

## 1. The Big Picture

### Uncertainty looms over O&G sector; NOC partially lifts FM

The week starting 14 Sep was marked by movement on the political front with two significant and interrelated developments. First, Government of National Accord (GNA) PM Fayed Sarraj declared his intent to step down “no later than the end of October” and support transition to a new executive authority and elections. Second, on 18 Sep Libyan National Army (LNA) commander Khalifa Haftar, lifted the oil blockade enforced since Jan 2020, after an agreement to redistribute oil proceeds was struck with GNA Deputy PM Ahmed Maiteeg. Both developments could have broader ramifications on the way forward in Libya, adding yet another layer of complexity to the crisis.

In his speech, Haftar claimed the decision to resume production was driven by concerns over worsening living conditions of average Libyan citizens. For his part, GNA Deputy PM Maiteeg announced the agreement/proposal stipulates the formation of a joint committee to oversee a fair and transparent distribution of O&G proceeds until a national unity government is formed, which runs counter to the National Oil Corporation’s (NOC) recent proposal to freeze revenues in an account under international supervision as part of UN and US-led initiatives to lift the blockade.

Soon after the deal was announced on 18 Sep, NOC Chairman Mustafa Sanallah confirmed force majeure contractual clause continues to apply to loadings from Libyan terminals, referring to the Maiteeg-Haftar agreement as “secretive” and “non-organised” and denouncing the use of oil as a bargaining chip.

A day later, however, the NOC backtracked on its statement and lifted force majeure from “safe oil fields and ports” where there is no documented military presence. Force majeure was lifted from Zuweitinah, Brega, Hariga, and Zawiya terminals, but key terminals of Es Sider and Ras Lanuf remain shut given the reported presence of Wagner private military contractors (PMCs) there. Further, flaring resumed at Sharara oil field, Libya’s largest with a capacity of 300k barrels per day (bpd), on 20 September. However, it remains to be seen if production will remain uninterrupted given the documented presence of military personnel in the field’s vicinity.

Politically, the contested Maiteeg-Haftar proposal was widely viewed as bypassing official negotiations. In Misrata and Tripoli, the deal was seen as an overture to Haftar, enabling the LNA commander to come back to the fore after the failed Tripoli offensive. Officials cited by Bloomberg reported the Maiteeg-Haftar agreement was negotiated in a visit to Sochi, Russia, where Maiteeg met one of Haftar’s sons over the past week. Meanwhile, reports indicate Maiteeg was forced to halt a scheduled press statement from Misrata following backlash from several figures in his hometown. In a similar incident, Maiteeg did not visit Sirte, where the agreement was expected to be signed.

Opposition to deal is rife in GNA ranks, though looking ahead the main question is not whether the proposal will be accepted, rather how Maiteeg’s overtures to Haftar will impact the security environment across the western region as the threat of infighting looms. Opposition from the Tripoli-based Central Bank of Libya (CBL), High Council of State (HCS), and GNA PM Sarraj himself, is not shared at the grassroots level. Against

the backdrop of recent civil unrest, a deal enabling oil revenues to flow again will likely be welcomed by average Libyans.

The deal bears the hallmark of recurring power dynamics in Libya; negotiations with official stakeholders are often bypassed by players who are not at the negotiating table but exert more influence on the ground. In the LNA camp, intent to resume production was high given recent unrest over living conditions across the east. Of note, Haftar recently discussed the oil blockade on 14 Sep with a high-level Egyptian delegation. At the negotiating table, observers argue the Maiteeg-Haftar deal has repositioned the LNA as an “enabler” while shifting responsibility for Libya’s economic woes to the GNA.

The deal is also a way for Haftar to offset his recent loss of political clout and contain House of Representatives (HoR) Speaker Aguila Saleh’s rising influence. Seen from this angle, the Maiteeg-Haftar deal was a natural response to the Sarraj-Saleh ceasefire agreement. Regardless of how international and domestic stakeholders opposed to the deal respond, Haftar can now claim he has struck an inclusive agreement representative of the western region, giving the LNA commander fresh impetus to continue production in the eastern region, even if the NOC was to reintroduce force majeure.

For international stakeholders, the situation adds a layer of complexity as breaking the latest deal in favour of a return to official negotiations could backfire and delay a political settlement ahead of UN-led talks in Geneva. The situation introduces an element of risk and uncertainty for IOCs with contracts in Libya, as steady oil production might be difficult to achieve in the medium term. It is worth pointing out that the LNA agreed to reopen fields and terminals for a month to enable a “Libyan-Libyan” dialogue. Failure to reach a settlement would prompt another closure. The Maiteeg-Haftar agreement brings Libya’s O&G sector closer to the scenario presented by WB in June 2020, whereby production is in a continuous state of flux, with crude exported from some parts from time to time, but bottled up in others, for various reasons.

Another key aspect of the latest deal is its timing. Haftar’s alignment with Maiteeg comes at a critical juncture after GNA PM Fayed Sarraj’s intent to step down. Amid a power vacuum in the western region, multiple observers argue that manoeuvring and steering outcomes will be a challenge for Ankara. Sarraj’s possible resignation and the Maiteeg-Haftar oil deal have ushered in a new phase for Turkey’s Libya strategy; to maintain its influence Ankara is now required to play politics at a local level or negotiate with Moscow and possibly Cairo, as evidenced by Turkey’s recent dovish stance towards Egypt. Turkey’s bilateral security and maritime agreements with the GNA will continue to hold, according to Turkish Presidential spox Ibrahim Kalin, who referred to the current situation as a “political period”.

#### KEY POINTS

- NOC lifts FM from “safe” terminals
- GNA Deputy PM deal to widen divisions in west
- LNA reopens fields & terminals for 1 month



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## 2. National Security Map

LNA raids suspected IS cell in Sabha; fake checkpoints on Gharyan-Mizdah road

### Legend

#### Impact Indicator

- Low Impact
- Medium Impact
- High Impact

#### Incident Type

- IED/VBIED/ERW
- Airstrike / UAV
- Isolated Gunfire
- Mortar/Rocket
- Violent Clash
- Kidnapping
- Carjacking
- Other

1

Sabha International Airport (SEB) received an Afriqiyah Airways-operated flight from Tripoli's Mitiga International Airport (TIP) following a hiatus on 16 September. Of note, the GNA's Transportation Minister, Milad Matoug, issued instructions to open the airport.

2

Following recent tensions between Bani Walid and Zliten over the robbery of a truck belonging to merchants from Zliten and prompting Bani Walid's retaliation, the Social Council of Warfalla Tribes announced that the issue was settled amicably between the two cities on 19 September. The Council stated that reconciliation was achieved thanks to mediation by notables of Al-Zawiya.

3

Pro-LNA accounts reported the 9th Brigade Tarhunah "Al-Kaniyat" has been ordered to deploy across Sirte frontlines on 19 September.

4

WB sources reported the presence of three fake CPs manned by a plain-clothed armed group on the road linking Gharyan and Mizdah in the afternoon of 19 Sep. A Hyundai Avante and Toyota Hilux 2700i were accompanied by 7-8 armed individuals at the first checkpoint, while a Toyota Previa and BMW were accompanied by three armed individuals at the second checkpoint.



(Map Source: Whispering Bell Platform)

5

Local reports indicate the Tobruk Military Region, commanded by Salem Miftah Al-Rafadi, arrested an armed group on charges of blocking roads to kidnap travellers and fishermen for ransom, south of Jaghboub, on 18 September. The arrest was carried out in coordination with the 108th Battalion and no casualties were reported.

Egyptian media outlets reported Egypt's General Intelligence Service (CIS), in cooperation with Libyan authorities, facilitated the release of six Egyptian workers kidnapped for ransom on the highway between Qaryat and Ash-Shwayrif on 10 September. The Egyptian Governor, Mars Matrouh Khaled Shoaib, stated that the Egyptian nationals were construction workers in Libya detained by human traffickers for a ransom of 30k Libyan dinars (LYD) each.

6

LNA spokesperson Ahmed Al-Mismary reported LNA 116 Infantry Battalion received intelligence on suspicious movements from Murzuq to Sabha's Hay Abdulkafi, prompting the 116 supported by 160 Battalion to raid the suspected cell in the area. The spox claimed the clashes lasted approximately seven hours, killing nine suspected militants, including two Libyan nationals, three Saudi nationals, a Sudanese, an Egyptian, a Nigerian, and an Ivorian. Al-Mismary added among the militants killed was the new leader of the Islamic State (IS) Libya province known by his nom de guerre as "Abu Abdullah". Two LNA 116 and two other LNA 160 forces were killed as a result of the clashes, while eight forces were injured.

7

Pro-LNA accounts claimed unidentified assailant(s) attacked the GNA Deputy Prime Minister Ahmed Maiteeg's residence in Misrata, forcing him to flee his hometown. Of note, the incident closely follows Maiteeg's agreement with Khalifa Haftar on the lifting of the oil blockade where GNA factions are said to highly disapprove of Maiteeg's cooperation with Haftar on this matter.

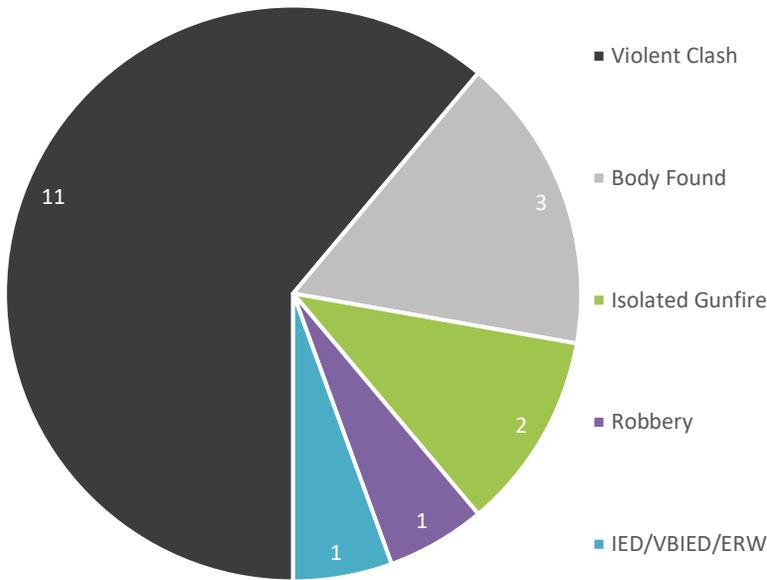
### Libya Weekly Political and Security Update

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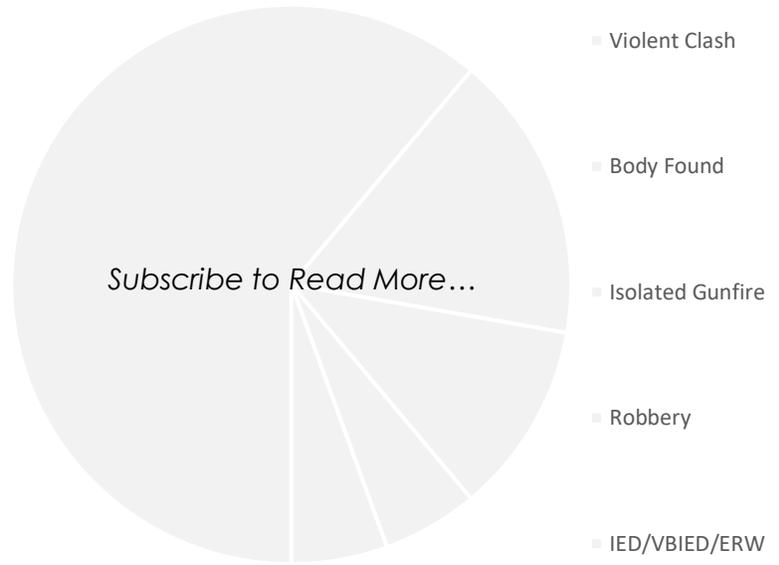
### 3. Nationwide Security Analysis

Majority of protests in Tripoli; LNA clash with militants in Sabha kills 11

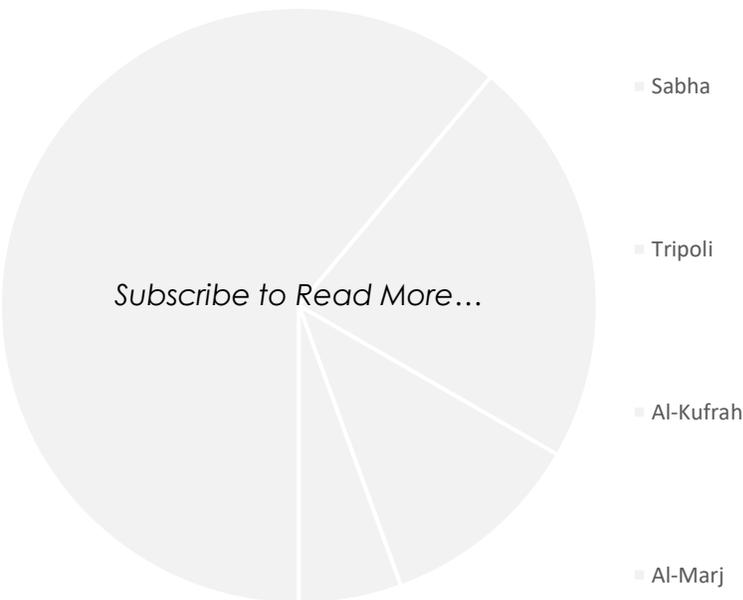
Nationwide fatalities by type of attack (Past week)



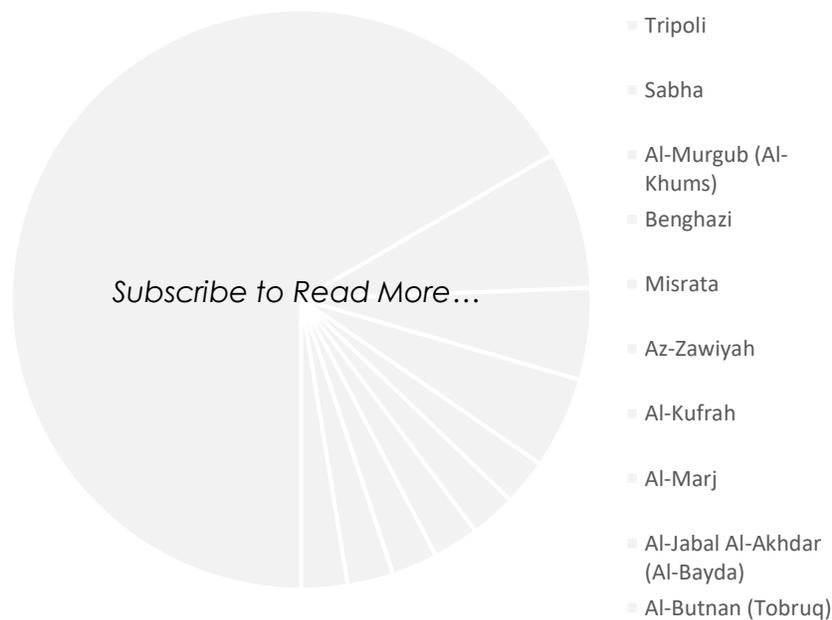
Nationwide incidents by type of attack (Past week)



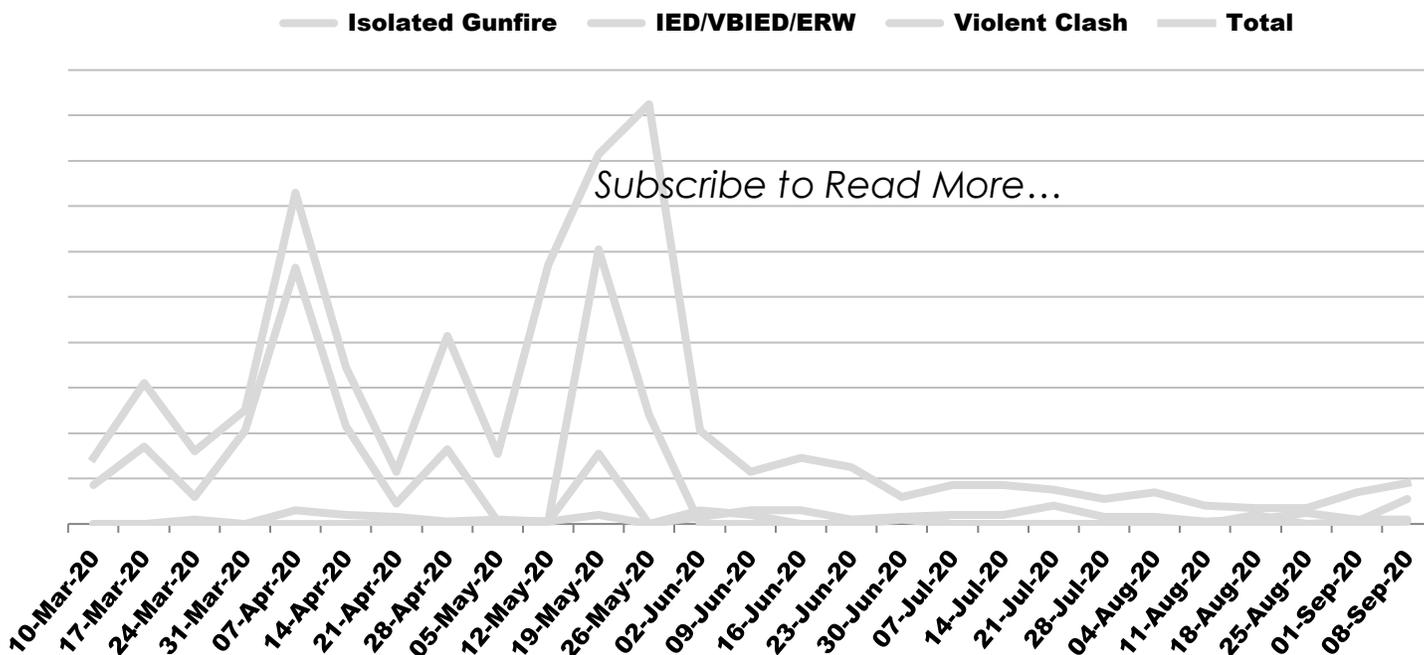
Nationwide fatalities by national district (Past week)



Nationwide incidents by national district (Past week)



## Nationwide Fatalities by Type of Attack (Past 27 Weeks)



### Data Analysis

WB recorded this week a total of 18 confirmed deaths in Libya compared with 14 deaths reported last week and 7 the week before. The fatalities recorded this week came as a result of clashes between LNA forces and suspected Islamic State (IS) militants in Sabha resulting in a total of 11 fatalities among LNA and militant ranks. In addition, WB recorded two separate cases of bodies found in Al-Kufra and Tripoli, with two located in Al-Kufra and one found in the capital city. Separately, two fatalities were recorded as a result of gunfire incidents in Al-Marj and Tripoli. Beyond, two fatalities were recorded as a result of an ERW incident and house robbery in Tripoli.

In the wider western region, the majority of incidents were recorded in the Tripoli district with 26 incidents. Seven protests denouncing various grievances including lengthy power cuts and delayed salary payments were recorded across Tripoli. In addition, WB recorded seven acts of theft, including six vehicle thefts and one house robbery resulting in civilian casualties. Meanwhile, three isolated gunfire cases occurred, as well as three arrests, two IED/VBIED/ERW incidents, one carjacking, one case of a body found and one fire. In the wider western region, WB recorded one arrest and one protest in the Al-Murgub district, in addition to an act of assault in Al-Zawiya and protest in Bani Walid.

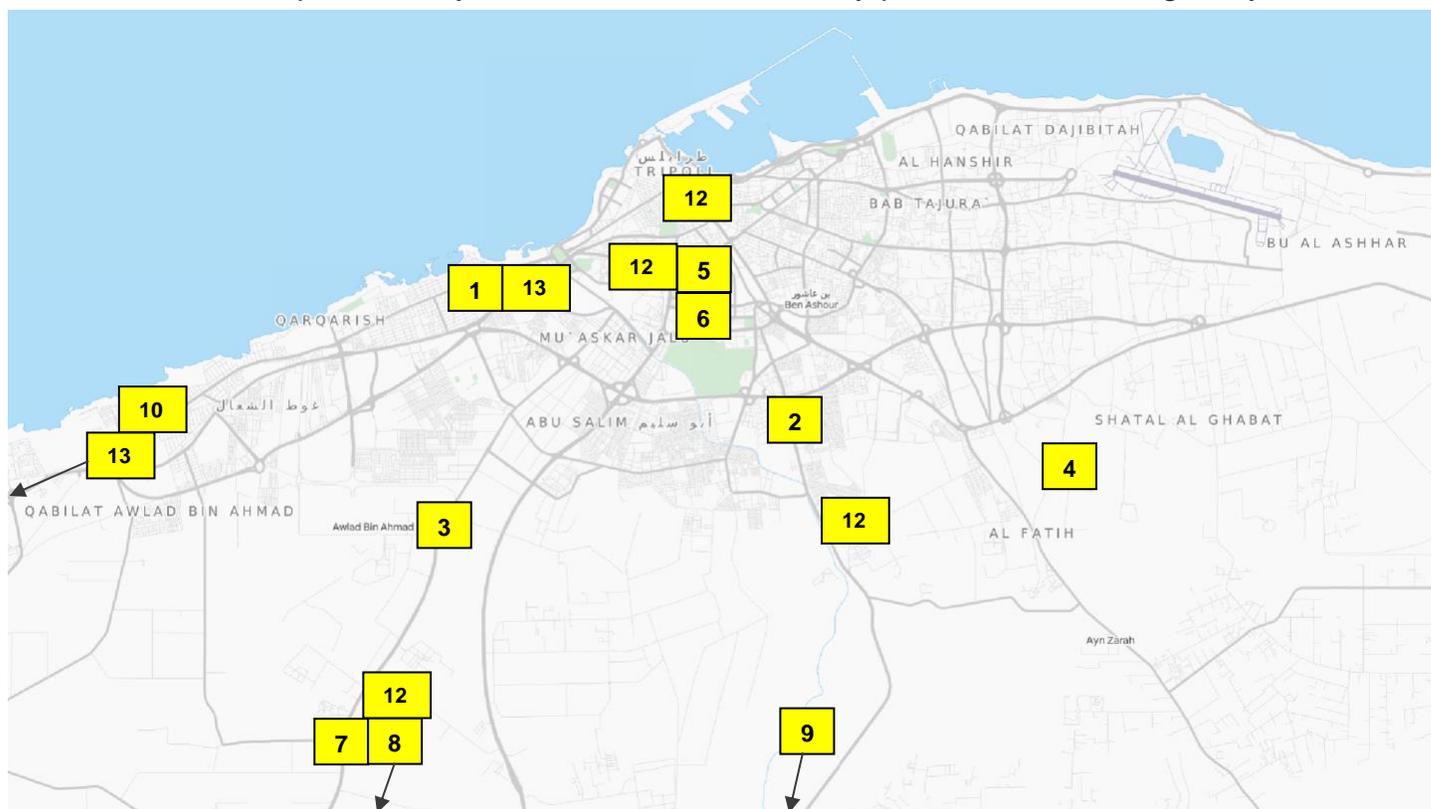
Meanwhile, in the central region, the Sirte-Jufra axis remains relatively calm as witnessed over recent weeks, though reports of deployments continue. Pro-LNA accounts reported the 9th Brigade Tarhunah "Al-Kaniyat" has been ordered to deploy across Sirte frontlines on 19 September. Of note, the majority of the 9th Brigade retreated towards Benghazi, Ajdabiya, and other eastern cities after the end of the Tripoli offensive in June 2020. Meanwhile, Pro-GNA accounts claimed LNA forces along with Russian private military contractors (PMCs) are continuing to establish trench and dirt barricades in the areas between Sirte and Jufra districts. Dirt barricades were spotted specifically in Sirte's Al-Qabiba area on 15 September. However, there were no GNA claims of ceasefire violations by LNA forces in Sirte and its surrounding areas as witnessed over recent weeks.

Turning to the south, this week was marked by violent clashes between LNA forces and suspected Islamic State (IS) militants resulting in casualties among LNA ranks and militants. In an extraordinary press briefing covering the Sabha incident, LNA spokesperson Ahmed Al-Mismary reported LNA 116 Infantry Battalion received intelligence on suspicious movements from Murzuq to Sabha's Hay Abdulkafi, prompting the 116 supported by 160 Battalion to raid the suspected cell in the area. The spox claimed the clashes lasted approximately seven hours, killing nine suspected militants, including two Libyan nationals, three Saudi nationals, a Sudanese, an Egyptian, a Nigerian, and an Ivorian. Al-Mismary added among the militants killed was the new leader of the Islamic State (IS) Libya province known by his nom de guerre as "Abu Abdullah". Two LNA 116 and two other LNA 160 forces were killed as a result of the clashes, while eight forces were injured. The LNA spox confirmed two women and children were detained, including the alleged wife of Abu Abdullah. Al-Mismary added that some of the Saudi nationals, the Sudanese, and Kenyan entered Libya via Sudan. If confirmed, this would conflict with reports by pro-LNA outlets alleging the suspected militants entered Libya via Syria and/or Turkey. Separately, two men were found dead of dehydration and starvation near the Libyan-Sudanese border in the Al-Kufra district on 14 September. Meanwhile, dignitaries and elders of the Misrata Council denounced the abduction of several truck drivers carrying gas cylinders and fuel in Sabha on 12 September. Further, the Wadi Al-Bawanis Youth Movement protested deteriorating living conditions in the southern region on Samnu's main road on 12 September, and subsequently threatened to cut off internet and obstruct fuel deliveries to smuggling hotspots within two days if their demands go unheard. The Movement's demands included providing fuel across petrol stations in a fair manner, an equal load shedding programme, maintaining communications, solving the power crisis, providing cash across banks, and establishing a fair resource-distribution mechanism.

In the eastern region, WB recorded two security incidents in Benghazi, including an act of arson and an arrest. In addition, WB an arrest in the Jaghboub area located in the Al-Butnan district, an anti-Interim Government protest in the city of Al-Baida, and an isolated gunfire case reporting during a protest in Al-Marj. In relation to the incident in Jaghboub, Local reports indicate the Tobruk Military Region, commanded by Salem Miftah Al-Rafadi, arrested an armed group on charges of blocking roads to kidnap travellers and fishermen for ransom, south of Jaghboub, on 18 September. The arrest was carried out in coordination with the 108th Battalion and no casualties were reported. Separately, in Al-Marj, reports indicate protesters burned tyres and closed off the street in front of Al Marj Security Directorate at night on 12 September. In response, security guards opened fire to disperse protesters. The United Nations Support Mission in Libya (UNSMIL) reported a civilian was killed, and three others were injured, as well as the arrest of other protesters by "eastern authorities" in Al-Marj on 12 September.

## 4. Tripoli Neighborhood Report

Tripoli security environment dominated by protests denouncing array of issues



### KEY INCIDENTS

1. (19 Sep) Locals burn tyres & close off Hai Al-Andalus main road to protest power cuts
2. (19 Sep) Three gunmen close road in front of man's vehicle & kidnap him
3. (19 Sep) Misrata's 301 BN establishes presence at Al-Kharrouba traffic lights, controlled by Zintan's General Security Apparatus
4. (19 Sep) Nawasi Brigade establish 2 CPs in Mashro' Al-Mooz area allegedly due to recent kidnapping of Libyan surgeon in Al-Sabaa
5. (19 Sep) Gunmen kidnap office manager of former GNA deputy head of Internal Security
6. (19 Sep) Vehicle theft on Al-Zawiyah Street
7. (19 Sep) Gunfire audible near Al-Jebs gate
8. (17 Sep) Child killed & other individual injured in house robbery in Al-Swani
9. (16 Sep) ERW explosion in school kills boy & injures two others in Khallatat area
10. (16 Sep) Vehicle theft in Al-Seyaheyya
11. (15 Sep) Islamic Call Society staff protest six-month delays in salaries in front of ACA
12. (14 Sep) Three vehicle thefts & 1 carjacking
13. (14 Sep) Ghneiwa militia fires live rounds to defuse tensions on Al-Gharbi Street

### Protest against Sarraj's latest appointments

WB sources reported locals burnt tyres and closed off the main road of Tripoli's Hai Alandalus area, specifically near the Psychiatric Hospital of Tripoli "Razi Hospital" to protest power cuts at approximately 2130hrs on 19 September. At approximately 0730hrs on 20 September, sources reported the road was open, though debris from the burnt tyres remained. The majority of areas across the capital city are experiencing lengthy power cuts, including 24hr-long blackouts in certain parts over the past 72hrs. Other areas are witnessing eight-hour long blackouts.

### Man kidnapped near Tripoli Univesity Hospital

Reports indicate three gunmen aboard a white Toyota Hilux 2700i closed off the road in front of white Hyundai Santa Fe driven by two men near Tripoli University Hospital bridge at approximately 2100hrs on 19 September. The gunmen kidnapped the driver and left the vehicle and passenger behind. No further details available, though the nature of the incident stands as a targeted kidnapping.

### Former GNA Internal Security official kidnapped

Reports indicate unidentified gunmen kidnapped the office manager of the former deputy head of the GNA's Internal Security Agency, Tariq Al-Sariti, near his residence in Tripoli's Al-Jumhuriya Street area at night on 19 September. Unconfirmed reports suggest the Special Deterrence Force (SDF) conducted the arrest. Al-Sariti is allegedly detained at an SDF-controlled prison. While there is no further information available, the kidnapping/arrest could be linked to the GNA's appointment of Lutfi Al-Harari as the deputy head of Internal Security on 08 September. Al-Harari is said to be a close adviser of Abdulghani Kikli, commander of the Ghneiwa militia.

### Child killed & other injured in house robbery

Reports indicate a child was killed and another individual was injured in a house robbery in Tripoli's Al-Swani area in the afternoon on 17 September. Meanwhile, reports indicate Special Operations Forces arrested a criminal on charges of robbing a house in Al-Swani in the morning on 18 September. It remains unclear if the incidents are linked.

### ERW explosion in schools kills one , injures 2 others

Explosive remnants of war (ERW) exploded in a school, killing an adolescent boy and injuring two others in Tripoli's Khallatat area at approximately 1630hrs on 16 September. Reports indicate the victims, who were residents of the area, spotted the ERW in their school and tampered with it, causing the explosion.

### Medical staff protest ongoing abduction of surgeon

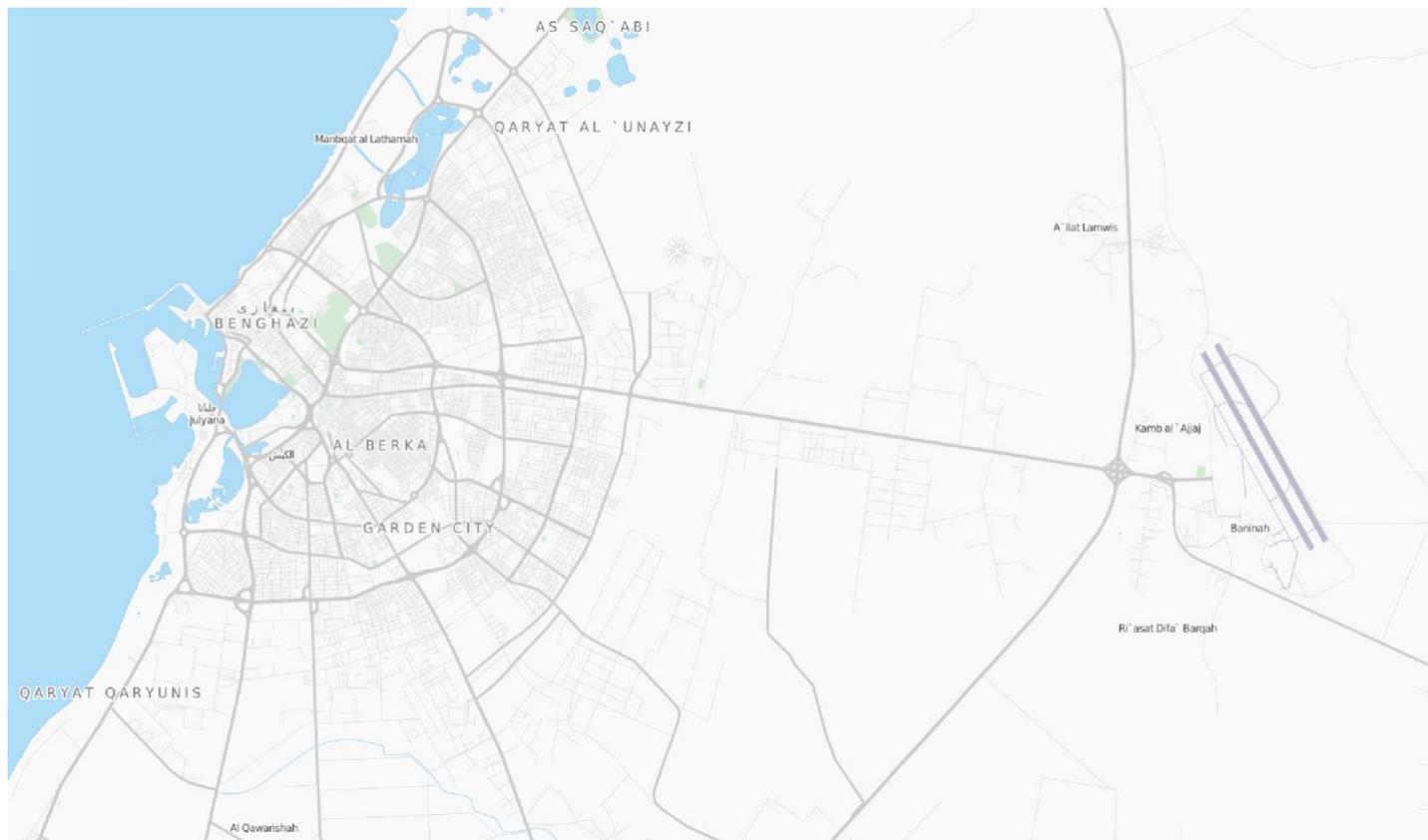
Reports indicate medical staff of the Khadra Hospital in Tripoli's Alhadba Alkhadra area protested in front of the hospital at approximately 1230hrs on 15 September against the recent abduction of a Libyan surgeon working at the hospital. Of note, the victim was kidnapped by unidentified gunmen in Al-Sabaa area on 14 September.

### Purported Mol decree on integration of armed groups

The GNA's Volcano of Rage Operation published a purported GNA Interior Ministry (MoI) decree ordering the creation of a committee to integrate armed groups and fighters. According to the document dated 14 September, the MoI committee will list armed groups and fighters in a database into red, yellow, and green categories. The "green" and "yellow" categories will be merged while groups listed as "red" will be dissolved. The purported decree has not been published across formal MoI channels and its authenticity is unverified.

## 5. Benghazi Neighborhood Report

Al-Thinni meets Benghazi activists ahead of calls for nationwide protests on 21 Sep.



### KEY INCIDENTS

1. (19 Sep) Al-Thinni meets Benghazi activists ahead of calls for protests
2. (15 Sep) PM gives overview of financial & economic situation in east
3. (15 Sep) CID seizes large weapon cache from criminal gang
4. (Unknown) Mahmoud Al-Warfalli spotted in video statement by pro-LNA group denouncing recent civil unrest

### PM meets activists ahead of planned protest

On 19 September, local reports indicate the Interim Government Prime Minister, Abdallah Al-Thinni, met with cultural, political and civil leading figures and activists in Benghazi to discuss the implications of the series of anti-corruption protests across the eastern region. The meeting reportedly discussed the motives behind deteriorating living conditions, as well as on the ongoing power crisis. Al-Thinni attributed the current issues to inadequate funds and accused the GNA of exerting control over the state's oil revenues thus preventing the south and east from being able to provide services to citizens. Of note, the meeting would come after Benghazi-based activists launched a social media campaign dubbed "Save Libya from the Corrupt", calling for mass demonstrations across all Libyan cities at 1600hrs on 21 September.

### Activists call for nationwide protests on 21 Sep.

Benghazi-based activists launched a social media campaign dubbed "Save Libya from the Corrupt", calling for mass demonstrations across all Libyan cities at 1600hrs on 21 September. The activists stated that they support all movements against corruption in all its forms, attributing widespread corruption as the main cause of the outbreak of the coronavirus pandemic, lack of services, and loss of job opportunities and social security for the unemployed youth. The activists stressed their support for peaceful solutions far from the use of arms and violence, and noted that the date of the scheduled demonstration is close to the eighth anniversary commemorating "Benghazi Rescue

Friday", which emphasises the "civilisation of the state and rule of law.

### Al-Thinni claims 50% of budget went to LNA

In video footage dated 15 September, Al-Thinni gave an overview of the financial and economic situation in the eastern region to a tribal gathering. Thinni stated the parallel Central Bank of Libya (CBL) lends his government cash at 3% interest, while eastern commercial banks provide credit at 4% in some cases. Further, Thinni declared half of his government's budget was allocated to the Libyan National Army (LNA). Thinni's comments were largely described as attempts to project transparency and distance himself from allegations of mismanagement of funds. Of note, Al-Thinni's cabinet recently tendered its resignation to the House of Representatives (HoR) Speaker Aguila Saleh. The government continues to fulfill its duties until the resignation is approved by the HoR. In a related development, the police union under the eastern-based Interior Ministry called on Al-Thinni and Interior Minister Ibrahim Bushnaf to investigate the claims made by some tribal figures accusing security forces and police of failing to protect protesters and lax security in recent civil unrest across Benghazi, Marj, Shahhat, and Bayda. The police union threatened strike action if the claims are not investigated. The claims against security forces were made during Al-Thinni's meeting with tribal delegations on 15 September. Both developments were described by observers as evidence of the widening power vacuum in the eastern region.

## 6. What's next

### Russia-Turkey initiative; opposition to Maiteeg-Haftar deal

#### POLITICAL FORECAST

GNA PM Sarraj's announcement to step down and the Maiteeg-Haftar deal will add pressure on UN-led efforts to reach a political settlement during the Geneva talks. Many are of the view Sarraj's resignation was expected given the recent momentum for a political settlement and reformation of the Presidential Council (PC). Further, Sarraj's posture was undermined after a wave of protests in the western region and more importantly the public rift with Interior Minister Fathi Bashagha, which some observers argue could be a leading cause behind Sarraj's possible resignation. The development could have broader ramifications on the political and security landscapes across the country, though Sarraj's resignation hinges on the formation of a new Presidential Council (PC) and unified executive authority. On the diplomatic front, Turkish FM Mevlut Cavusoglu reported progress with Moscow towards a ceasefire and political process during the third round of Turkey-Russia technical meetings in Ankara between 15-16 September. Meanwhile, UNSMIL held the third virtual meeting of the Libyan Economic Dialogue on 18 September. The meeting was chaired by the Mission's Acting Head Stephanie Williams and was attended by 29 Libyan economic experts, along with representatives from the UNDP and the World Bank to discuss the progress in the economic roadmap and review the policy road map developed as part of the Berlin process. The Mission reported the meeting was made possible by creating three hubs in Tripoli, Benghazi, and Sabha. Participants discussed the political process and ongoing economic reforms, including the audit of the two branches of the Central Bank of Libya (CBL). In a separate development, AFP, citing diplomats on condition of anonymity, stated that the EU is due to announce sanctions against three companies from Turkey, Jordan, and Kazakhstan on charges of violating the UN arms embargo on Libya. According to one of the diplomats, the sanctions are "modest but significant."

#### WHAT OTHER EXPERTS SAY

Fehim Tastekin, who specialized in Turkey's foreign policy, explores the motive behind Ankara's recent overtures to Egypt and how this scaled-down approach from Turkey stems from a reading of the current situation in Libya. Writing for *Al-Monitor*, Tastekin argues Turkey failed to uphold its military advantage and transpose this into the political sphere, which explains why Ankara is compelled to enter Russia-Egypt negotiations. The author explains as events unfolded in Libya over the past few weeks, Turkey's focus on maintaining the GNA's cohesion have failed to grant Ankara enough leverage to steer outcomes on the ground. The author writes "In sum, the balance among its Libyan allies is too fragile to allow Ankara to steer them as it wishes. This, in turn, makes it all the more difficult for Ankara to steer the dialogue between its allies and their eastern opponents." Further, Tastekin argues Turkey is hoping to gain concessions from Egypt by engaging in negotiations. "Another factor compelling Turkey to acquiesce to Egypt's role is Russia's influential posture on the ground. It was Russia's delicate engineering that raised Saleh's profile on the eastern camp at the expense of Hifter. Hence, Russia is Turkey's only channel to exert influence on the eastern forces."

#### SECURITY FORECAST

The capital's security environment continues to be dominated by small-scale protests and opportunistic crime, including politically-motivated kidnappings and vehicle thefts recorded across Swani, Serraj, and Airport Road. The latest political manoeuvres by GNA Deputy PM Ahmed Maiteeg are expected to exacerbate divisions between Tripoli-based armed groups. News of the resumption of production prompted the Libyan dinar's value to appreciate against the dollar and reach 5.70 LYD. Maiteeg's agreement risks exacerbating internal divisions in Misrata, but more importantly, the deal will widen the rift between the two main political alliances in Tripoli and Misrata. Of note, the "Tripoli bloc" includes the Nawasi Brigade, Western Region commander Osama Al-Juwaili (Zintan) and Tripoli Military Region commander Abdelbasit Al-Marwan. This alliance likely sees the latest Sarraj announcement and Maiteeg-Haftar deal as a threat to their survival and could act accordingly to block Misrata from extending its reach across GNA positions. In Sirte, the LNA's deployment of the 9<sup>th</sup> Brigade Tarhunah "Al-Kaniyat" could exacerbate recent tensions between locals and LNA armed formations. Meanwhile, data points to an uptick in opportunistic crime on roads between Zliten and Bani Walid, and the Jufra-Shwayrif-Mizdah route. In the central region, the reopening of the Sirte-Misrata coastal road will likely hinge on the progress of negotiations between Maiteeg and Haftar. Of note, the road closure has diverted the movement of goods and people towards the relatively less secure Jufra-Shwayrif-Mizdah-Qaryat route. Truck drivers have frequently complained that criminal groups exploited this opportunity to carjack and attack vehicle drivers along this route. In Benghazi, Mahmoud Al-Warfalli, the LNA Saiqa SF commander wanted by the International Criminal Court (ICC) and under INTERPOL Red Notice, was spotted in a video statement by a pro-LNA group denouncing recent civil unrest across the east and what was described as "vandalism" against state institutions.

#### LIBYANS AND THE ARAB STREET

Senior *World Bank* financial sector specialist Valeriya Goffe provides a brief overview of a recent World Bank review of Libya's financial sector. On the unique features of Libya's sector, Goffe writes "First, there are two central banks operating in the country. The CBL (Tripoli) is under the control of the UN-supported GNA government in Tripoli. The rival central bank in Bayda, Eastern Libya, is under the control of the Eastern government. The split in the central banks has stymied control over monetary and fiscal policy and performance of full bank supervision, because both central banks print money and issue currency without coordinating and in the absence of overarching fiscal policy controls. Libyan dinar has dramatically declined in value, which has led to unequal foreign exchange accessibility.

Second, the Central Bank remains the majority shareholder of public banks, which holds 90% of deposits and loans in the system, while being the regulatory agency of the banking sector. This prompts conflicts of interest, including potential forbearance to the benefit of state-owned banks, as well as granting credit to well-connected beneficiaries. While the authorities were considering some reforms in this area, all attempts have been temporarily put on hold in the light of the current crisis.

Third, banks have neither sufficient information nor capacity to make informed credit decisions. The banking sector itself is undercapitalized, and the state-owned banks have particularly questionable asset value.

Finally, initiatives and progress in the financial sector beyond banking have all but frozen. The stock exchange has essentially been on hold with very little public trading. Other forms of finance, such as leasing and insurance, remain embryonic. Given the underdeveloped state of the financial sector, small businesses, individuals, as well as refugees and migrants tend to be underserved."

# About Whispering Bell



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