

# Strategic Investment Framework for the Libyan Market

## A Comprehensive 2025–2026 Investor Guide

Navigating Regulations · Market Entry · Sector Intelligence · Risk Management

**48B**

Barrels Proven Reserves

**12.4%**

GDP Growth 2025

**\$99.4B**

Total Foreign Assets

**6**

Priority Sectors

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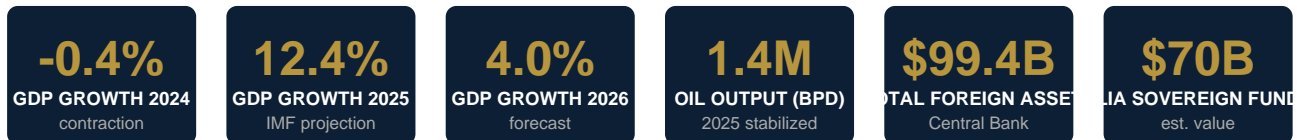
This guide has been prepared by InvestLibya to provide foreign companies, institutional investors, and strategic advisors with a comprehensive reference for navigating the Libyan investment environment in 2025 and 2026. All data is sourced from official government publications, international financial institutions, and leading legal authorities.

*Disclaimer: This document is intended for informational purposes only and does not constitute legal or financial advice. Readers are encouraged to seek qualified professional guidance before making investment decisions.*

# 01 MACROECONOMIC OUTLOOK & GEOPOLITICAL CONTEXT

2025–2026 Economic Environment

The Libyan economy stands at a critical inflection point. Following a contraction of approximately 0.4% in 2024 — largely attributed to politically-driven disruptions at major oil fields including Sharara — the country is projecting a dramatic rebound. Real GDP growth of **12.4% to 13.3%** is forecast for 2025, underpinned by a 17.4% surge in oil activity as production stabilizes near 1.4 million barrels per day.



Despite these impressive headline figures, the underlying fiscal architecture remains precarious. The Government of National Unity (GNU) recorded a fiscal surplus of 3.6% of GDP in the first nine months of 2025, yet this surplus is entirely contingent on sustained high global oil prices and the currency realignment initiated by the April 2024 devaluation. The state's financial health remains perpetually exposed to force majeure events and institutional disputes — most notably the Central Bank of Libya (CBL) leadership crisis in late 2024, which temporarily undermined international confidence in the banking system.

## Libya Macroeconomic Performance Data (2024–2026)

Indicator	2024 Actual/Est.	2025 Projected	2026 Projected
Real GDP Growth (%)	-0.4%	12.4% – 13.3%	4.0%
Oil Production (M bpd)	1.1 – 1.2	1.4	1.5 (target)
Government Revenue from Oil	97%	94%	N/A
Fiscal Balance (% of GDP)	0.7%	3.6%	N/A
Total Foreign Assets (USD)	\$95.5 Billion	\$99.4 Billion	N/A
LIA Sovereign Fund Value	~\$70 Billion	~\$71.5 Billion	N/A
Dinar Official Exchange Rate	4.8 LYD/USD	5.56 LYD/USD	~6.0+ LYD/USD

## The Libyan Investment Authority (LIA)

Libya's sovereign wealth fund, the LIA, manages assets valued at approximately \$70–71.5 billion. Many assets remain subject to UN-imposed freezing measures stemming from UN Security Council Resolution 1970 (2011), currently extended through May 2026. The LIA's 2020–2025 transformation strategy has focused on governance reform, transparency, and alignment with the Santiago Principles. A partial unfreezing of liquid assets for reinvestment in low-risk instruments was authorized under Resolution 2769 (2025), subject to strict UN Libya Sanctions Committee oversight. For the institutional investor, the potential mobilization of LIA assets for domestic reconstruction represents a significant downstream capital opportunity.

### ■ Key Investor Signal

The World Bank and IMF have both emphasized that while short-term growth is strong, long-term stability requires structural reforms to public financial management. Short-term GDP growth of 12.4% is real — but it rests entirely on oil. The opportunity for non-oil investors lies precisely in Libya's diversification imperative.

## 02 LEGAL FOUNDATION: INVESTMENT LAW NO. 9 OF 2010

Primary Legislative Framework for Foreign Capital

Investment Law No. 9 of 2010 is the primary legislative instrument governing foreign direct investment in Libya. Enacted to liberalize the market and accelerate private-sector-led economic diversification, it provides the legal basis for the **Privatization and Investment Board (PIB)** — the central authority responsible for promoting and regulating FDI.

### Key Provisions at a Glance

Provision	Detail	Practical Note
Foreign Ownership	Up to 100% under Law No. 9 investment license	Rare in the region — a genuine structural advantage
Minimum Capital (Foreign)	LYD 5,000,000	~\$900K at 2025 exchange rate
Minimum Capital (Domestic)	LYD 2,000,000	~\$360K at 2025 exchange rate
Land Rights	Leasehold only — up to 70 years	No freehold ownership for foreign entities
One-Stop Service Centre	PIB coordinates all ministry approvals under one license	Theory vs. practice: local agent still essential
Strategic Industries	Upstream oil/gas requires JV with NOC	Foreign entity typically holds minority stake
Tax Holiday	5-year income tax exemption, extendable by 3 years	Starts from date of permission to operate
Customs Exemption	Full 5-year exemption on machinery, raw materials, equipment	Includes furniture for the project
Reinvestment Benefit	Reinvested profits exempt from income tax	Encourages long-term capital retention

### Ownership and Property Rights

Law No. 9 facilitates investment but does not grant foreign entities the right to own land outright. Foreign investors and their project vehicles are restricted to **leasehold ownership only**, with lease terms extending up to 70 years — sufficient for industrial and commercial projects. Investment in upstream oil and gas remains strictly controlled by the National Oil Corporation (NOC), typically requiring a joint venture structure where the foreign entity holds a minority stake.

#### ■ Critical Compliance Note

All foreign documents — including Memoranda of Understanding, Board Resolutions, and Articles of Association — must be notarized and certified by the Libyan Embassy in the investor's home country **BEFORE** submission to the PIB. Documents presented without proper legalization will not be accepted and will restart the review clock.

## 03 CORPORATE STRUCTURES & ENTRY STRATEGIES

Decision No. 207 of 2012 — Legal Presence Options

Foreign investors must select a legal structure that matches their operational scope under Decision No. 207 of 2012. The choice of structure determines ownership rights, liability, capital requirements, permissible activities, and long-term scalability. Three primary options are available:

### Comparative Framework of Investment Vehicles

Feature	Branch Office	Joint Stock Company (JSC)	Law No. 9 Project
Foreign Ownership	100% (of branch)	49% (up to 60%)	Up to 100%
Minimum Capital	Case-by-case (~LYD 2–5M)	LYD 1,000,000	LYD 5,000,000
Renewal Period	5 Years	Indefinite	Project Duration
Local Partner Required	Not Required	Required (51% Libyan)	Not Required
Trading Access	Prohibited	Allowed	Sector-specific
Best For	Construction, engineering, oil services	General commerce, long-term presence	Industrial, renewable energy, tech
Tax Holiday Eligible	No	No	Yes — up to 8 years

#### Structure Detail: Branch Office

A branch is an extension of a foreign parent company — the preferred vehicle for construction, engineering, and technical service projects governed by a **five-year renewable license**. Branches can operate in large-scale construction (contracts >LYD 50M), electricity works, oil exploration support, and telecommunications installation. Branches are strictly **prohibited** from retail/wholesale trade, commercial agencies, or supply services.

#### Structure Detail: Joint Stock Company (JSC) / Joint Venture (JV)

For businesses requiring integrated local presence or general commerce access. Foreign ownership is capped at **49%**, extendable to **60%** for projects of high technical or strategic value. Minimum capital of LYD 1,000,000 with at least 30% paid up at incorporation. The chairman must be a Libyan citizen, and the majority of the board must be Libyan nationals.

#### Structure Detail: Representative Office

Permitted for market studies, data gathering, and managing affairs only. Representative offices **cannot sign contracts or engage in any direct commercial activity**. Established for a two-year term, renewable once. Primarily used by banks and companies building a Libya presence before committing to full establishment.

# 04 STEP-BY-STEP MARKET ENTRY PROCESS

The Sequential Investor Journey

The operational reality of entering Libya is 'sequentially complex.' Failures at any single step reset the entire process. The following three-phase pathway represents the current requirements as enforced in 2025:

## PHASE 1 IMMIGRATION & BUSINESS VISAS

- **E-Visa Portal:** As of March 2024, Libya launched an e-Visa portal for business travelers and tourists.
- **Required Documents:** Valid passport (min. 6 months validity), proof of accommodation, and a formal invitation from a registered Libyan company or organization (e.g., LBBC or AmCham).
- **Entry Points:** Travelers must enter through designated airports (Mitiga or Benina) under Decree 137. Land crossings like Ras Ejder are frequently closed due to security conditions.

## PHASE 2 ENTITY REGISTRATION & PIB LICENSING

- **Document Preparation:** All foreign corporate documents must be notarized and certified by the Libyan Embassy in the investor's home country.
- **PIB Application:** Submit a formal investment proposal including a full feasibility study and financial model. The proposal is reviewed for alignment with national security and economic interests.
- **Ministry of Economy Approval:** Once the PIB recommends the project, the Minister of Economy issues the final endorsement — the critical bottleneck in the process.

## PHASE 3 FINANCIAL & OPERATIONAL SETUP

- **Commercial Registry:** Register with the Libyan Commercial Registry to obtain a commercial registration number.
- **Bank Accounts & CBL Codes:** Open local and foreign currency accounts. Obtain a 'statistical code' from Customs and a 'Central Bank code' for letters of credit.
- **ACI Compliance:** Register on the ACI portal ([aci.customs.gov.ly](http://aci.customs.gov.ly)). An ACI number must be obtained **48 hours before cargo is loaded** at the port of origin and must appear on the Bill of Lading.
- **Certificate of Origin:** Must be legalized at the Libyan embassy in the exporting country **before dispatch** — not upon arrival in Libya.

## 05 TAXATION & FISCAL INCENTIVES

Law No. 7 of 2010 & Investment Law Benefits

### Standard Corporate Taxation

Tax Category	Rate	Notes
Corporate Income Tax (CIT)	20%	Flat rate on taxable profits; no progressive tiers
Jihad Tax	4%	Assessed on same taxable profit base as CIT
Effective Combined Rate	24%	CIT + Jihad Tax combined maximum liability
Stamp Duty — Main Contracts	1%	Applied to contract value
Stamp Duty — Subcontracts	0.1%	Applied to subcontract value
Tax Department Payment Duty	0.5%	Applied to all payments made to the Tax Department
Capital Gains	No separate CGT	Gains treated as ordinary income, taxed at CIT rate
Value Added Tax (VAT)	None	Libya does not operate a VAT system

### Incentives Under Law No. 9 of 2010

Investors registered under the Investment Law qualify for incentives that can substantially enhance project IRR. These incentives apply to qualifying projects only and are subject to PIB approval:

Incentive	Duration	Scope
Income Tax Holiday	5 years + 3 year extension	Full exemption from income tax from date of permission to operate
Customs Exemption	5 years	Machinery, equipment, spare parts, raw materials, project furniture
Reinvestment Exemption	Ongoing	Profits reinvested back into the project are exempt from income tax
Export Incentive	Ongoing	Commodities produced for export exempt from production taxes and export duties

### Payroll & Social Security (INAS)

Category	Rate	Paid By
Personal Income Tax (expatriate)	5% – 10% progressive	Employee (withheld by employer)
Social Security — Employer (INAS)	11.25%	Employer
Social Security — Employee (INAS)	3.75%	Employee (deducted from salary)
Social Unity Fund	1%	Employer (on gross salary of all employees)

## 06 LABOR REGULATIONS & LOCALIZATION

Law No. 12 of 2010 — Workforce Requirements

Libya's labor framework mandates localization — the integration of Libyan nationals into foreign-led workforces to reduce unemployment and facilitate technology transfer. Requirements vary by legal structure:

Entity Type	Minimum Libyan Workforce	Additional Requirements
Commercial Law Entities (Branches, JVs)	75% of total workforce	Must maintain Arabic-language accounting records for government inspection
Law No. 9 Investment Projects	30% minimum	Strict mandate for training and skills development programmes

### Key Labor Rights & Working Conditions

Regulation	Provision
Probation Period	30 days of actual work
Working Hours	Maximum 48 hours/week; 10 hours/day
Annual Leave	30 days; 45 days if age >50 or service >20 years
Maternity Leave	14 weeks at full pay; 16 weeks for multiple births
Sick Leave	45 continuous days or 60 non-continuous days per year
Hajj Leave	20 days (once during employment)
Marriage Leave	2 weeks (one-time per employment)
Salary Declarations	Monthly declarations must be filed with the Tax Department
Record Language	All accounting records must be maintained in Arabic

## 07 SECTOR: HYDROCARBONS & ENERGY TRANSITION

Oil, Gas, and Renewable Energy Opportunities

### Oil & Gas: The Strategic Bedrock

Libya holds Africa's largest proven oil reserves at **48 billion barrels** — the world's ninth largest. With Africa's fifth-largest gas reserves, the hydrocarbon sector represents the primary avenue for large-scale foreign capital at present.

**48B bbl**

PROVEN OIL RESERVES

Africa #1, World #9

**2–3M bpd**

NOC PRODUCTION TARGET

by 2028

**1.4M bpd**

CURRENT PRODUCTION

2025 stable

**\$14B**

RECONSTRUCTION FUND

approved 2025

March 2025 represented a watershed moment: the **NOC launched Libya's first oil and gas licensing round in 17 years**, offering 22 blocks across the Sirte, Murzuq, and Ghadames basins. Companies including bp, Chevron, ExxonMobil, and Eni are among 37 qualified bidders, with offers expected in early 2026. The new EPSA V contract framework offers enhanced cost recovery and more favorable profit-sharing terms than its predecessor.

### Renewable Energy: The Mediterranean Solar Frontier

Libya's solar irradiance of **7.1–8.1 kWh/m<sup>2</sup>** and more than 3,200 annual sunshine hours make it one of the world's best solar resources. The National Renewable Energy and Energy Efficiency Strategy (NSREEE) 2023–2035 targets 17% renewable energy by 2025 and 20% by 2035.

Project	Capacity	Partners	Status
Sedadah Solar Plant	500 MW	GECOL + TotalEnergies	Production 2026
Kufra Solar Plant	1 MW	Infinity Libya + Al-Jouf FZ	Completed
Bani Walid Solar Park	TBD	German partnership	In development
Tawergha Solar Park	TBD	Emirati partnership	In development

#### ■ Renewable Energy Entry Note

Libya still lacks a consolidated legal framework for renewables including feed-in tariffs. Current projects rely on specific investment licenses under Law No. 9 and Power Purchase Agreements (PPAs). Investors entering this sector should engage the PIB and REAOL (Renewable Energy Authority) simultaneously to structure both the licensing and the commercial offtake agreement.

## 08 SECTOR: TELECOMMUNICATIONS & DIGITAL SERVICES

### Infrastructure Modernization and Digital Economy

Libya's telecommunications sector is undergoing a major modernization phase under LPTIC (Libyan Post, Telecommunications and Information Technology Company). With **6.5 million internet users** — 88.5% of the population — connected in 2025, the digital infrastructure gap represents both a challenge and an investment opportunity.

Development	Details	Investment Angle
ZTE-LTT 4G/5G Deal (March 2025)	Libya Telecom & Technology signed with ZTE to expand 4G/5G using FWA and MiFi terminals	Partnering with ZTE supply chain; infrastructure sub-contracting
National 5G Launch	LPTIC's Al-Madar Al-Jadid to launch 5G focusing on smart cities and industrial requirements	Enterprise 5G services; smart city consultancy
.LY Domain Transfer (2025)	Management transferred to General Authority of Communications and Informatics (GACI)	Digital services companies seeking .LY presence
Medusa Submarine Cable (May 2025)	\$390M investment; connects Europe and North Africa	Data centers; cross-border connectivity services
LPTIC Governance Reform	Investigation revealed LYD 430M losses; cancellation of exclusive contracts	Compliance-focused vendors now preferred

## 09 FINANCIAL SERVICES & THE CENTRAL BANK OF LIBYA

Exchange Controls, Banking & Fintech

### Exchange Rate & Currency Controls

The Libyan Dinar is pegged to the IMF Special Drawing Right (SDR). Multiple adjustments in 2025–2026 have significantly affected landed cost calculations and capital planning:

Date/Event	Rate / Change	Impact for Investors
2021 Devaluation (CBL unified rate)	~70% devaluation; 4.5 LYD/USD	Aligned official and parallel rates initially
April 2024 Devaluation	4.8 LYD/USD	Added fiscal pressure; boosts oil revenue in LYD terms
April 2025 Devaluation (-13.3%)	5.56 LYD/USD	Increases import costs; parallel market volatility
January 2026 Devaluation (-14.7%)	LD 1 = SDR 0.1150	Further erosion of LYD purchasing power for imports
Foreign Exchange Tax (2024)	27% — reduced to 15% (late 2024) — abolished 2026	Significant cost for USD-denominated operations
Import Financing (Resolution 42/2025)	All imports must be financed through approved banking channels	Parallel market financing risks international isolation

### The Fintech Ecosystem

Digital finance is no longer optional in Libya — traditional banking infrastructure is strained by decades of underinvestment and the impact of political fragmentation. The CBL has prioritized the rollout of POS terminals and card-based payment systems. In August 2025, new regulations introduced a **maximum 7% profit margin** on foreign currency transactions for licensed exchange businesses, with mandatory POS terminal adoption. The ecosystem remains nascent with approximately 20 active providers, led by Sadad Libya. Regulatory gaps limit independent startup growth — but the opportunity is structurally large.

# 10 RISK MANAGEMENT: CORRUPTION & INSTITUTIONAL DIVISION

Due Diligence Framework for the Libyan Environment

## Investment Climate Transparency Indices

Index	Year	Libya Score/Rank	Context
Transparency International CPI	2024	173rd of 180 countries	Near bottom globally — systemic corruption at all levels
World Bank GNI per Capita	2022	\$7,260	Upper-middle income category by GNI alone
U.S. FDI Stock in Libya	2022	\$355 Million	Reflects historically low US corporate engagement
UN Education Index	2026	0.618	Moderate; technical workforce development needed
Gender Inequality Index	2026	0.253	Among better performers in North Africa on this measure

## Political and Institutional Risks

Libya's dual-government structure — the Tripoli-based GNU and the eastern administration backed by the LNA — creates a fragmented regulatory landscape with material consequences for investors:

- **Parallel Budget Structures:** Weakens fiscal discipline and makes public planning vulnerable to external shocks from either political faction.
- **Regulatory Uncertainty:** Permits and licenses are often granted on subjective, non-transparent criteria. Draft regulations are rarely published for public consultation.
- **Dual Jurisdiction Risk:** Projects in the west require GNU relationships; projects in the east require LNA/NDA alignment. Access to one does not guarantee access to the other.
- **Force Majeure Exposure:** Oil field closures by political protestors, militia activity, or institutional disputes remain a recurring operational risk.

### ■ ESG & Human Rights Due Diligence

UNSMIL and OHCHR reports for 2024-2025 document patterns of human rights violations involving armed groups and state-affiliated actors. For corporate entities — particularly those with EU or US parent company obligations — rigorous ESG auditing of supply chains and security arrangements is mandatory, not optional. Non-compliance creates legal exposure in home jurisdictions under evolving supply chain due diligence legislation.

# 11 INFRASTRUCTURE & RECONSTRUCTION OPPORTUNITIES

Construction, Transport, Free Zones & Urban Development

Beyond the energy sector, Libya's physical infrastructure modernization is the largest single capital deployment opportunity for foreign contractors and investors. Years of conflict and deferred maintenance have created acute demand across every infrastructure vertical.

Sector	Key Opportunities	Priority Level
Airports	Tripoli International Airport reconstruction; LPTIC-led telecoms system installation; Benina Airport (Benghazi) modernization	CRITICAL
Roads & Highways	Mediterranean port connections (Misrata, Khoms, Tripoli) to the interior; major arterial road upgrades	HIGH
Railways	Modernization of rail networks connecting coastal cities to southern regions	MEDIUM-LONG TERM
Housing & Urban	Post-conflict urban reconstruction in Benghazi, Derna; construction materials; engineering services	HIGH
Utilities & Energy	Power grid modernization; water infrastructure; solar-powered NOC facilities	HIGH
Digital Infrastructure	Fiber rollout; data centers linked to Medusa cable; smart city infrastructure	EMERGING

## Free Zones & Industrial Parks

The **Misrata Free Zone (MFZ)** and **Al-Jouf Free Zone** offer simplified customs procedures, no restrictions on repatriation of capital, and dedicated logistical support. These zones are particularly suited for manufacturing, assembly operations, and distribution businesses targeting both the Libyan domestic market and broader African and European markets. The NDA (National Development Agency) has designated infrastructure, logistics, and renewable energy as priority sectors for its public-private partnership programme, offering investors 'enhanced state protection and guarantees of continuity' for qualifying projects.

# 12 STRATEGIC RECOMMENDATIONS FOR INVESTORS

## Navigating Libya's High-Reward Environment

The Libyan market in 2025–2026 presents a high-risk, high-reward environment that demands a sophisticated, proactive approach. The legal framework under Law No. 9 is robust in its theoretical incentives — but operational success is governed by institutional complexity and procedural precision. The following five strategic imperatives define the difference between investors who succeed and those who stall.

01

### Master the Sequential Entry Process

The ACI system and CBL import codes leave zero margin for documentation error. Certificates of Origin must be legalized at a Libyan embassy in the country of origin — before shipment departs. Any gap in this sequence stops the entire logistics chain. Budget 60–90 days for the Phase 2 PIB/Ministry of Economy approval process and do not compress this timeline.

02

### Build Strategic Local Partnerships First

Reputable Libyan partners are not merely a compliance requirement for meeting localization quotas — they are the operational infrastructure. The PIB process, the Ministry of Economy endorsement, and access to both GNU and LNA-governed territories all require relationship capital that cannot be manufactured by a foreign entity from the outside.

03

### Prioritize Technology-Rich & Renewable Projects

Investments in renewable energy, digital transformation, and advanced technology are the most likely to qualify for 100% foreign ownership and the full 8-year tax holiday under Law No. 9. They also align with Libya's stated national development priorities — making PIB approval faster and smoother.

04

### Implement International-Standard Compliance from Day One

Given Libya's ranking of 173rd of 180 on the Corruption Perceptions Index, ESG compliance frameworks are not optional — they are legally required for investors with EU, UK, or US parent company obligations under supply chain due diligence legislation. Establish these frameworks before signing any local contracts.

05

### Position for the Long Game — Libya is a Decade Opportunity

The NOC licensing round, the \$14 billion reconstruction fund, the AfDB 2025-2028 strategy, and the NDA's infrastructure pipeline all point to a 10-year investment cycle, not a short-term trade. Early positioning — with the right partner, the right structure, and the right compliance framework — creates compounding advantages that late entrants cannot replicate.

Libya is no longer simply an oil play. It is one of the most significant reconstruction projects on earth — a nation at the crossroads of three continents, with the fiscal capacity, the natural resources, and the stated political will to rebuild. For investors who master the regulatory nuances and operational hurdles, the potential for long-term, asymmetric financial returns is unmatched in the Mediterranean basin.

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