporary cash transfer program for vulnerable groups (families below the poverty line, internally displaced persons, and elderly people without income), based on databases from the Ministry of Social Affairs, the *Zakat* Fund, municipalities, and local councils, and through a community-based verification mechanism to identify those most in need.
- Provide financial protection from healthcare costs for individuals with chronic illnesses by offering a temporary financial ceiling for private healthcare services in emergency cases or by introducing healthcare vouchers for them.
- Improve access to basic healthcare services by urgently supporting primary healthcare facilities with medicines and supplies, deploying mobile medical teams in remote areas, and activating a simplified referral system between primary care and hospitals.
- Launch a national awareness campaign on citizens' rights to social security and how to access healthcare services, utilizing various media (radio, municipalities, and civil society organizations).
- The State commits to establishing affordable housing projects for young people and low-income individuals, with installment payment options, provided that the units cannot be sold, transferred, or rented until the amount is paid in full.
- The State contracts with banks to provide interest-free loans for cars to young people and low-income individuals.
- Integrate a disability perspective into reconstruction and development plans, including adopting universal accessibility standards in all nationally and internationally funded projects.
- Allocate interest-free loans to persons with disabilities and fund municipalities to implement small projects specifically for people with disabilities.
- Reduce account opening fees and annual subscriptions for people with disabilities, as well as for associations working in the field of disability (provided that their owners and founders are people with disabilities, not able-bodied individuals).
- The Social Solidarity Fund is obligated to schedule the disbursement of financial and service benefits on a monthly basis without delay, and to publish regular reports for transparency.

- All regulations and decisions that deprive persons with disabilities of their legal rights shall be reviewed and repealed within a maximum period of 90 days.
- A unified and up-to-date national database of persons with disabilities shall be established within one year to ensure the equitable distribution of services and benefits.
- Comprehensive policies and programs shall be adopted to empower persons with disabilities economically, including the provision of assistive devices and tools, care and rehabilitation services, and access to transportation and infrastructure, to guarantee freedom of movement and mobility on an equal basis with others.
- The Libyan Regulation for Universal Design shall be adopted, which obligate all institutions to adapt buildings and roads to facilitate the movement of persons with disabilities.
- The national health insurance system shall be developed based on the strategic procurement of services, and the quality of healthcare shall be improved through national standards and institutional accreditation.

Medium-Term Recommendations:

- Conduct structural reform of the social security system through a transition to a comprehensive, multi-pillar system covering healthcare, unemployment, disability, retirement, and the gradual integration of workers in the informal economy through flexible contributions and tax incentives.
- Expand the private sector's contribution base by developing a digital system for registering workers and employers, providing incentives and tax reduction, offering partial contribution subsidies for small businesses, and implementing gradual compliance monitoring mechanisms.
- Build an effective national health insurance system, transitioning from direct financing to a health insurance system based on the strategic procurement of services, adopting a national health services package, and introducing a digital health information system.
- Enhance the quality of health services by establishing national quality and accreditation standards for health facilities, training and incentivizing medical personnel (especially in remote areas), and engaging the private sector within a clear regulatory framework.
- Enhance governance and accountability through the establishment of independent oversight mechanisms over the Social Security and Health

Insurance Fund and the adoption of transparency in the publication of financial and service reports.

- Integrate the needs of persons with disabilities into economic and local policies.
- Support entrepreneurship and innovation by activating business incubators and launching sustainable financing programs.
- Encourage international partnerships, allocating specific resources within economic recovery programs to support the economic inclusion of persons with disabilities.
- Provide full tax exemptions, comprehensive exemptions, and other exemptions of up to 50% for persons with disabilities in all public sectors, including: public housing, parks and gardens, airports, passports (passport and personal identification fees), customs exemptions (customs exemptions on vehicles, equipment for persons with disabilities, and specialized medical devices), administrative procedures such as birth certificates, family status documents, residency certificates, traffic licenses, and banking procedures.
- Develop the digital and physical infrastructure to ensure that all public facilities, transportation, and electronic applications comply with universal accessibility standards for persons with disabilities.
- Update the education and training system and establish an inclusive education system that integrates persons with disabilities into public schools and universities, instead of special schools, to promote confidence and social participation.
- Establish an independent authority for economic integration and empowerment for persons with disability and adopt economic quota for them.

c. Human Capital

Objective: Comprehensive transformation towards a knowledge-based economy and achieving sustainability.

Immediate and Short-Term Recommendations:

- Update legislation and regulations by reviewing them to enable higher education and scientific research institutions to achieve the administrative and financial independence necessary for competitiveness.

- Restructure institutions and conduct a comprehensive evaluation of the organizational structure of the Ministry of Higher Education and universities to ensure a shift towards decentralized management.
- Regulate admission policies, assess actual labor market needs and university capacity, and establish guiding standards for admission that limit "quantitative expansion" at the expense of quality.
- Strengthen quality assurance and competitiveness systems by defining quality standards for curricula and teaching methodology that teachers must adhere to and making them part of performance evaluation and promotions.
- Activate partnerships with the private sector by establishing a legal framework that ensures the contribution of private education as a complementary partner to the formal system, while strengthening oversight to guarantee quality.
- Implement a mandatory employment quota of at least 5% for persons with disabilities in both the public and private sectors, with annual monitoring of implementation.
- Integrate students with disabilities into public educational institutions, providing them with access to assistive educational resources in all major cities.

Medium-Term Recommendations:

- Improve the quality of educational services and pursue institutional and program accreditation for Libyan universities to elevate their international rankings and ensure the quality of their graduates.
- Support applied scientific research and direct graduation projects and dissertations (especially for students studying abroad) to address real problems in the national productive and service sectors.
- Develop technical and vocational education by focusing on preparing technicians in the 17 approved professions (such as oil, engineering, and energy) and updating their curricula to include intensive field training.
- Build human and institutional capacities through training programs for faculty members and administrative staff and develop modern teaching methodologies.
- Strengthen partnerships with the private sector in education, training, and employment, while establishing regulatory frameworks that ensure quality and efficiency.

- Support participation in international exchange programs for research and encourage attendance at international conferences and exhibitions, given their importance in keepin abreast of the latest scientific innovations and developments and keeping pace with technological advancements. This will help solidify the fundamental principles of applied sciences. Exchanging experiences with developed countries, visiting factories, laboratories, and workshops contributes to the development of the educational process.
- Align educational outcomes with labor market requirements by:
  - Regularly updating curricula according to economic needs.
  - Encouraging enrollment in technical and vocational education and field training.
  - Regulating university admission policies to reduce the imbalance between supply and demand in the labor market and enhance the practical competence of graduates.
- Promote entrepreneurship and support student and graduate service centers in educational institutions.
- Create mechanisms for joint cooperation (technical and financial) with governmental and international institutions and companies operating in the areas where educational institutions are located.
- The presence of student services offices within universities enables students and graduates to learn about available job opportunities and participate in job fairs, competitions, and other services provided by these offices, similar to many regional and international universities.

Long-Term Recommendations:

- Transition to a Knowledge-based Economy by transforming education models to build the skills required for future jobs, thereby reducing dependence on a rentier oil economy.
- Integrate Technology and Artificial Intelligence by investing in AI and e-learning technologies to develop the scientific research system and lifelong learning.
- Rationalize Spending and Provide Alternative Funding by increasing the fixed percentage of GDP allocated to development spending on education and scientific research, while encouraging universities to generate self-generated revenue through research centers of excellence.

- Enhance Sustainability and National Security by focusing scientific research on renewable energy, food and water security, and the environment to support sustainable economic and national stability.

5) Reforming and Coordinating Economic Policies

This pillar focuses on the urgent need for a unified economic framework that integrates fiscal, monetary, labor market, trade, and subsidy policies under a single coordinating umbrella. This framework would end the *fiscal dominance* over monetary policy and restore the effectiveness of economic tools. These recommendations are particularly important given the rapidly escalating public debt, which has exceeded 303 billion dinars, the parallel exchange rate surpassing 10 dinars per dollar in February 2026, and the withdrawal of 47.17 billion circulating dinars, 21.5% of which is currency printed outside legal frameworks, reflecting a loss of monetary control.

The proposed reforms in this pillar necessitate overcoming a pivotal structural problem: the so-called *fiscal dominance*. This is a situation where monetary policy is subservient to the needs of fiscal financing, causing the central bank to lose its ability to control liquidity and inflation. Overcoming this problem is the first condition for restoring the effectiveness of economic policies, and requires, as a first step, unifying the central bank and enacting a law that confirms its independence.

a. Fiscal Policy Reform

Immediate and Short-Term Recommendations:

- End the fiscal division and adopt a single, balanced, and disciplined national budget within the limits of available revenues. Its estimates should be based on a provisional oil price and take into account the needs of different segments of society. This budget should be implemented by a single government.
- Refrain from expanding or increasing public spending as a result of rising oil prices. Commit to directing any increase in oil revenues towards developing foreign exchange reserves or repaying public debt.
- Establish binding financial ceilings for all current expenditure items and implement a fiscal rule that links the annual growth of spending to the growth rate of non-oil revenues.

- Deposit all oil revenues into the Public Treasury account at the CBL and require all public entities to pay for fuel purchases using their allocated funds. Suspend annual settlements through the Ministry of Finance.
- Refrain from using the funds of public institutions and companies to finance activities directed by the government and respect their independence in achieving their established objectives.
- Obligate all public sectors and institutions to use the *Instant Salary* system to prevent duplicated employment. The deadline for implementation is the end of July 2026, and no salaries will be disbursed outside this system after that date. This system will also regulate and control employment within the public sector.
- Reform the subsidy system (fuel and medicine) and link it to the actual needs of the Libyan market, while monitoring distribution and combating smuggling.
- Diversify income sources to reduce excessive dependence on oil.
- Consolidate and reduce diplomatic representation in Libyan embassies, consulates, and missions abroad.
- Reform the tax and customs system and combat corruption, particularly given that non-oil sovereign revenues remain extremely limited.
- Immediate cessation of any expropriation proceedings, unless required by a genuine and specific public interest, and in accordance with the law, and after fair and equitable compensation to the rightful owners.

Medium- and Long-Term Recommendations:

- Develop a salary scale that minimizes large disparities and is linked to performance and efficiency standards, ensuring that the difference between the maximum and minimum wages does not exceed ten times.
- Reorder public spending priorities to favor infrastructure, education, health, and productive projects.
- Reduce deficit financing, keeping spending within the limits of available resources. The general budget should be balanced unless economic disruptions necessitate deficit financing under a law that specifies the repayment mechanism.
- Develop a medium-term (3-year) strategy for managing public debt and reducing its risks.
- Enhance transparency by publishing regular reports on revenues, expenditures, and public debt.

- Link public spending to measurable performance indicators to ensure tangible economic and social impact.
- Reinstate the role of taxation, as a key tool of fiscal policy, given its role in income redistribution and directing economic activity according to needs.
- Reform the tax and customs system and enhance non-oil revenues by developing tax and customs administration, improving collection efficiency, and broadening the tax base equitably, thereby strengthening the state's ability to finance its needs without excessive dependence on oil.
- Finance some development projects outside the general budget, by using financing instruments such as Islamic bonds and instruments (*sukuk*), which are issued and traded on the stock market, in order to alleviate the burden on the general budget.
- Establish an economic diversification fund dedicated to financing economic diversification projects and structural investments, with its resources directed towards sectors with a developmental impact and the capacity to create sustainable added value.
- Direct investment spending towards projects that increase productivity, create real job opportunities, and support non-oil sectors, instead of continuing to focus on short-term consumer spending.
- Promote governance and accountability, through the operationalization of oversight and accountability systems. Regularly disseminate financial data. Combat administrative and financial corruption, to ensure public resources are efficiently utilized and realize tangible impact on reformative policies.
- Adopt a timeline for economic transformation by developing a phased national program for economic diversification and reform. The program should have clear objectives, measurable performance indicators, and periodic reviews to assess progress and correct the course when needed.
- Prepare a comprehensive implementation program to address the statuses of Libyan citizens afflicted by the economic policies and legislation, as well as the procedures promulgated during the 1970s and 1980s, particularly those that have affected the rights to real estate and land ownership, or restricted/prohibited the exercise of private commercial and economic activities, or led to the nationalization, confiscation or expropriation of private companies and projects, or expropriation of lands or properties to be repurposed for public use, in a manner that ensures reparations or settlement of legal positions, restitution or granting fair damages, in accordance with the provisions of the law.

b. Monetary Policy Reform

Immediate and Short-Term Recommendations:

- Unify banking systems, procedures and work systems among the branches of the Central Bank, especially between the General Administration in Tripoli and the branches of the Central Bank.
- Emphasize respect for the independence of the Central Bank of Libya as a monetary authority keeping it away from political conflicts and rivalries, in order to ensure the proper management and implementation of monetary policy and its objectives as stipulated in the Banking Law.
- The Central Bank shall not be required to finance any expenditures from outside an approved budget and shall adhere to the provisions of Law 1 (2005) on Banks and its amendments with regard to the management of the Central Bank of Libya and shall repeal any legislation or decisions that contradict this.
- Support stability of exchange rate through better coordination between the fiscal policy and oil revenue management.
- Pursue reform of the Libyan dinar exchange rate in a way that ensures fair access to a single rate for all.
- Activate the open market operations policy through bonds, Islamic *sukuk* and certificates of deposit.
- The policy should not allow the exchange rate in the parallel market, nor should it merely aim to reduce the gap between the two rates as an exchange rate reform policy. The foreign currency supply policy of the Central Bank should be countercyclical, not pro-cyclical, with a view to stabilizing the Libyan dinar exchange rate. The relevant authorities should monitor prices and ensure that the imported goods purchased with letters of credit are priced according to the official rate.
- Sell foreign currency (in cash) for personal purposes through operating commercial banks, not only sell it to exchange companies and avoid considering the sale of foreign currency as annual allocations, so that all Libyans do not have to buy this allocation every year in order to achieve a surplus of foreign currency and to ensure the continuity of this policy and restore confidence in the banking sector for it to return to its normal activity by selling foreign currency directly to the citizens.
- The Central Bank should cease deficit financing and the use of *money creation* mechanism to finance the deficit, except in specific emergency

cases defined by law and within a relative ceiling of total spending and for a specific period renewable by legislative decision.

- The Central Bank should put in place technical controls to prevent zero clearing in order to prevent and combat financial and administrative corruption in this matter.
- Support the infrastructure of the electronic payment system in the Libyan banks and the electronic payment system and the cards associated with it, use unified equipment and software among the banks and settle all their financial transactions through the Central Bank system to ensure its efficient and effective operation and reduce stoppages and malfunctions.
- Accelerate digital transformation and electronic payment to reduce administrative corruption and ensure that support reaches those who deserve it.
- Increase contribution of the banking sector to financing investment activity by activating investment accounts in commercial banks and directing them to investment in priority sectors.
- Establish the principle of transparency and fairness in the sale of foreign currency for the purpose of Letters of Credit in a way that ensures inclusiveness and prevents preferential privileges.
- Publish regular consolidated data on financial and monetary indicators of the Libyan economy.
- Implement strict controls on foreign transfers to ensure they pass through official channels.
- Activate the Financial Inclusion Strategy (2025-2029) of the Central Bank of Libya to facilitate access to banking services for people with disabilities and financially excluded groups and to build a supportive digital economy.
- Strengthen oversight of banks and improve efficiency of the banking sector.

Medium and Long-term Recommendations:

- Restructure and reform the banking sector and apply governance principles and standards that require separating ownership from management and control, and ensure adherence to international compliance standards, to enhance confidence in banking transactions and strengthen the role of the banking sector as an engine for economic activity and growth of the Libyan economy.
- Develop monetary policy tools to allow for better management of liquidity within the banking system.

- Diversify banking and non-banking sources of financing and enhance private sector participation in the national economy to achieve stability and sustainable development in the financial system.
- Issue Islamic bonds to finance some development projects outside the general budget, so as to reduce public spending and strengthen partnership with the private sector.
- Establish guarantee and investment funds to support small and medium-sized enterprises and encourage public-private partnerships.
- Link the monetary policy to a macroeconomic policy framework that includes fiscal policy, trade policy, investment policies, and labor market policies
- Obligate the specialized banks to close their final accounts for restructuring by their owners in a way that supports their contribution to the national economy.
- Strengthen and activate the role of compliance, risk and audit departments in the Libyan banks.

c. Trade Policy Reform

Immediate and Short-Term Recommendations:

- Adopt an urgent trade policy based on identifying actual commodity needs by preparing an import commodity budget within a period not exceeding one month, specifying the priorities of basic commodities including food, medicine, production inputs, and essential goods, while linking the granting of letters of credit to this list and in coordination with the Central Bank of Libya.
- Strengthen food security and create a strategic stock of basic commodities for a period of no less than six months to avoid any disruptions to supply chains due to faltering international trade, or any crises that may occur in the global economy, in coordination between the Ministry of Economy and the Central Bank of Libya.
- Align trade and monetary policies through coordination between the Ministry of Economy and the Central Bank of Libya to ensure the availability of goods and services for the local market and the stability of the general price level.
- Prioritize the granting of letters of credit for essential goods, services, and pharmaceuticals, and consider the possibility of requiring cash guarantees (deposits) against the foreign currency allocated for opening

letters of credit to import goods, to be returned after verifying that the goods have arrived at customs warehouses and been released.

- Given the rise in prices of basic consumer goods due to increased costs of international shipping, transportation, and insurance, as a result of global tensions, it is recommended to provide subsidized basic (food) consumer goods to target vulnerable groups within a social protection strategy and allocate the necessary foreign currency for its implementation.
- Adopt a policy that leads to building a strategic reserve of fuels (gasoline and diesel) as a precautionary measure against any shortages or difficulties that may arise in fuel imports.
- Monitor the flow of goods into the Libyan market, prevent manipulation of letters of credit, and implement measures to prevent smuggling of goods across the borders.
- Take advantage of the risks facing the global oil market, as a result of the tensions the world has been witnessing today and the closure of international sea lanes, by imposing a risk premium on the price of a barrel of oil, whenever conditions permit.
- Obligate the competent authorities to publish monthly data on the quantities of imported fuels and pharmaceuticals, the companies benefiting from licenses, the amount of support, and the quantities distributed, in order to enhance transparency and reduce corruption.
- Enhance competition, combat monopolistic practices, support the authorities responsible for monitoring and tracking markets, protect consumers, and publish regular reports on the market conditions.
- Provide incentives and tax exemptions to the private sector when employing persons with disabilities.

Medium and Long-Term Recommendations:

- Transition to targeted support by gradually replacing general subsidies with direct support to eligible groups, using digital cards or bank transfers, while monitoring its impact on prices.
- Adopt an electronic system to track goods from import to distribution, thereby reducing smuggling and resale outside official channels.
- Stimulate the private sector to create job opportunities and reduce pressure on the public budget.
- Improve the investment environment to generate new sources of foreign exchange.

- Support local production by directing a portion of credits and financing towards agricultural and industrial production, rather than focusing solely on consumer goods.
- Promulgate Consumer Protection Law.
- Develop non-oil exports by supporting exportable sectors, facilitate export procedures, improve specifications and quality, and open regional markets for exportable products.
- Review the legislation regulating non-bank financial institutions in a way that enables the Capital Market Supervision and Control Authority to carry out its tasks in accordance with the applicable legislation.
- Issu a comprehensive symbiotic insurance law, and link insurance to major development projects.
- Establish a specialized committee to amend Law 9 (2010) on Investment to attract foreign investment, without prejudice to the national interest.

d. Reform of labor market and employment policies

Immediate and Short-Term Recommendations:

- Develop a phased program for restructuring the public sector without affecting social stability.
- Direct training and qualification programs towards the skills required in the market.
- Stop the random expansion in government employment and link appointments to actual needs.
- Regulate the labor market and use legal expatriate labor in a way that ensures preservation of rights and compliance with duties.
- Launch intensive training programs, in partnership with the UNDP and provide people with disabilities with technical and functional skills that enable them to access the job market and encourage and support them to launch their own projects while providing them with advice.
- Encourage entrepreneurship as well as small and medium enterprises with strict commitment to the application of Disability Law 5 (1987) and its supplementary regulations, and the Labor Law 12 (2010), which guarantee the rights of persons with disabilities and activate the obligation to employ them in the public and private sectors in line with international agreements.

- Increase basic salaries to ensure a decent life for vulnerable groups and people with disabilities, and improve urgent health, psychological and social care services.
- Establish *Support and Empowerment Offices* within the Ministry of Labor to encourage people with disabilities to launch their own projects and provide technical advice for developing business plans.
- Integrate people with disabilities into digital transformation and train them in modern technical professions to ensure their financial independence.

Medium and Long-Term Recommendations:

- Develop an ideal vision for the workforce of the state, including job descriptions and criteria for assuming them, to serve as a medium-term objective for addressing the size of the public sector.
- Link educational outcomes to labor market needs.
- Encourage entrepreneurship and small and medium enterprises.
- Support the private sector to become the main source of job creation.

e. Coordination of Economic Policies

- Establish a council to coordinate economic policies that include the relevant ministries. From this council, a technical committee of experts and officials from the relevant ministries will be formed to prepare the required studies determined by the council.
- Hold regular meetings of the Council to assess macroeconomic indicators.
- Link public spending decisions to monetary and financial stability objectives.
- Strengthen the role of oversight bodies to ensure compliance with approved financial rules.

6) Transparency and Economic Accountability

The recommendations in this pillar are intertwined with all the previous pillar, as no reform can succeed in the absence of transparency, accountability, and effective oversight. This pillar is based on a complex diagnosis that encompasses poor financial disclosure, a multitude of oversight bodies with poor coordination, widespread corruption at both the grand and petty levels, and low public awareness of the importance of integrity. The recommendations are divided across three complementary systems.

a. Financial Transparency and Disclosure

Objective: To enhance financial transparency and disclosure of revenues and public expenditures in a way that supports the efficient management of public funds, elevates the level of integrity and accountability, reduces corruption and waste, and strengthens the confidence of citizens and the international community in the financial and regulatory institutions of the Libyan state.

Immediate and Short-Term Recommendations:

- Unify and enhance coordination among the financial and regulatory institutions, by establishing a permanent institutional coordination mechanism among the financial and regulatory bodies to ensure exchange of information and uniformity of decisions, through the establishment of a Supreme Financial Coordination Committee that includes the Ministry of Finance, the Central Bank of Libya, the Audit Bureau, the Administrative Control Authority and the National Anti-Corruption Authority.
- Unify financial reporting standards, by adopting unified national standards for preparing and issuing government financial reports, through the development of a standardized manual.
- Enhance transparency by publishing the general budget in a detailed and simplified manner that clarifies aspects of spending, revenues, expenditures and government contracts on a monthly basis before its adoption, preparing a simplified version for citizens, and holding public hearings and consultations on the budget in a way that promotes community participation.
- Obligate the senior officials and executive leaders to periodically disclose their financial assets.
- Promote disclosure of oil and sovereign revenues by obligating sovereign institutions to publish detailed and regular data on oil revenues, their distribution, and their use.
- Prepare regular evaluation reports on budget implementation, strengthen parliamentary oversight of public spending and publish its results.
- Enhance transparency and financial and technical oversight of contracts and projects by obligating public entities to publish major contracts and projects for the public.

- Develop electronic payment and financial inclusion by reducing reliance on cash and expanding the use of digital banking services.
- Reregulate affiliation of the Tax and Customs Authorities in accordance with the applicable Libyan legislation, ensuring their affiliation with the Ministry of Finance as part of the public financial management system, while reviewing, amending, or repealing the executive decisions issued regarding transfer of affiliation to align with the governing legal frameworks, and in a manner that enhances the efficiency of revenue management and financial policy of the state.
- Review and update the employee database, activate the national number and unified employment number, and address job duplication and fictitious salaries.
- Enhance transparency of fuel distribution data through application of electronic systems, use of smart cards or national identification numbers, linking fuel stations to a central system, and monitoring the distribution process electronically in a manner that contributes to reducing smuggling and waste and enhancing control over the subsidy system.

Medium-Term Recommendations:

- Establish a unified national platform for financial data related to revenues, expenditures, public debt, projects, and government accounts.
- Enact legislation for freedom of information and financial transparency by adopting a legal framework that obliges public institutions to publish financial information and make it available to citizens.
- Establish an electronic portal to show the public spending, government procurement and contracts, publish information on tenders, contracts, projects and government payments, and update the data on a monthly basis.
- Digitalize the administration and financial transactions of the government.
- Subject the sovereign institutions to independent review by conducting regular independent financial and technical reviews of sovereign institutions to ensure integrity and transparency. This can be done through independent oversight bodies and auditors to conduct annual reviews, publish the results of the reviews to the public, establish a mechanism to follow up on the implementation of observations and recommendations, and enhance coordination among the sovereign institutions and oversight bodies in a way that elevates the efficiency of

oversight and enhances confidence in the financial management of sovereign institutions.

- Join the Extractive Industries Transparency Initiative (EITI), by aligning the management of oil and gas sector with the international standards of transparency and disclosure.
- Establish a transparent national mechanism for revenue allocation, by setting a clear and fair national framework for public revenues allocation across the various spending categories and regions.
- Shift to program and performance balancing, by linking public spending to actual goals and results instead of being limited to traditional items.
- Engage civil society and experts in monitoring budget implementation, by expanding community participation in evaluating public spending and fiscal policies.
- Reform the tax system through digitization of tax management, streamlining registration and payment procedures, expanding the tax base, and strengthening control over informal activities in a way that contributes to increasing the efficiency of the tax system and enhancing the public revenues of the state.
- Issue a law to clearly criminalize tax evasion with strict controls and penal procedures.
- Tighten control over crossing points and transfers, by strengthening customs and financial control at borders and crossing points, through developing customs inspection systems, using electronic tracking systems, enhancing coordination between security and customs agencies, and combating smuggling through land, sea and air ports in a way that contributes to reducing smuggling and strengthening control over financial and trade flows.
- Publish financial data in a simplified format for citizens by simplifying financial information to facilitate understanding and monitoring by the public and enhance community oversight.
- Support investigative economic journalism by enhancing the media's role in uncovering corruption cases and monitoring public spending, thereby contributing to increased transparency and accountability.
- Engage universities and civil society in public policy evaluation by expanding the participation of academic institutions and civil society organizations in oversight and evaluation, thereby enhancing community participation and the quality of decision-making.

- Link wages to productivity and efficiency through the development of a regular performance evaluation system for employees, linking incentives and promotions to productivity, reviewing the salary and benefits structure, and developing training and job qualification programs that enhance efficiency and elevate the level of institutional performance.
- In the context of enhancing transparency, we recommend conducting a comprehensive population census, given that the last official population census in Libya was conducted in 2006 by the Statistics and Census Authority.
- Establish a unified social database and link the subsidy system to the national identification number, identify eligible categories according to income and social status criteria, with regular review of the beneficiary data to improve the efficiency of subsidy and enhance social justice.
- Establish a transparent national mechanism to determine sovereign revenues between the current investment budget and the Future Generations Fund.

b. Reform of Oversight Bodies

Objective: To enhance the efficiency, independence, and effectiveness of oversight bodies by regulating their competences, preventing overlap and duplication, and establishing the principles of governance, institutional coordination, and accountability to ensure protection of public money, combat corruption, and improve institutional performance.

Immediate and Short-Term Recommendations:

- Define clearly the competences and powers of oversight bodies, regularize the relationship through coordination mechanisms and prevent overlap and duplication in order to ensure a clear separation between the roles of these bodies.
- Develop a unified procedures manual that clarifies work processes and referral mechanisms between oversight bodies, obligate entities to implement the matrix, and document cases of overlap to address them.
- Develop an electronic system for secure and immediate data exchange between oversight bodies and link the databases, while defining clear audit processes that include preventive, subsequent, and strategic audits.
- Strengthen the legal, financial, and administrative independence of the Audit Bureau, the Administrative Control Authority, and the National Anti-Corruption Commission to ensure they can exercise their subsequent

oversight functions efficiently and impartially, while safeguarding their budgets and granting them the authority to manage their human and financial resources within a legal framework that strikes a balance between independence and accountability, and supports the efficiency of auditing, performance evaluation, and protection of public money.

- Conclude technical assistance and support agreements between oversight bodies and international organizations to benefit from best practices and international expertise in specialized oversight fields.
- Require officeholders to submit financial disclosure statements and adhere to professional codes of conduct. This is implemented legislatively through the issuance or amendment of provisions that regulate appointment and dismissal, specify eligibility requirements, selection procedures, term in office, grounds for dismissal, and the right to contest.
- Strengthen the independence of internal audit departments in financial institutions by linking them directly to senior management or the board of directors and granting them powers in accordance with the law.
- Enhance transparency and disclosure by publishing oversight reports regularly for the public, submitting them directly to the legislative authority, and enabling the media and civil society to access them within legal frameworks.
- Strengthen executive oversight within the government by establishing or activating an administrative oversight body that supports the executive authority, monitors its performance, and oversees its agencies and tools, thus contributing to strengthening the concept of oversight levels.

Medium-Term Recommendations:

- Establish a unified national framework for governance and oversight coordination to ensure regulation of the relationship between oversight bodies and to prevent overlap and duplication.
- Implement joint training programs in the areas of auditing and financial investigation and exchange of expertise and personnel between agencies on a regular basis.
- Strengthen external partnerships through coordination with the judiciary and the public prosecution.
- Strengthen the independence of oversight and protect the personnel by ensuring the financial independence of oversight bodies and providing legal protection for investigators and auditors, through funding oversight bodies directly from an independent item in the general budget, and

ensuring that no auditor or investigator is dismissed or transferred except by a judicial decision or through an independent committee.

- Regulate internal and financial control by regulating the work of financial controllers and auditors and restructuring the internal control function to become effective preventive control.
- Establish a central unit to monitor implementation of the recommendations within each oversight body and appoint focal points in each entity subject to oversight to be responsible for coordination and updating the implementation status.
- Prohibit arbitrary dismissal outside of the cases specified by law and require that dismissal decisions be substantiated and linked to objective criteria related to performance, proven violations, or failure to fulfil the requirements of the position, in addition to approving an independent appeal mechanism that allows for the review of appointment and dismissal decisions.
- Adopt a binding governance framework to regulate appointments and dismissals in the internal audit departments of financial institutions in a manner that ensures the functional and professional independence of these departments, links their incumbents to standards of competence, integrity, and specialization, while protecting them from arbitrary dismissal, and subjecting appointment and dismissal decisions to transparent and reviewable procedures.
- Establish the principle of institutional and functional separation between executive management tasks and oversight functions, ensuring that oversight is exercised with complete independence from executive decision-makers, and guaranteeing that the two functions are not combined within the same structure or by the same person. Redesign the organizational structures of public institutions according to the "integrated functional separation" model, by establishing organizationally independent internal oversight units that report directly to the highest administrative authority, such as the head of the institution or the board of directors, and preventing any executive official from being assigned oversight duties for the same activity they manage.
- Establish specialized departments, prosecution offices, and courts for financial and economic crimes, operating independently from the general judicial system. This will enhance the efficiency of investigations and adjudication in cases of corruption and embezzlement of public money. Implementing this recommendation requires the establishment of

specialized prosecution offices for financial crimes, allocation of judicial chambers to handle corruption cases, training of judges and prosecutors in economic crimes, and direct linking of the judiciary to the findings of oversight bodies. This will ensure the integrity of the accountability system and swift resolution of serious financial and administrative cases.

c. Combating Corruption and Protecting Resources

Objective: To enhance integrity, transparency, and accountability, and to protect public money by developing legislative, oversight, and financial frameworks, and by improving law enforcement, governance, and compliance, thereby reducing corruption and financial crimes and strengthening trust and economic and institutional stability.

Immediate and Short-Term Recommendations:

- Issue and adopt the updated Anti-Money Laundering and Counter-Terrorist Financing Law, in accordance with best practices and international standards, particularly those of the Financial Action Task Force (FATF), and develop the Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) system.
- Enact a comprehensive anti-corruption law in accordance with international standards and best practices, thereby promoting the principles of transparency, integrity, and accountability.
- Introduce amendments to the laws governing both the Audit Bureau and the Administrative Control Authority to ensure the development of their jurisdictions and powers, in accordance with best practices and international standards, and to enhance their independence and improve the efficiency of their oversight performance.
- Amend Law 1 (2005) on Banks to keep pace with modern developments in the banking sector, enhance the efficiency of financial performance, and support digital transformation and electronic banking services.
- Activate digital governance and supply chain in the health sector: Establish a unified and open-source electronic system for managing and tracking medical supplies (particularly specialized pharmaceuticals such as cancer drugs).
- Reform the treatment abroad file through digitizing procedures in the committees for treatment abroad and adopting a unified pricing system for approved clinics.

- Amend Law 10 (2010) on Customs to keep pace with modern developments in international trade, and to contribute to facilitating customs procedures, enhancing control and combating smuggling.
- Amend the provisions of Law 7 (2010) on Income Taxes with regard to the crime of tax evasion, in order to ensure stricter penalties for tax violations and to criminalize methods of manipulation and concealment of revenues, while strengthening control and collection mechanisms, developing the information exchange system, and supporting digital transformation in tax administration.
- Implement compliance and good governance management systems in all public financial and non-financial institutions, with a unified and integrated regulatory framework that prevents duplication and overlapping.
- Obligate the Central Bank of Libya to develop and update the work manuals and supervisory procedures for monitoring internal and external financial transfers, in accordance with international standards issued by the Financial Action Task Force (FATF) and internationally approved compliance and risk management principles, thereby enhancing the efficiency of tracking, supervision and financial transparency.
- Develop mechanisms to monitor suspicious transfers related to the letters of credit system of public entities and strengthen due diligence procedures and verification of the true beneficiary and sources of funds.
- Improve the performance of the Banking and Monetary Supervision Department by strengthening desk and field inspection systems for commercial banks and adopting a risk-based supervision methodology in accordance with the Basel Committee on Banking Supervision standards and modern international practices.
- Operationalize and develop the corporate and banking risk management system, including operational, compliance, liquidity, credit, money laundering, and terrorist financing risks, in accordance with international risk management frameworks, to ensure enhanced financial stability and improved oversight and governance within the banking sector.
- Establish an integrated and effective national system for managing and recovering looted, confiscated, and frozen funds and assets belonging to the Libyan state and Libyan citizens, both domestically and internationally, through the adoption of an integrated national legal, institutional, technical, and diplomatic framework for managing, tracking, and investing looted, confiscated, and frozen funds.

Medium-Term Recommendations:

- Develop the legal framework for combating corruption by establishing a specialized prosecution and court for corruption cases, through building an integrated legal system for transparency and accountability.
- Establish a high national coordination mechanism by forming a national committee comprising all oversight, financial, and judicial bodies to coordinate efforts and develop public policies to combat corruption.
- Provide technical and technological capabilities to the public prosecutor's offices and courts specializing in corruption cases and expedite investigation and prosecution procedures in economic and financial crimes.
- Activate coordination between oversight bodies and judicial authorities to exchange information and evidence and task oversight bodies with preparing regular reports on the implementation of accounting recommendations.
- Reform the public administration and strengthen governance to eliminate administrative corruption through the adoption of a national program for administrative reform and governance.
- Control irregular migration and eliminate suspicious financial flows in Libya
- Reform the public debt system and enhance financial sustainability by adopting a comprehensive national strategy for public debt management based on governance, transparency, unification of data and financial institutions, and linking loans to development priorities and economic sustainability.

VI. Challenges and Obstacles to Implementation

The reforms proposed in this summary face a number of structural, political, and institutional challenges that must be anticipated and proactively addressed within a comprehensive implementation plan. The following is a classification of the most significant of these risks, with proposed measures to mitigate them:

Challenge	Likelihood of occurrence / impact	Mitigating Measures
1. Political division and multiple authorities	Very high: Reforms stalled and parallel spending continues	A comprehensive political settlement; a high-level political coordination mechanism; linking the disbursement of funds to compliance with reform.
2. Low institutional and executive capacity	Very high: Implementation falters even with the existent will.	Capacity building in parallel with reform; utilizing local and international technical experts; partnerships with international financial institutions
3. A rentier economy overly dependent on oil	High: Financial vulnerability to external shocks	Accelerating revenue diversification; building a sovereign wealth fund; developing non-oil sectors
4. Regional and social differences	High: Social tensions and protests	Balanced development policies; activating the Local Development Fund; increasing development spending in the deprived areas
5. Social pressures on subsidy and salary reform	Average: Popular resistance and social mobilization	An effective social protection system prior to reform; extensive awareness campaigns; well-planned phased compensation.
6. Corruption and smuggling networks	High: Sabotage of reform mechanisms from within	Protecting whistleblowers; digitizing procedures; international cooperation for asset recovery; strengthening penalties.
7. Little confidence among citizens and investors	Average: It limits the effectiveness of reform and investment.	Immediate transparency in spending; quick and visible gains, stability in the exchange rate and general level of prices, and continuous communication with the public
8. Regional and international pressures	Average: Interference in economic affairs	Firm diplomatic coordination; transparency with international partners; building regional alliances

These challenges are true tests of the sustainability of reform. Overcoming them requires strong political leadership, a broad social coalition encompassing political parties, civil society, trade unions, and the private sector, sustained international support, and a well-thought-out social communication plan to explain the reforms and their benefits. These challenges should be viewed as part of the costs of transformation, not as a justification for postponement or retreat.

V. Conclusion

The success of this framework requires three interrelated conditions: firstly, a firm national political will that resists populist temptations and short-term pressures; secondly, a sustained international partnership that goes beyond instantaneous support to a long-term institutional commitment with the UN Mission and international financial institutions; and thirdly, a new social pact based on transparency, fairness, and equitable distribution of the costs and benefits of reform, guided by the governing principles proposed in the reference report, and broadly accepted by civil society, trade unions, the private sector, and citizens

Adopt the unified reform framework contained in this document as a national roadmap within a comprehensive political consensus that ensures its continuity through successive government cycles, with the support and partnership of relevant international technical institutions and regional and international partners.

The 371 recommendations contained in the comprehensive report constitute the integrated implementation framework for achieving this transformation. It is recommended to consult the *Reference Report* for technical details, standard guidelines, institutional responsibilities, and chronological order. This summary should be considered a working instrument for decision-makers and international partners, rather than a substitute for the *Reference Report* that requires thorough review by all those responsible for leading, implementing, monitoring, or supporting the reform.

The path before us is clear, but the options are limited. The path of gradual reform is difficult but doable, while the path of stagnation is seemingly comfortable but leads to inevitable collapse. The responsibility of the current generation of political, economic, and social leaders in Libya is to choose for future generations a path of progress, rather than decline. This executive summary, and the reference report it summarizes, are our contribution to enriching this historic choice.

Chapter 3

Security Track

Structured
Dialogue

Introduction

The recommendations of the security track were developed progressively through four interconnected rounds of the Structured Dialogue. The process began with discussions on electoral security, followed by conflict prevention and sustaining the ceasefire, then security sector governance, and culminated in the unification of military and security institutions. These rounds brought together current and former military and security commanders, members of the Joint Military Commission (5+5), legal and security experts, and representatives from legislative institutions and civil society. The process also included active participation from women, youth, and persons with disabilities.

The discussions reflected a shared concern regarding the continued political and institutional division, the multitude of decision-making centers, dual chains of command within security and military structures, the proliferation of weapons, and the presence of armed formations operating outside a unified command. All the above constitute key factors that continue to undermine citizens' trust in state institutions, diminish prospects for credible and secure elections, and increase the risk of renewed tensions and armed conflict.

Participants emphasized that any sustainable security reform in Libya must be grounded in a clear national reference framework, aligned with the principles of the rule of law, respect for human rights, and the unity of state institutions. The discussions also stressed that the success of reform and unification efforts depends on inclusive national political will, the presence of unified and effective institutions, and coordinated international support that respects Libyan sovereignty and reinforces national ownership of the political and security process, thereby ensuring sustainable stability and the consolidation of state authority across the entire Libyan territory.

During the first round that was dedicated for electoral security, the participants highlighted the institutional and security challenges facing any general electoral process, particularly in light of the existence of two executive authorities, dual oversight and command structures over security agencies, conflicting instructions and security plans, and poor coordination among institutions involved in the electoral process. Discussions confirmed that successful elections depend not only on technical arrangements, but also require political consensus, a clear legal framework, unified security decision-making, prior commitment to accepting election results, and guarantees preventing the use of force, intimidation, or obstruction, along with international sanctions against spoilers. Participants also emphasized the importance of engaging women, youth, persons with disabilities, and civil society organizations in planning, oversight, and awareness efforts to ensure that the electoral process is inclusive and responsive to the needs of all citizens.

The second round, that was dedicated to prevention of conflict and sustaining the ceasefire examined the fragility of Libya's security environment, in light of continued institutional division, accumulated local tensions, widespread arms proliferation, distrust between communities and institutions, hate speech, and the absence of effective mediation and early warning mechanisms. The discussions underscored that maintaining the ceasefire goes beyond military arrangements and requires a preventive, community-based approach engaging municipalities, local mediators, civil society, women, youth, and persons with disabilities. This approach enhances the ability to detect risks and prevent conflicts before they erupt. Recommendations stressed the need to address the root causes of tensions and build trust. The discussions also highlighted the importance of linking conflict prevention efforts with transitional justice and national reconciliation processes, to strengthen trust between communities and state institutions. This includes connecting local stability efforts with reintegration and rehabilitation programs for members of armed groups, based on clear professional standards. In the event of overlooking those issues or deferring the resolution of which, local tensions might escalate into broader confrontations, threatening the ceasefire, undermining political and electoral processes, and exacerbating the vulnerability of marginalized groups to face further violence and exclusion.

The third round, which was on security sector governance, concluded that Libya's security challenges are not operational only, but also legal, institutional, and oversight related. Discussions emphasized the need for a comprehensive national framework for security sector governance that clearly defines mandates, eliminates duplication, and strengthens civilian oversight, transparency, accountability, and adherence to national and international human rights standards, accelerates the review of laws governing the defense and security sectors. This round also highlighted the need to build a security system based on participation, fairness, and efficiency by engaging women, youth, and persons with disabilities in security decision-making, and by strengthening the role of civil society organizations and local mediators in supporting security and stability. This ensures that security reform is aligned with citizens' needs, not only institutional arrangements or those of the commanders.

The fourth round, held in Benghazi, addressed the unification of military and security institutions as the culmination of the previous discussions. Participants affirmed that military and security unification is a fundamental entry point for achieving political and security stability, supporting the electoral process, enhancing economic governance, and consolidating state authority. They stressed that the main obstacles to unification are not primarily associated with the absence of technical or professional capacity, but rather stem from continued political division, multiple decision-making centers, personal and regional allegiances within some armed formations, external interference, and the presence of foreign fighters and mercenaries.

The session included a field visit to the military city in Qaminis, where participants saw for themselves the efforts regarding the development of military infrastructure, training programs, and capacity-building initiatives. Furthermore, a joint session was also held with the Security Working Group under the Berlin Process, attended by ambassadors and representatives of states and international organizations, who reaffirmed their support for the UN-facilitated political and security track in Libya. They emphasized that the unification of military and security institutions remains achievable, provided that political will and appropriate legal and institutional frameworks are in place.

The four rounds concluded that sustainable security reform requires a unified military and security structure under a single civilian executive authority, based on a comprehensive national legal framework, unified leadership, clear professional standards for recruitment, promotion, and discipline, and effective oversight and accountability mechanisms.

The discussions also emphasized that Disarmament, Demobilization, and Reintegration (DDR) programs must be treated as an essential and integral component of the unification process, not as a separate track.

It is evident that any unification process will not be sustainable without a gradual and realistic approach to addressing the status of armed groups and their members, within a clear legal framework, supported by appropriate guarantees, economic incentives, and community support, particularly in areas affected by conflict, marginalization, or poor services. Leaving these groups, or some of their elements, unaddressed could make them a major obstacle to unification efforts.

Conversely, formal integration without clear structural and professional standards may lead to institutional dysfunction and division, rendering institutions more vulnerable to tensions and conflicts over the long term.

If these issues are not addressed in a serious and coordinated manner, Libya may face escalating institutional fragmentation, renewed armed conflict and skirmishes, disruption of electoral tracks, continued arms proliferation, and declining public trust in state institutions. Moreover, excluding women, youth, persons with disabilities, and civil society from planning, implementation, and oversight would further weaken the legitimacy of security reforms and limit their responsiveness to actual needs of local communities.

Accordingly, these recommendations provide a practical foundation for nationally owned, Libyan-led reform, with international support, aimed at strengthening electoral security, preventing conflict, sustaining the ceasefire, improving security sector governance, and advancing the unification of military and security institutions within a civilian, legal, and accountable framework.

Recommendations

Electoral Security Round

1. Unify electoral security oversight under a sole, new interim government that assumes exclusive authority over the security of the electoral process.
2. Ensure the availability of the following prerequisites for the success of any general electoral process: political consensus and acceptance of results, a legal framework, electoral security, and sufficient budgetary allocations.
3. Strengthen and support the Election Protection and Security Department by elevating the professional capacity of its personnel and officers through training, and by establishing a memorandum of understanding (coordination framework) between the Department and the Board of the HNEC. This framework should define the nature of joint work, roles, responsibilities, and the chain of command.
4. Upgrade the voter card to be electronically linked to a personal photograph, national identification number, and phone number within a secure e-system.
5. Develop practical regulatory measures in coordination with education monitoring offices.

6. Election cancellation due to *force majeure* must only occur in accordance with the laws.
    - Ensure political and security acceptance of elections and their results through the development of a binding national code of principles to be signed by political actors and parties, military entities, and social and civil forces. This code should include commitment to not use weapons, acceptance of election results, and exclusive recourse to legal channels.
7. In this regard, SD Participants recommend linking political recognition and international support to the extent of compliance by signatories with the provisions of this code.
8. SD Participants call for an active international and UN role during the electoral process, including monitoring, provision of guarantees, and the imposition of sanctions on obstructionists.
9. Strengthen the role of civil society institutions and organizations in facilitating the electoral process.
10. Enhance women's participation in securing the electoral process by ensuring adequate number of personnel and providing necessary training and capacity-building.
11. SD members recommend the adoption of practical mechanisms to ensure the participation of persons with disabilities in the electoral process as observers and candidates, and the creation of an accessible electoral environment. This includes: procedural adjustments to facilitate candidacy and certification of their applications; specialized training for observers with disabilities on oversight and reporting mechanisms; physical and informational accessibility of polling centers and campaign venues (e.g., accessible design, Braille materials, sign language); engagement of their organizations in planning and preparing security and procedural arrangements

Conflict Prevention and Ceasefire Sustainability Round

1. The security track recommends the establishment of a sole government under which all military and security institutions operate.
2. Support and strengthen the efforts of the Joint Military Commission (5+5) to fully implement all provisions of the ceasefire agreement. This includes calling on UNSMIL to mobilize greater clearly defined international support to enable the JMC to complete the remaining provisions,

particularly the withdrawal of foreign forces and mercenaries, in addition to expanding the Commission to ensure broader geographical representation and enhancing its authority to fulfill these tasks.

3. Adopt a comprehensive, binding national code of honor supported by local and international guarantees and sanctions against spoilers. This code should focus on reducing hate speech, respecting human rights and the rule of law, promoting shared values, and supporting consensus-based pathways to sustainable stability. It should be developed and endorsed by all military, security, political, and societal actors.
4. Develop a comprehensive national plan for mediation and conflict de-escalation, based on the establishment of mediation units within municipalities to ensure local conflict containment and reparative measures.
5. Develop a national plan to reorganize the status of armed actors within a comprehensive socio-economic framework, including their reintegration into civilian life. This plan should ensure government, societal, and international support.

Security Sector Governance Round

1. Unify and restructure the security and military sector within a comprehensive national legal framework based on the following:
    a. Adopt a comprehensive national framework for security sector governance that ensures the unification of security and military institutions (structurally, leadership, and legally), eliminates duplication, establishes an effective unified strategy for restructuring based on scholarly and legal foundations, and clearly separates the mandates of military and security institutions.
    b. Restructure the policing sector and address overlapping mandates.
    c. Unify military command across the entire Libyan territory and reinforce allegiance to God and then to the nation.
2. Comprehensive legislative and legal reform to strengthen governance and the rule of law based on the following:
    a. Accelerate the review of laws governing the defense and security sectors within a binding timeline.
    b. Update legislation to align with international standards and address contradictions between laws.

c. Adopt a unified legal framework for security sector governance that defines mandates, enhances coordination, and strengthens civilian oversight as a fundamental step towards ending institutional duality, achieving stability, and supporting elections.
d. Reform laws that hinder investigation and accountability, with clearly defined timelines.
e. Amend the Military Judiciary Law to ensure its independence and neutrality.

3. Strengthen civilian oversight, transparency, and accountability:
    a. Enable Parliament and the Government to exercise effective oversight (approval of budgets, monitoring appointments, and holding periodic hearings).
    b. Develop parliamentary accountability tools (interpellation, briefing requests, and technical support units for data analysis).
    c. Ensure salary payments are processed through the latest electronic system imposed by the Central Bank.
    d. Establish mechanisms to receive and investigate citizens' complaints, with protection for whistleblowers.
    e. Adopt a binding code of conduct that respects human rights and prevents violations.

4. Build a comprehensive security system based on participation, fairness, and efficiency:
    a. Ensure fair representation of women, youth, and persons with disabilities in security decision-making, as well as in executive and oversight positions.
    b. Launch national programs to build leadership capacities and ensure equal opportunities.
    c. Strengthen military-security doctrine grounded in the rule of law.
    d. Take into account social and geographic specificities (particularly the south) in the design of security policies.
    e. Enhance the role of civil society organizations and local mediators in supporting security and stability, thereby fostering an effective partnership between communities and security institutions.
5. Establish specialized national mechanisms for crisis management, conflict prevention, and stability enhancement:
    a. Create an independent crisis management authority operating with neutrality.

b. Establish a national de-escalation and conflict prevention mechanism, including an early warning system to monitor tensions.
c. Prepare a comprehensive *White Paper* on security sector reform outlining the current situation and the reform roadmap.

Round on the Unification of Military and Security Institutions

1. Ending political division will accelerate the process of military and security unification and lead to a unified military leadership, under a comprehensive political agreement, to be subordinate to civilian authority.
2. Activate international efforts to accelerate the end of division by intensifying the role of the United Nations and the International Working Group (Berlin Process), ensuring compliance with UN Security Council resolutions on arms embargoes, limiting negative external interference, and imposing sanctions on actors obstructing unification.
3. Expand and develop the powers of the Joint Military Commission (5+5), taking into account balanced participation in the expansion process to enable it to unify the military institution through the following:
   a. Address the status of armed groups through carefully designed integration and restructuring policies based on clear and fair professional standards.
   b. Contribute to reviewing and addressing institutional imbalances within the legal and organizational military framework.
   c. Develop practical plans for reforming and restructuring the military institution and contribute to monitoring such reforms, in coordination with relevant authorities, based on a sound and clear structure.
   d. Establish subcommittees under the 5+5 Commission, ensuring participation of civil society, women, youth, and persons with disabilities.
4. Unify the legal and institutional framework for both military and security institutions:
   a. Update the legal and regulatory framework of both institutions, including ranks, hierarchy, appointment and promotion criteria, salary structures, and oversight and accountability mechanisms.

   b. Affirm the neutrality of the military institution and its non-involvement in political affairs, its adherence to the Constitutional Declaration, and its subordination to the executive authority within a civilian state, alongside strengthening governance, codes of conduct, respect for human rights, and the rule of law.
   c. Amend legislation governing the military judiciary to ensure its independence and neutrality and prevent subordination to the executive authority.
5. Implementing integrated disarmament, reintegration, and security reform programs: Launching a gradual national disarmament, demobilization, and reintegration (DDR) program that includes weapons registration and unified databases; removal of heavy weapons from cities; addressing the status of armed groups under clear and fair professional standards; providing economic and development alternatives, particularly in border areas.
6. Strengthen confidence-building measures and professional integration between military and security institutions:
   a. Unify military doctrine and enhance joint training and coordination programs.
   b. Activate the role of the National Security Council in unifying military and security institutions.
   c. Launch media programs and public awareness campaigns to build trust in military and security institutions and promote the concept of institutional unification.
7. Requirements for unification of the military and security institutions: SD Participants recommend that some of the most key requirements to proceed with realistic unification process of the military and security institutions lie in clearly identifying the relevant stakeholders, convening a transparent and public dialogue process based on clearly defined and actionable items and establishing achievable objectives within agreed timelines. This process aims at building trust and demonstrating genuine commitment to unification through tangible actions, paving the way for the transition to the stage of commitment to implementing what is agreed upon.
8. Follow-up the implementation of security track recommendations of the SD: SD participants recommend establishing a technical advisory committee composed of experts and representatives from the security track of the Structured Dialogue, alongside experts from UNSMIL. This

committee could serve as a technical and advisory support mechanism for the Joint Military Commission (5+5) or any other agreed-upon national consensus body. Its mandate would include providing the technical support necessary to operationalize the recommendations of the security track of the SD, in support of security sector governance, conflict prevention, the unification of military and security institutions, and the creation of a safe and conducive environment for elections.

Chapter 4

National Reconciliation and Human Rights Track

Structured Dialogue

Introduction

Based on the national and historical responsibility, and grounded in the conviction that Libya's stability and the building of its civil state cannot be achieved without respect for human rights, the preservation of human dignity, the rule of law, and the unity of institutions, and recognizing the magnitude of challenges and the political and institutional divisions that have faced the country in recent years, and their implications on justice and freedoms, the members of the National Reconciliation and Human Rights track, within the structured dialogue, worked over six months of discussions and exchange of views to formulate a comprehensive national vision. This vision is inspired by rights–based approach and seeks to establish sustainable foundations for a new social contract that strengthens trust between citizens and the state, in accordance with international human rights standards and in harmony with Libyan societal values and the principles of Islamic law.

This document presents the recommendations stemming from this track, reflecting the outcome of an extensive dialogue among participants from diverse backgrounds and specialties. It aims to address challenges related to transitional justice, pave the way for national reconciliation, and create a conducive environment for conducting free, fair, and widely accepted elections.

The work resulted in a comprehensive package of recommendations addressing key human rights and legal issues:

- **Human rights and public freedoms:** Reforming the legislative framework to align with international human rights standards; combating arbitrary detention and enforced disappearance; ensuring cultural and linguistic rights for all components; and protecting vulnerable groups (women, youth, and persons with disabilities).
- **The electoral process:** Creating a political, legal, and security environment that supports freedom of opinion and expression, enabling the conduct of free, fair, and transparent elections at the earliest opportunity; ensuring equality, non-discrimination, and equal opportunities for political participation; and empowering all individuals and groups without exclusion, to produce unified and legitimate institutions that reflect the free will of voters.
- **Judicial independence:** Affirming the independence of the Libyan judiciary, insulating it from political polarization, supporting the independence of the Public Prosecution, reinforcing the right to litigation

and access to justice without discrimination, and strengthening accountability to protect fundamental rights and freedoms.

- **Transitional justice and national reconciliation:** Adopting a comprehensive national approach based on unveiling the truth, reparations, accountability, and guarantees of non-recurrence; updating the legal framework for transitional justice and ensuring meaningful participation of victims in all processes.
- **Missing persons:** Prioritizing this urgent humanitarian issue by enabling relevant institutions technically and financially to operate independently and safeguarding the rights of families to know the fate of their loved ones.
- **National sovereignty:** Emphasizing respect for Libya's sovereignty and unity, with the international role limited to technical support and capacity building, ensuring full Libyan ownership of the political process.

These recommendations constitute an integrated roadmap for transitioning Libya towards stability and prosperity, and for establishing a state based on rights, freedoms, and institutions capable of protecting citizens and fulfilling their aspirations for justice and development.

Guiding Principles

1. Adopting rights–based approach to national reconciliation as a comprehensive framework for addressing Libya's crisis, ensuring the participation of victims and placing them at the center of the process.
2. Full commitment to transitional justice system, including the right to truth, reparations, accountability, and guarantees of non-recurrence, in line with international standards.
3. Respecting, protecting, and promoting human rights and fundamental freedoms, and ensuring equality and non-discrimination in all forms.
4. Strengthening the independence and neutrality of the judiciary and the Public Prosecution, ensuring the rule of law and combating impunity.
5. Ensuring full, effective, and inclusive participation of women- including through temporary special measures- as well as cultural components, persons with disabilities, and internally displaced persons in all stages of the electoral process.
6. Protecting civic space and guaranteeing freedom of expression, association, and peaceful assembly, while ensuring a safe environment for human rights defenders.

Main Recommendations

1. Integrate a culture of respect for human rights, including the rights of persons with disabilities, into educational curricula at all levels.
2. Ensure that candidates for leadership positions have no record of committing human rights violations.
3. Establish a ministry responsible for human rights to promote human rights principles within the state.
4. Prohibit the recruitment of children in armed conflicts and neutralize sources of income that fuel conflict.
5. Prohibit the extradition of Libyan suspects abroad without contravening Libyan jurisdiction, while ensuring clear human rights guarantees.
6. Ensure that the state formally recognizes Amazigh, Tebu, and Tuareg languages as integral components of national identity and cultural heritage, with an organizing law defining the stages of their integration into state institutions, and whose provisions shall form an integral part of binding constitutional commitments.
7. Ensure that the state formally recognizes Amazigh, Tebu, and Tuareg languages as integral components of national identity and cultural and linguistic heritage, alongside a regulatory law defining the stages of their integration into state institutions, and whose provisions shall form an integral part of binding constitutional commitments.
8. Review Law 24 of 2001 and its provisions to ensure protection of cultural rights of components.
9. Reform the legal framework to clearly protect fundamental freedoms and align national legislation with international human rights instruments, without contradicting the definitive provisions of Islamic law.
10. Immediately end all forms of arbitrary detention and enforced disappearance targeting bloggers, activists, human rights defenders, and journalists, ensure their protection from retaliatory prosecution due to peaceful exercise of freedom of expression, and clarify the fate of missing persons.
11. Ensure full respect, protection, and promotion of the rights of persons with disabilities, and guarantee their full and effective inclusion in all state institutions on an equal basis, including through temporary special

measures, accessibility, and appropriate representation quotas in line with international standards.

12. Review and update the Press Law and Cybercrime Law, in a manner that is in line with freedom of expression.
13. Enact a law guaranteeing the right to access to information, in a manner that promotes transparency and accountability, and reassess the broad powers of the National Information Security Authority.
14. Amend the law on peaceful protest in accordance with constitutional principles and international human rights standards.
15. The State guarantees the right to peaceful protesting, protection and facilitating it without prior authorization as a precondition, relying instead on notification and coordination mechanisms to ensure public order and safety of protesters.
16. Enact laws criminalizing hate speech and incitement to discrimination and violence, in line with international standards, while protecting freedom of expression and legitimate criticism.
17. Require the executive authority to establish a unified national database of detainees, including personal data, place and date of detention, detaining authority, legal status, and updates on release or referral to judicial authorities.
18. Ensure effective, confidential, and independent complaint mechanisms within detention facilities, in accordance with the relevant national legislation and international standards.
19. Ratify the International Convention for the Protection of All Persons from Enforced Disappearance.
20. Align national legislation with human right standards, including definitions of torture and enforced disappearance in line with international conventions.
21. Establish an independent national mechanism for the prevention of torture in accordance with the Optional Protocol to the Convention Against Torture.
22. Develop a comprehensive plan to restructure all detention facilities and bring them fully under state authority and the Public Prosecutor, and close all unofficial detention centers.
23. Support Libya's accession to the Optional Protocol to the Convention Against Torture and The International Convention for the Protection of All Persons from Enforced Disappearance.

24. The State shall support programs for the safe return of IDP's and forcefully displaced, ensuring protection and provision of material and moral compensation.
25. Support the measures that guarantee the dignity of those registered in the temporary registry "Administrative numbers", and ensuring their legal identity by implementing the decisions in force before 2011, and the final adjudication of temporary civil registry files within a period not exceeding one year, thus ending cases of statelessness, ensuring dignity, equality, and non-discrimination, while guaranteeing basic rights throughout the settlement period.
26. Restructuring the National Council for Rights and Freedoms in line with its Establishment Law 5 of 2011, while ensuring transparency in the selection of its members. This includes incorporating persons with disabilities into the Council's composition and enabling them to exercise its legal mandate, while ensuring the Council's staff be granted legal protection in performing their duties of monitoring and documentation, in addition to training and promoting the participation of women, civil society organizations, and diverse cultural groups in its administration. Efforts should also focus on strengthening international oversight mechanisms that support the Council. Furthermore, individuals appointed to its presidency or membership must have a proven record free from human rights violations and have demonstrated commitment to advancing human rights and developing those working in the field.
27. Review the unjust decisions, measures, and actions taken against components, cities, and affected or disaster-stricken areas, which were subjected to armed incursions accompanied by human rights violations. Investigate the circumstances surrounding these incidents within the framework of the right to know the truth and hold perpetrators accountable for the serious crimes and violations committed against those cities and their inhabitants. Ensure justice for victims and provide reparations, including compensation, rehabilitation, and restitution of rights, while guaranteeing their effective participation in designing and implementing meaningful mechanisms to address the resulting impacts, in a manner that achieves justice and fairness and prevents recurrence.
28. Adopt the draft law on combating violence against women.
29. Adopt a draft law that guarantees freedom to establish civil society organizations in accordance with international standards, and repeal Law 19 of 2001 concerning the formation of associations.

30. Adopt a quota of no less than 35% to ensure women's representation in parliaments and local councils, in line with the principle of equality and non-discrimination stipulated in the Constitutional Declaration (Article 6/1). This should include the adoption of alternating candidate lists (woman/man) and the rejection of non-compliant lists to enhance balance in representation, as well as ensuring women's representation in decision-making positions. It should also guarantee the participation of women with disabilities at a rate of 5% within the women's quota, in accordance with executive regulations.
31. Ensure the safe return of IDPs and forcefully displaced people to their homes and areas, with an emphasis on their protection and access to both material and moral compensation, alongside the provision of urgent and temporary assistance packages prioritizing their dignity and redress.
32. Affirm the State's commitment to cooperate with arrest warrants and writs of *habeas corpus* issued by the International Criminal Court against persons wanted in cases related to serious crimes and grave human rights violations.
33. The state shall bear legal responsibility and provide reparations for violations committed by its personnel or affiliated institutions.
34. Amend the Penal Code and the Code of Criminal Procedure, address shortcomings marring the provisions revolving around charges, and regulate pretrial detention by setting a specified time limit.
35. Consider the suspension of the implementation of citizenship-related decisions or delays in adjudication of relevant cases human rights violation requiring reparations and accountability for the authorities obstructing those rights or delaying the enforcement of effective decisions.
36. Establish a cybersecurity authority, operating within a legal framework that ensures respect for and protection of human rights, particularly the right to privacy and freedom of opinion and expression, while enhancing digital security, ensuring transparency and accountability. This shall be subject to judicial oversight, in accordance with international standards.
37. Ensure inclusion and quota representation of persons with disabilities across state institutions.
38. The need to come up with a comprehensive national plan to implement UN Security Council Resolution 1325 (2000) on women, peace, and security, ensuring women's formal and informal participation in transitional justice and national reconciliation programs.

Recommendations Related to the Upcoming Electoral Process

1. A binding national charter prior to elections:
    - Conclude a binding national charter signed by candidates, political actors and stakeholders, defining the rules governing the electoral process, affirming commitment to institutional pathways, acceptance of results, and non-obstruction of the electoral process under any circumstances.
    - Impose a complete ban on hate speech, incitement to discrimination, hostility, or violence, while promoting a discourse grounded in respect for human rights and tolerance.
    - Convene an inclusive national dialogue under neutral and credible facilitations and auspices provided by UNSMIL, ensuring transparency, inclusivity, and meaningful participation of all stakeholders.
    - Include clear accountability and enforcement mechanisms, including monitoring and documenting violations, publicly reporting them and imposing befitting sanctions on perpetrators, including exclusion from the electoral process, while ensuring transparency in reporting violations by all parties without exception.
2. Reform and protection of the independence of electoral institutions:
    - Guarantee the independence, neutrality, and operational capacity of the High National Elections Commission (HNEC).
    - Review the composition of HNEC, ensuring appointments are based on merit, while taking into account geographic and gender balance.
    - Ensure the Commission's financial and administrative independence.
    - Enable the Commission to adjudicate procedural complaints.
3. Ensuring a safe, free, and fair electoral environment:
    - Provide minimum security conditions allowing voters, candidates, and participants in the electoral process to move free from intimidation.
    - Prevent the misuse of security justifications to restrict freedom of expression or civil society activity. These guarantees are essential for creating an open public space that allows debate, criticism, organization, monitoring, and political mobilization without fear or intimidation.
4. Ensuring inclusive and non-discriminatory participation:
    - Prevent exclusion from the electoral process due to exercising the right to challenge results.

- Guarantee access to effective remedies and justice in accordance with international standards for free and fair elections and the rule of law.
- Ensure a fair electoral environment free from exclusion or discrimination against voters or candidates, guaranteeing equality in participation and competition.

5. Establishing credible monitoring and dispute resolution mechanisms:
   - Ensure electoral integrity through effective monitoring mechanisms engaging domestic and international observers, civil society organizations, and relevant UN bodies.
   - Utilize technological tools such as biometric systems to enhance transparency and mitigate fraud.
   - Establish clear, time-bound mechanisms for resolving electoral disputes, including procedural complaints, to prevent legal disputes from turning into political crises that may hinder the process. These measures are necessary to enhance confidence in the process and maintain the credibility of its results.
   - Include individuals registered under temporary civil registry status in the upcoming electoral process.
   - Ensure the participation of persons with disabilities without obstacles or discrimination.
   - Adapt polling stations to meet the needs of women with disabilities and ensure their protection during the electoral process.

Judiciary-related Recommendations

1. Respect the independence and impartiality of the judiciary, as a fundamental obligation, and refrain from politicizing it or interfering in its affairs, in order to uphold the binding force of judicial rulings, promote legal stability, protect established legal positions, and enhance the security of judicial institutions so they can operate free from any influence.
2. Temporarily suspend the Constitutional Chamber of the Supreme Court and the Constitutional Court until the issue concerning the composition of the Supreme Judicial Council is resolved.
3. Strengthen and guarantee the independence and impartiality of the Public Prosecution, ensuring that it can perform its duties without any unlawful interference or influence, within the framework of supporting the rule of law, enhancing accountability, and developing the criminal justice system, in line with international human rights standards.

4. Establish a specialized judicial chamber within the structure of the Supreme Court to review conflicting or contradictory court rulings, issued during the period from November 2014 to January 2026, ensuring the unification of judicial jurisprudence, enhancing legal certainty, and safeguarding the right to a fair trial.
5. Take the necessary legislative and regulatory measures, to ensure that judicial disputes are resolved within a reasonable time, reduce procedural delays and selective litigation, and promote the principle of equality before the law while ensuring effective access to justice.
6. Guarantee the rights of litigants and uphold the principles of a fair trial, including the right to defense, equality before the judiciary, and judicial independence and impartiality, while ensuring effective access to justice for persons with disabilities through adapting court environments and removing all physical and procedural barriers.

Recommendations on Transitional Justice and National Reconciliation

a. National Reconciliation

I- Issue a binding call to legislative and executive bodies to adopt the unified draft law on transitional justice, without unilateral amendments, while ensuring the independence of the National Reconciliation Commission through:

- Management by an independent board that can be elected through a *general assembly,* directly elected via electoral districts, or selected through consensus between the legislative and executive authorities and social components, whichever is feasible, in order to safeguard the process from political polarization.
- Alternatively, by forming a commission of (30) members corresponding to the number of electoral districts (one member per district), along with (17) representatives of victims, with women comprising no less than 35%, including women with disabilities. At least one of the positions of chairperson or the two deputies must be held by a woman, and a grievance redress committee should be included within the commission's structure.

II - Support the convening of a national forum that brings together the true stakeholders:

- Ensure representation that goes beyond the currently dominant actors. Empower the forum to draft a *binding national charter,* addressing contentious issues (identity, system of governance, decentralization, transitional justice, and security), while postponing detailed issues that may hinder the political process and deferring them to the permanent phase.
- Grant the outcomes of the national forum legally binding status, through reinforced resolutions of the UN Security Council, in cases where executive authorities fail to act, ensuring the protection of victims' rights, preventing impunity, and guaranteeing the implementation of the reconciliation process as a fundamental condition for the stability of the electoral process.

b. Transitional Justice

Most discussions focused on the *model of transitional justice to which Libyans* aspire., the *victim* as a concept, as well as the mechanisms assigned to this process, and the timeframe required for transitional justice. Initiatives addressing the various types of violations covered under this important file were also discussed. The members of the track issued a set of recommendations, including discussion of the draft law currently presented to the House of Representatives:

1. Violations are defined as any infringement of a fundamental human right.
2. Establish a body responsible for the transitional justice file, named: *Equity and Reconciliation Commission*.
3. Establish a research center, concerned with compiling previous initiatives related to transitional justice and incorporating them into a unified transitional justice framework.
4. Provide diverse technical mechanisms accessible to victims, including persons with disabilities, and ensure the protection of victims, in accordance with the principle of confidentiality.
5. Establish a reparations fund, to be financed from the state treasury through confiscated assets and tax revenues.
6. Reparations shall take one or more of the following forms: moral reparation; acknowledgment and historical documentation; memorialization; restitution of seized property to its rightful owners; development of affected areas and reconstruction; and recognition of all those killed for political reasons as martyrs of duty.
7. Enact a law to protect witnesses supporting the transitional justice and national reconciliation process.

8. Qualify and train those responsible for implementing the transitional justice law.
9. Establish units to provide psychological support.
10. Ensure the inclusion of persons with disabilities in transitional justice processes and reparations and provide psychosocial support for victims of conflict among persons with disabilities.
11. Ensure that the law is free of terminology that promotes discrimination, especially against vulnerable groups, particularly persons with disabilities.
12. Immediately launch a package of temporary benefits and urgent care as a top priority to build trust among all categories of victims.
13. Link the safe return of displaced persons to the resolution of cases of arbitrary detention, ending malicious prosecutions, restoring property, and criminalizing hate speech.
14. Proposed amendments to certain provisions of the Transitional Justice Law draft:

    - Article (1): the law shall apply to the period from 1969 until the adoption of a permanent constitution for the country.
    - Article (2): Add preserving national memory and restoring dignity among the principles and objectives, redressing grievances of victims, and repealing laws that violate human rights.
    - Article (4): Add types of violations not included in the draft law, namely: extrajudicial killings, forced displacement, and deprivation of legal identity.
    - Article (7): The Libyan authority shall be independent and affiliated with the House of Representatives collectively under the name *National Reconciliation Commission*. It shall have legal personality and independent financial liability, with its headquarters in Tripoli. It may carry out its functions in any other city if need be and shall have branches within the jurisdictions of courts of appeal. Committees shall also be formed for reconciliation, mediation, and arbitration, taking into account cultural components, persons with disabilities, women, and youth.
    - Regarding the composition of the Commission: It shall consist of (30) members representing electoral districts (one member per district), along with (17) representatives of victims, with women comprising no less than 35%, including women with disabilities. At least one of the positions of chairperson or the two deputies must be held by a woman.
    - Amendment to Article (10), competencies of the Commission, paragraph (6): Organizing broad and inclusive national consultations, particularly with all victims and their families, cultural components, and marginalized groups including women, youth, persons with disabilities, and displaced persons.

- Article (10/6): Add the sentence "including displaced persons and cultural and linguistic components."
- Article (10): Omit paragraph (8).
- Article (12/4): Add "allocation of a seat for persons with disabilities."
- Article (33): On victims' rights, omit "expressing membership in reconciliation and mediation committees."
- Article (40): Concerning provision regarding disappearance, statute of limitations, death of the accused, and pardons- affirm the article and recommend amending its content and drafting.
- Article (44): Amend the provision as follows: "A Victims' Compensation Fund shall be established under the authority of the Head of State, possessing legal personality and independent financial liability. It shall be managed by a board consisting of a chairperson, a deputy, and three members of integrity and expertise. Its headquarters shall be in Sirte, and its organizational structure shall be issued by decision of the Head of State."
- Article (57): Amend to stipulate that the condition must be granted by the Head of State.
- Article (58): Amend to read, "any person who publishes information collected by the Commission, by any means, or publishes information related to witnesses, shall be punished with the penalties prescribed in Article 236 of the Penal Code."

c. Property Disputes and Grievances

1. The state shall commit to reviewing, repealing, or amending all laws and legislation that led to the emergence of property-related grievances or entrenched their effects, during the former regime, in a way that removes their legal causes and addresses their consequences.
2. Laws and decisions that entrenched arbitrary expropriation or restricted the right to property ownership in violation of the principles of justice and the rule of law shall be repealed, and the resulting legal effects shall be addressed.
3. The state shall address the legal and procedural consequences arising from the burning of the land registry in 1986, particularly by recognizing documents, deeds, and evidence held by affected persons, provided their validity is established in accordance with legal standards.
4. Victims shall be guaranteed restitution of property-related grievances and compensation for damages resulting therefrom, including the restoration of property rights to their rightful owners or fair compensation where restitution in kind is not possible.
5. The restitution of expropriated properties to their lawful owners shall be considered one of the reparative measures within the framework of

transitional justice, in accordance with fair legal procedures that take into account the rights of third parties, good faith, and the requirements of legal stability.

6. The safe and dignified return of IDPs and the forcefully displaced shall be linked to the restoration of their properties, the cessation of malicious prosecutions, the end of arbitrary detention, and the adoption of measures enabling them to exercise their rights without obstacles.
7. The principle of redressing grievances of victims, particularly property-related grievances, shall be added to the core principles and objectives governing the draft Transitional Justice Law.
8. A specialized committee for redress of grievances shall be incorporated within the institutional structure of the authority responsible for national reconciliation and transitional justice, to be tasked with reviewing applications and claims related to property grievances and all associated rights.

Additional recommendations regarding the draft law on missing persons

1. The Libyan State shall commit to and bear its legal and humanitarian responsibility to immediately unveil the fate of all forcibly disappeared and missing persons, initiate independent and transparent investigations into the circumstances of their disappearance in cooperation with the Public Prosecution and the competent regulatory bodies, hold accountable anyone proven to be embroiled in these crimes, whether affiliated with state agencies or an outlaw, establish a unified national database for the missing, while guaranteeing the right of the victims' families to obtain psychological and legal support and fair compensation, and take legislative and procedural guarantees that prevent the recurrence of these crimes in the future.
2. Other authorities shall not be allowed to undertake the work of collecting and documenting information and data related to missing persons, conduct genetic and biological analyses, or issue technical reports and refer them to judicial authorities, except in official coordination with the General Authority for the Search and Identification of Missing Persons (GASIMP) and in accordance with the legal controls regulating this.
3. GASIMP shall be granted the status of expert in missing persons affairs and forensic medicine, in addition to the status of a judicial officer.
4. Fair and balanced gender representation shall be guaranteed in the administration and organizational structures of GASIMP.

5. Article (8/4), shall be amended to address the investigation of missing and detained persons, determining their fates, taking the appropriate measures, and handing over the remains to their families.
6. Article (4) of the draft law, concerning the subject-matter of the law, shall be amended to stipulate that the provisions of this law apply to human rights violations, as defined in Article 1, and in particular, arbitrary deprivation of the right to liberty and the right to life, enforced disappearance, torture, rape, slavery, extrajudicial killings, lack of guarantees of a fair trial, and unlawful seizure of property. GASIMP shall address grievances resulting from violations subject to the provisions of this law. This excludes procedures and settlements undertaken under special laws for addressing violations, as well as those whose procedures were not completed, those deemed unfair by victims and their families, or those that did not meet the requirements for truth-seeking, redress, and compensation.

Additional points not included in the draft law:

1. Add a provision that criminalizes anyone who refrains from taking measures that they were in a position to take, by virtue of their office or effective authority, to prevent human rights violations or to bring their perpetrators to justice, despite having knowledge of such violations or being able, under the circumstances, to be aware of them—whether committed by their superiors or by their subordinates. In this regard, a superior may not invoke the lack of discipline of their subordinates or their loss of control over them as a defense.
2. Add an article regarding urgent care and temporary expenses, that reads as follows: "GASIMP, through the Victims Compensation Fund, is obligated to provide urgent care and temporary expenses to victims in need, particularly the elderly, women, children, persons with disabilities, and the sick, without waiting for final decisions regarding reparations."
3. Establish a comprehensive national program for psychological and social support and rehabilitation for victims.
4. Amend Article (4) by adding a clause concerning decisions that have not been implemented, victims who have not received their rights, and settlements that have not been completed.
5. Support the activities and efforts of GASIMP, emphasizing the need to expedite the issuance of the Missing Persons Law.

6. Emphasize the principle of no impunity for perpetrators of mass grave crimes and mass killings and ensure their prosecution before national courts. If this proves impossible, the right to recourse to international justice must be guaranteed.
7. The State must adhere to its mandates and obligations, including cooperating with arrest warrants issued by the International Criminal Court against the wanted.
8. Immediately address the urgent humanitarian needs of victims and families of the missing, thereby strengthening confidence-building measures until the enactment of a transitional justice and national reconciliation law.
9. Expedite the enactment of a transitional justice and national reconciliation law, taking into account the outcomes and recommendations of the reconciliation process within the structured dialogue, and emphasize the necessity of establishing an independent body for transitional justice and national reconciliation.
10. Call for a comprehensive national congress based on the outcomes of dialogues with civil society and academic institutions, the preparatory forum for national reconciliation, and the national reconciliation and human rights track within the structured dialogue, with the aim of issuing a National Charter that contributes to achieving political and community stability.

Recommendations addressed to the international community and the Security Council

1. Respect Libyan sovereignty and immediately and unconditionally evacuate all forces, militants and foreign fighters from Libyan territory.
2. Direct international support to strengthen unified national institutions and prevent support for parallel bodies.
3. Commitment of the international community to engage international observers to supervise the electoral process to ensure the integrity and impartiality of the electoral process.
4. Support the national strategy for accountability and preventing impunity.
5. Assist in preparing a strategy to restructure judicial and police institutions in accordance with human rights standards.
6. Provide technical support to monitor elections through the biometric fingerprint system.

7. Contribute to training members of the judicial police and law enforcement agents on the *Mandela Rules* for the treatment of prisoners and provide training programs for them.
8. Include the file of missing persons in Libya in the international sanctions reports issued by the Security Council, while imposing sanctions on individuals and entities that obstruct ongoing investigations or refuse to cooperate in revealing the fate of missing persons.
9. Establish an international fund under the auspices of the United Nations to support efforts to search for missing persons, finance disclosure and investigation operations, and compensate the families of the victims.
10. Issue a decision by the Security Council to adopt the recommendations and oblige all to implement them.