The current armed conflict in Libya has deep domestic, regional, and international roots. The April 4 attack on the capital by of Khalifa Haftar’s Libyan National Army (LNA) has highlighted the failure of international mediation. A return to the negotiating table seems unlikely in the near future, as the parties of the conflict remain convinced that military victory is achievable. In particular, Haftar’s recent actions suggest a dangerous upsurge in violence and material damage may be on the horizon. If the international community wants to revive hopes of negotiation, it will have to do so under different premises. Over the middle and long term, for instance, the redistribution of revenue from energy sources (oil and gas) could facilitate a rapprochement between conflicting parties at the local level, while diffusing tensions between the external (regional and international) powers that support them.

Although the last word has not yet been said, the General’s military failure seems to have re-balanced the power relations between the Government of National Accord (GNA) headed by Fayez al-Serraj and Haftar himself, who appeared to be Libya’s new emerging leader before his recent military adventure. One need only look back to the meeting that took place in February in Dubai, when Haftar seemed to have capitalized on the international support he received in recent years. Although the meeting did not result in a formal agreement, it did lead to an understanding that would have given Haftar a central role in the country’s future, probably by becoming the leader of the armed forces under a civilian government. In spite of this, the Ghadames meeting that would have sanctioned his new role neared, Haftar decided to pursue the military option, under the mistaken impression that he would have been able to assume control over the entire country without having to make any concessions.

This is the scenario under which the United Nations special envoy Ghassan Salamé is trying to illustrate the risks of a prolonged conflict to the two parties involved. Of particular concern is the possibility of regional escalation, given the support of foreign sponsors that in recent weeks have provided increasingly sophisticated weaponry (such as drones) and mercenaries to the two factions, partially to remedy the problem of a scarcity of fighters; indeed, it appears that only about one thousand
militiamen on each side are fighting. Under current conditions, obtaining a rapid cease-fire remains very difficult: both sides remain convinced that a military victory is within reach. Gharyan’s fall to a militia allied with the GNA does not help, since these forces will now only be willing to accept a cease-fire if it includes a return of Haftar’s militias to their positions in early April, namely full retreat from Tripolitania, rejecting a solution that would stabilize the LNA around Tripoli. Some of the biggest winners under the current scenario are the militias from Misrata, which are among the country’s largest and best-armed, and the Amazigh militias from Zintan, which contributed significantly to Haftar’s defeat by entering the capital and fighting back at the right time.

Serraj’s GNA appears to have been re-vitalized by Haftar’s attack, while the latter seems to have lost most of the consensus he had earned – including in Tripoli – after the U.N. sponsored government’s awful mismanagement of public affairs and the rampaging of militias in the capital. This allowed the Minister of the Interior Fatih Bashaga, who is from Misrata, to burnish his credentials as the upholder of public order, although the assimilation of pro-GNA militias into something that resembles an army still appears very complicated and far off. In mid-June, Serraj launched a dialogue-based initiative to unlock the Libyan impasse, a “Libyan forum” to be held “in coordination with the United Nations mission” in Libya in which “all Libyan forces” should be represented provided they have “political and social influence and are asking for a peaceful and democratic solution” with the task of establishing a “roadmap” and a “constitutional base” to “hold presidential and parliamentary elections simultaneously before the end of 2019”. The proposal, which made no mention of Haftar, attempted somewhat anachronistically to return to the UN dialogue process starting from the previous base. Nevertheless, its main goal was to show that Serraj was willing to embark on a peace process, unlike his rival.

Haftar belatedly replied by reiterating his position that military operations should only stop once the LNA has achieved his goal, and that all of the militias and political organisms created under the Libyan Political Agreement (LPA) should be disbanded. Nevertheless, Haftar did leave some room for manoeuvre by stating that once the LNA’s goals were reached, a government of national unity could be formed, perhaps one not based in Tripoli.

**A CONFLICT ON THREE DIFFERENT LEVELS**

The conflict currently appears to play out on three different levels. The first, which we have described so far, involves local actors, divided between the east (Haftar and the Tobruk parliament) and the west (in its varied compo-
According to the latest available evidence, the involvement of regional actors, including from a military standpoint, is growing, to the extent that the conflict is beginning to resemble a proxy war between regional actors, which are brazenly supplying the two factions with sophisticated weaponry, while mercenaries are employed to address the lack of fighters. The motivations behind this regional conflict are manifold, including a legitimate yearning for security, geopolitical ambitions, and the ideological clash over the Muslim Brotherhood that underpins the conflict between the two sides.

Meanwhile, however, non-regional international actors appear to be re-evaluating their positions on the crisis. Haftar’s military adventurism does not seem to have been welcomed by many of his interlocutors. United States President Donald Trump’s phone call to Haftar soon after his forces launched their attack on Tripoli created some confusion over U.S. policy on Libya, and was interpreted by many as signalling the White House’s tacit approval of the offensive. On the other hand, the appointment of Richard Norland as U.S. ambassador to Libya and his clear support for a cease-fire suggests the emergence of a cleared U.S. position that more closely follows the course set out by the United Nations, even if some ambiguities remain. For example, a US State Department statement had condemned as “abhorrent” the recent air strike against the migrant’s detention center in Tajoura, but did not call for a truce. The Russians, who in the recent past supported Haftar politically and almost certainly militarily as well, also seem to be pivoting away from him. After General Haftar’s attack on Tripoli, which Moscow itself probably did not expect, and in light of the multiple risks it implied, the official Russian position changed: Foreign Minister Sergey Lavrov backtracked and specified that Russia does not favour Haftar, but that the Kremlin is talking to all parties in the conflict and will continue to do so. Subsequently, Lev Dengov, the head of the Russian Contact Group on Intra-Libyan Settlement, gave a rather negative assessment of Haftar’s operation to the Sputnik website, defining “illogical” the idea of postponing dialogue until after Tripoli’s conquest. Emmanuel Macron’s France, which was instrumental in giving Haftar an international political role by putting him on the same political plane as the GNA, also seems to be pivoting away from its pro-Haftar stance. Haftar’s transformation from military actor to politician representing Cyrenaica’s interests on the international stage has essentially floundered as a result of his failed military strike and his rejection of mediation. Over the last year and
a half, Italy had been moving away from its support of Serraj and was making overtures towards Haftar (a shift sanctioned by the Palermo conference of last November). After the military offensive in April, Italy initially wavered, buying time, and after Haftar’s failure to take Tripoli it ended up essentially freezing its position, reiterating its ties to the GNA and Misrata while maintaining equidistance between the two sides. Indeed, Serraj travelled to Milan on July to meet with Salvini precisely with the aim of obtaining clearer and more assertive support from Italy[6].

HAFTAR, CYRENAICA, AND THE REDISTRIBUTION OF REVENUE

Fuelled by support from regional actors, the conflict may intensify further, causing significant material damage and human suffering in the capital and surrounding areas[7]. The bombing on the night of 3 July that killed over 50 migrants in a detention centre in Tajura unfortunately seems to herald a new upsurge in fighting. Additionally, the protraction and exacerbation of the conflict could destabilize eastern Libya, Haftar’s stronghold, where tribal leaders are beginning to express their unhappiness with the war to conquer the capital, which they consider superfluous[8]. The ties between Haftar and local tribal politics are important for understanding and analyzing possible solutions to the current crisis. In recent years, Haftar has been able to link international goals with local ones, and has become the guarantor of the interests of regional actors and of political, social, and tribal stakeholders in Cyrenaica. Unsurprisingly, the interests of internal and external actors partly revolve around control over resources, yet this issue is not sufficiently represented during negotiations. The stance adopted by international institutions, especially the United Nations, and including the imposition of unified economic and financial institutions in Libya, has not been successful in preventing the division of these same institutions. The recent military actions undertaken by Haftar, who controls most of the oil wells and infrastructure in the east and south of the country but is not in charge of the revenue they produce, has much to do with an attempt on the part of Cyrenaica to obtain some of the revenue from fossil fuels. Indeed, the military escalation in Libya over the last few months is at least partly tied to a profound financial crisis that for the last four years – ever since the country split up into the factions currently fighting one another – has seen Tripoli’s Central Bank separated from its eastern branch. The financial marginalization of eastern Libya, together with the desire to assume control over the Central Bank, is arguably among the reasons behind Haftar’s military offensive[9]. In the past, Haftar had unsuccessfully attempted to give Benghazi’s LNOC the right to sell fossil fuels from the facilities he controlled. In such a context, it seems evident that a solution to the Libyan crisis must include a re-thinking of the mechanisms to redistri-
It seems evident that a solution to the Libyan crisis must include a re-thinking of the mechanisms to redistribute revenue among the many Libyan stakeholders, an issue which has not yet been sufficiently discussed. This shortcoming greatly hinders any attempt at negotiation. Events since 2011 seem to show that any feelings of national unity remain very fragile, and that regionalism has re-emerged with a de facto separation between the east and west of the country. Over the last 8 years, this break has taken on different forms, but it has not yet been solved. The request for autonomy on the part of Cyrenaica – a region that accounts for 30% of Libya’s population but 60% of its oil resources – together with the economic inequality between Cyrenaica, which has historically been mistreated by the central government, and Tripolitania has been one of the main reasons behind Haftar’s ascent.

THE KURDISH-IRAQI MODEL FOR THE LIBYAN CRISIS?

The deep split currently experienced in Libya is in no way unique in the Middle Eastern context or among rentier state economies. While there are many differences between the two cases, the Kurdish-Iraqi system may offer a valid model for the Libyan crisis. In 2005, after a difficult electoral process, a new Constitution officially sanctioned the autonomy of Iraqi Kurdistan (Article 140)\[10\], granting it a significant amount of economic and political freedom from the federal government in Baghdad. From the outset, one of the main issues in regulating power relations between the two sides revolved around the exploitation of natural resources, especially oil fields, a crucial source of revenue for the state. The “Oil and Gas Law of the Kurdistan Region” (2007) established that the regional government oversees extraction activities in collaboration with the federal government, and that all revenues obtained from petroleum extracted in Iraqi Kurdistan must be deposited to a general petroleum revenue fund for Iraq (Article 18). The same law also establishes that a national joint commission\[11\] to be supervised by an international financial institution, must grant part of the revenue to the regional government (Article 19)\[12\]. Tensions with the central government brought about subsequent modifications to the agreement. Nevertheless, in spite of ongoing difficulties and disputes, this revenue-sharing agreement seems to have brought some degree of stability to the country\[13\].

Applying this framework to Libya, a possible solution to the current crisis may involve the granting of a certain percentage of oil revenue to Cyrenaica. According to the Iraqi model, for instance, a share of the federal budget proportional to the percentage of the Kurdish population must be earmarked each year for the Kurdish autonomous government. Starting in 2003, the share destined for Erbil – albeit with some interruption – stayed around 17%, while starting in 2017 it dropped to 13%, reflecting the share of the Kurdish
If Libya were to earmark a fixed share of oil revenue for the Benghazi branch of the Central Bank, say around 30% on the basis of the share of the Libyan population living in Cyrenaica, a long-lasting cease-fire could be agreed upon with eastern Libyan constituencies, along with a withdrawal of the LNA to within the borders of Cyrenaica or those prior to the military attack of 4 April, and perhaps even a future substitution of Haftar’s leadership. As mentioned above, many of Cyrenaica’s tribes do not look favourably upon a continuation of a conflict that sees many of their youths fighting for the LNA in order to achieve an increasingly unlikely conquest of the capital.

Such a system would allow the LNOC and the Central Bank in Tripoli to maintain their central role and their monopoly on resource exploitation by collecting revenue from fossil fuel exports and turning some of it over to Cyrenaica, which would then achieve de facto autonomy in managing its accounts, maintain some of its own economic institutions, and potentially create regional political institutions. Should the agreement be violated by the LNA, authorities in Tripoli could interrupt the provision of funds to Benghazi.

Such a model could have positive repercussions on all three of the levels of the conflict described above (local, regional, and international). It could uphold the interests of both Cyrenaican constituencies and regional actors, on the condition that the latter withdraw their military support for Haftar, especially if the most influential international actors are able to clearly express their opposition to his gambit for hegemony by explicitly condemning the military escalation he pursued and the external support he received. To conclude, such as solution would not lead to a division of the country, which for all intents and purposes already exists, but would instead be the best guarantee to preserve the unity of Libya and to provide a favourable outlook for its stabilization.
Both factions have received significant military aid from their main supporters. On the one hand, unofficial images show that Serraj’s forces received light weaponry, armored vehicles, and even drones from Turkey. Haftar’s forces, in turn, have been bolstered by Jordanian-made APCs, anti-aircraft artillery systems and heavy weapons from the United Arab Emirates, and substantial financial aid from Saudi Arabia. See “Libya’s GNA says US missiles found at captured Haftar base”, Al Jazeera June 2019; “American Missiles Found in Libyan Rebel Compound”, The New York Times, June 2019; and “Libya’s Haftar Orders ‘Harsh Response’ After Surprise Loss of City”, Bloomberg, June 2019.

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7. As of late June, this new conflict resulted in almost 700 casualties and over 90,000 displaced persons.


10. The Republic of Iraq, Ministry of Interior, Iraqi Constitution, Art.117. It is worth noting that, legitimizing the de facto autonomy enjoyed by the region in the previous decade, the Constitution (art. 141) recognized the validity of laws passed by the KRG after 1992.

11. According to Article 19 of the Oil and Gas Law of the Kurdistan Region and Article 106 of the Iraqi Constitution, the Commission must be a joint one and comprised of experts from the federal government and representatives from the country’s various administrative units. See, respectively, ibid; Oil And Gas Law of the Kurdistan Region – Iraq.

12. Partly thanks to the signing of several production-sharing contracts with major foreign companies such as ExxonMobil (2011) and Gazprom (2012), the annual output of fossil fuels in Iraqi Kurdistan grew at a fast pace and the oil sector revenues came to account for 75% per cent of the GDP and 95% per cent of total revenue of the KRG. See C. Frappi, “The Energy Factor: Oil and State-Building in Iraq-Kurdistan”, in S.M. Torelli (ed.), Kurdistan: An invisible Nation, ISPI Report, June 2016.

13. In 2013, in violation of the agreement, the Kurdish regional government began launching export programmes independently of the federal government, which up until that point had maintained a monopoly on foreign exports and the redistribution of revenue from such exports. Using mainly the Ceyhan pipeline in Turkey, independent Kurdish exports were initially destined for the Turkish market before expanding. As a reprisal against this export programme, the central government stopped paying the salaries of state employees. It wasn’t until 2014 that Baghdad and Erbil (the capital of Iraqi Kurdistan) reached an agreement under which Kurdistan undertook to devote to the national budget the revenue from 150,000 barrels a day (about half of total exports). In exchange, Baghdad committed to allocating funds for a total of USD 500 million...