

AFRICAN DEVELOPMENT BANK



LIBYA

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AFRICAN DEVELOPMENT BANK



LIBYA

Country Brief 2025-2028

**North Africa Regional Development and Business Delivery Office
Country Economics Department**

RDGN/ECCE
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ACRONYMS AND ABBREVIATIONS

ADF	African Development Fund
AFAWA	Affirmative action for Women in Africa
AfDB	African Development Bank
AFTI	Accounting and Financial Training Institute
AIF	African Investment Forum
ALSF	African Legal Support Facility
ASI	Adam Smith International
AU	African Union
Bdp	Barrels per day
BOS	Business Opportunity Seminar
CB	Country Brief
CBD	Convention on Biological Diversity
CBL	Central Bank of Libya
CCD	Convention to Combat Desertification
CEN-SAD	Community of Sahel-Sahara States
CFRA	Country Fiduciary Risk Assessment
COMESA	Common Market for Eastern and Southern Africa
CPIA	Country Policy and Institutional Assessment
CSOs	Civil Society Organizations
DFIIC	Department of Financial Institutions and International Cooperation
DfID	Department for International Development
EBRD	European Bank for Reconstruction and Development
EEYES	Enabling Environment towards Youth Entrepreneurship support and Positive Migration Governance
EGA	Environment General Authority
ESW	Economic and sector Work
EU	European Union
FDI	Foreign Direct Investment
FFCO	Financial Control Department
FIRM	Resources mobilizations and partnerships department
FIST	Syndication, co-financing and client solutions department
G8	Group of Eight
GDP	Gross Domestic Product
GECL	General Counsel and Legal Services Department
GECOL	General Electricity Company of Libya
GHG	Greenhouse Gas Emissions
GNA	Government of National Accord
GNC	General National Congress
GNU	Government of National Unity
GoL	Government of Libya
HoRs	House of Representatives
IOP	Indicative Operational Program
IsDB	Islamic Development Bank
LAP	Libya Africa Portfolio
LPA	Libya Political Agreement
LPDF	Libyan Political Dialogue Forum
LPPPC	Libyan Private Public Partnership Company
MENA	Middle East and North Africa
MENA TF	Middle East and North Africa Transition Fund
MIC	Middle Income Country
MIC-TAF	Middle Income Country Technical Assistance
MoF	Ministry of Finance
MoH	Ministry of Health
MoU	Memorandum of Understanding
NDC	National Determined Contributions
NESDB	National Economic and Social Development Board
NGO	Non-government organization
NOC	National Oil Company

NSO	Non-Sovereign Operations
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of the Petroleum Exporting Countries
OpsCom	Operations Committee
PFG	Petroleum Facilities Guard
PFM	Public Finance Management
PIDA	Program for Infrastructure Development in Africa
PIUs	Project Implementation Units
PPPs	Public-Private Partnerships
RASME	Remote Appraisal, Supervision, Monitoring, and Evaluation
RDGN	Regional Department North Africa
RDTS	Transition States Coordination Office
RDVP	Operations for Country & Regional Programs & Policy
RE	Renewable energy
RfP	Request for Proposal
RISP-NA	North Africa Regional Integration Strategy Paper
RPBA	Recovery and Peacebuilding Assessment
SDGs	Sustainable Development Goals
SECU	Security Unit
SEP	Somalia Enhanced Programme
SME	Small and Medium Enterprises
SRF	Special Relief Fund
ToR	Terms of Reference
UA	Unit of Account
UK	United Kingdom
UMA	Arab Maghreb Union
UN	United Nations
UN OCHA	United Nations Office for the coordination of Humanitarian affairs
UNDP	United National Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UN-Habitat	United Nations Human Settlements Programme
UNICEF	United Nations International Children's Emergency Fund
UNIDO	United Nations Industrial Development Organization
UNSMIL	United Nations Support Mission in Libya
US	United States
USD	United States Dollar
WB	World Bank
WHO	World Health Organization

CURRENCY EQUIVALENTS

(September 2025)

UA 1	=	USD 1.36864
UA 1	=	EUR 1.17399
UA 1	=	LYD 7.40640
USD 1	=	LYD 5.41150
EUR 1	=	LYD 6.30874

WEIGHTS AND MEASURES

1 metric tonne	=	2204.62 pounds
1 kilogram (kg)	=	2.200 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inches
1 kilometre (Km)	=	0.62 miles
1 hectare (ha)	=	2.471 acres

FISCAL YEAR

1 January - 31 December

MAP OF LIBYA



This map has been provided exclusively for the use of the readers of the report to which it is attached. The names used and the borders shown do not imply on the part of the Bank Group any judgment concerning the legal status of a territory nor any approval or acceptance of these borders.

EXECUTIVE SUMMARY

- 1. The African Development Bank’s (AfDB) Country Brief (CB) 2025–2028 for Libya sets out a targeted, adaptive approach to support the country’s recovery, economic diversification, and institutional strengthening.** The CB builds on lessons from the 2021–2024 CB and insights from dialogue with Libyan authorities and stakeholders. It is designed to align with Libya’s evolving needs while navigating a complex context of political uncertainty and institutional fragmentation.
- 2. Despite the ongoing fragile peace process, Libya continues to experience political and institutional fragmentation.** Governance remains divided between authorities in Tripoli (the Government of National Unity) and Benghazi (the Government of National Stability), posing challenges for policy coordination and in advancing a comprehensive reconciliation process, and has delayed national elections. Nonetheless, ongoing dialogue and reform efforts present important opportunities to strengthen institutions, enhance policy coherence, and lay the foundations for more inclusive growth and sustainable development. The 2023 re-unification of the Central Bank of Libya illustrates such progress, offering a positive signal of institutional resilience.
- 3. Libya’s economic performance remains heavily dependent on oil, making it highly vulnerable to political shocks and price volatility.** With oil production hovering at 1.2 million barrel per day (below pre-2011 levels), Libya’s current growth model is not sustainable. Limited diversification, macroeconomic instability, damaged infrastructure, weak business environment, impacts of climate change and underdeveloped institutions compound the country’s vulnerabilities. A lack of a unified national budget further restricts strategic public spending. However, Libya’s strong hydrocarbon reserves, abundant foreign exchange reserves, plentiful renewable energy sources, untapped potential for agribusiness and industrial diversification and strategic location provides a solid foundation for recovery and transformation—if matched by targeted reforms and investment.
- 4. The Bank’s portfolio in Libya comprised 12 public sector operations for a total commitment of USD 7.03 million** as at end-December 2024. The portfolio covers 5 sectors, namely water and sanitation (25%), governance (23%), agriculture (20%), transport (19%), and social (13%). The portfolio is financed by trust fund grants as the country does not resort to external borrowing.
- 5. The Bank’s CB 2025–2028 is guided by a single, focused priority area: “Creating an enabling environment for reconstruction and economic diversification by strengthening governance and institutional capacity”,** reflecting Libya’s current development needs and the Bank’s comparative advantage. The CB focuses on strengthening core public institutions, promoting private sector development, and supporting the rebuilding of critical infrastructure for service delivery. In this regard, the Bank will build on its previous engagement, notably in Public Financial management, water and agriculture. Furthermore, the Bank will scale up its support for private sector development (including SMEs) and renewable energy. Cross-cutting priorities— youth and women’s economic empowerment, climate resilience, and fragility mitigation—will be systematically mainstreamed into the Bank’s operations. Bank interventions will contribute to addressing the root causes of fragility by providing a strategic response aimed at fostering resilience in the short and medium term.
- 6. An adaptive approach will guide the Bank’s engagement, with a focus on capacity building, effective project implementation, and improved aid coordination.** *First*, the Bank will implement recommendations from the 2024 Capacity Development Needs Assessment (CDNA¹) conducted in April 2024 to enhance the government’s ability to plan, manage, and execute reforms. *Second*, recognizing the complexity of the operating environment, the Bank will deepen and expand partnerships with capable implementing agencies that have a physical presence in Libya and draw on local expertise. *Third*, the Bank will further its dialogue on a proposed alternative financing mechanism to support Libya’s recovery at greater scale, while promoting co-financing opportunities

to maximize the impact of its resources. *Fourth*, the Bank will prioritize fewer but larger technical assistance operations for greater impact and maximized results. *Finally*, the Bank will explore ways to reinforce its local presence to enhance coordination and provide closer follow-up on the ground.

7. **The Bank will continue to act as a trusted knowledge partner and catalyst for policy reforms.** Through technical assistance, advisory services, and support for national planning frameworks, the Bank will help Libya translate its sectoral ambitions into actionable, results-driven plans and projects. Applying fragility-sensitive lens, the Bank will focus on catalytic interventions that reinforce institutional stability and inclusive service delivery, particularly in water, governance, agriculture and fisheries sectors.

8. **The Bank brings a unique value proposition to Libya as a pan-African institution with deep experience operating in fragile and transition contexts.** Its track record in economic governance, infrastructure development, institutional capacity building, and knowledge delivery enables it to provide integrated, flexible, and impactful support. The Bank will continue to mobilize concessional financing through grants and trust funds, while also exploring the potential for non-sovereign operations (NSO) through the ADB window.

9. **The African Development Bank remains a credible, steady partner for Libya’s long-term development.** The Country Brief 2025–2028 reflects a strategy that is both realistic and ambitious—rooted in Libya’s own priorities, responsive to its constraints, and anchored in the Bank’s comparative advantage and its Ten-Year Strategy.

10. **Management hereby invites the Board of Directors to consider and approve the Bank’s 2025-2028 Country Brief (CB) for Libya.**

I. INTRODUCTION

1. **This Country Brief (CB) outlines the strategic framework for the Bank’s engagement in Libya during the period 2025-2028.** It follows the CB 2021-2024, which was approved by the Board of Executive Directors in May 2021, and whose Completion Report was endorsed by the Board Committee on Operations and Development Effectiveness (CODE) in October 2024. The CB 2025-2028 has been informed by consultations with key stakeholders and has benefitted from lessons learnt from the Completion Report (CR) of the CB 2021-2024. This CB is presented in six sections. After the Introduction, Chapter 2 addresses the country context with a review of recent political, economic, and social developments. Chapter 3 provides an overview of the implementation and results achieved through the CB 2021-24. Chapter 4 reviews the country portfolio performance and Chapter 5 highlights the lessons learned. Chapter 6 outlines the Bank strategy for the period 2025-2028, while Chapter 7 presents conclusions and recommendations.

II. COUNTRY CONTEXT AND PROSPECTS

2.1 POLITICAL AND FRAGILITY CONTEXT

2. **Political context. Despite the ongoing fragile peace process, Libya continues to experience political and institutional fragmentation.** Governance remains divided between authorities in Tripoli (the Government of National Unity) and Benghazi (the Government of National Stability) since 2014, posing challenges for policy coordination and in advancing a comprehensive reconciliation process, and has also delayed national elections. Nonetheless, ongoing dialogue and reform efforts present important opportunities to strengthen institutions, enhance policy coherence, and lay the foundations for more inclusive growth and sustainable development. The 2023 re-unification of the Central Bank of Libya illustrates such progress, offering a positive signal of institutional resilience, even as broader political uncertainty continues to constrain effective governance and long-term development planning.

3. **Fragility and Resilience. Libya is exposed to multidimensional fragility marked by political instability, limited institutional capacity and limited economic diversification.** According to the Bank’s Country Resilience and Fragility Assessment (CRFA) for Libya, political fragmentation and instability have created a volatile environment that undermines national cohesion and weakens governance structures. Economically, Libya’s heavy dependence on oil exports heightens its vulnerability to external shocks. While fragility poses risks of deepening societal vulnerabilities and constraining development, it also creates opportunities for meaningful reforms if addressed in a comprehensive manner. Advancing economic diversification is particularly critical. Strengthening private sector development² and promoting investment in non-oil sectors would help stabilize the economy. In parallel, governance reforms will be essential to foster an enabling environment that supports investment and contributes to sustaining peace. Socially, Libya continues to face substantial challenges in addressing disparities that have been compounded by years of conflict³. In addition, the country’s exposure to climate change—including water scarcity, desertification, and related environmental pressures—further exacerbate existing vulnerabilities.

2.2 ECONOMIC CONTEXT AND PROSPECTS

4. **Real GDP growth and drivers. The Libyan economy remains undiversified with performance closely tied to oil output and earnings, leaving the country vulnerable to security conditions and exogenous shocks.** Libya is classified as an upper-middle income country, with a GDP per capita at purchasing power parity of USD 20,661 (constant 2021 international USD)

in 2023⁴. The Libyan economy continues to be dominated by the oil sector, representing 97% of total exports, over 90% of budget revenues and more than 60% of GDP. The Libyan economy is estimated to have contracted by 0.4% in 2024, due to lower oil production, following the closure of the country's main oil fields. On the supply side, industry – primarily the oil sector – remains the leading contributor to GDP growth, followed by services. On the demand side, household consumption emerges as a primary driver of growth, followed by government expenditures, and – to a lesser extent – investments and net exports. The outlook for 2025 is positive with growth projected at 12.4%, and 4% in 2026. This performance will depend on progress in national reconciliation and on the National Oil Corporation's (NOC) ability to increase production to 2 million barrels per day by 2027 (up from 1.2 million in 2024), contingent on timely and adequate budget allocations for operations. While the outlook is encouraging, growth remains subject to considerable uncertainty, particularly due to political fragility, heavy dependence on oil revenues, and potential volatility in global energy markets.

5. **The key economic development challenges for Libya are infrastructure reconstruction and economic diversification.** The NOC is the cornerstone of Libya's economy and generates nearly all government revenues through its control over the hydrocarbon resources and working closely with the Central Bank for financial management. Despite repeated efforts over the years, the contributions of non-oil sectors have yet to show significant progress. Diversifying the economy will provide Libya with greater economic stability, help create jobs and improve living standards. Achieving this goal requires building strong and efficient institutions, the development of a holistic structural reforms program to foster a more conducive environment for private investment, and commitment to long-term planning and investments in modern and sustainable infrastructure, adapted to the fragile context. Strengthening data collection and dissemination systems will also be essential, as reliable information is critical for shaping evidence-based government policies and strategies.

6. **Fiscal policy. The absence of a unified budget has undermined policy coordination and procyclical spending threatens macroeconomic stability.** Oil revenues remained the main source of Government revenues representing 97% of total revenues during 2021-2023. On the expenditure side, the government continues to prioritize expenditures for public salaries, operating expenses, and subsidies which represented between 60 and 88% of total expenditure during 2021-2025. Consequently, the fiscal balance has been characterized by fluctuations due to varying levels of oil revenues. Furthermore, the IMF's Article IV published in June 2025 indicated that elevated eastern spending of around 60 billion LYD (USD 11.1 billion) and oil field shutdowns prompted a revision of the 2024 fiscal balance — from a projected surplus to a deficit of 25.1% of GDP. The absence of an approved unified state budget between two rival governments since 2014 is detrimental to effective and efficient budget management. Similarly, high wages and pro-cyclical subsidies in the public sector create distortions in a context where resource allocations for public investment are still low and meeting infrastructure reconstruction needs would reduce bottlenecks and stimulate private sector development.

7. Libya may face a medium-term fiscal deficit despite anticipated oil recovery, though prospects for fiscal improvement exist. Public expenditure is expected to increase due to strategic NOC investments, infrastructure projects, and reconstruction efforts following the Derna floods.

8. **Libya faces persistent challenges in mobilizing domestic resources.** Tax revenue represents only a small share of total revenues — just 2% in 2024 — limiting the government's ability to establish a more stable and diversified fiscal base. Key constraints include an

underdeveloped financial sector, untapped natural resources, and a relatively small private sector constrained by informality and regulatory uncertainty. While oil revenue remains the country's primary income source, strengthening and diversifying the revenue base including well-established non-tax revenue frameworks, as seen in other oil-exporting countries, could enhance fiscal resilience over time.

Box 1: Libya's Domestic Resources Mobilization and Fiscal challenges

Libya requires billions of dollars in the coming decade for structural transformation and economic development. Since 2014, the country has lacked a unified state budget, with fiscal outcomes heavily reliant on fluctuating oil revenues. 2024 tax revenue accounted for just 2% of Libya's total revenue highlighting the untapped opportunity to increasingly mobilize domestic resources, and the establishment of non-tax revenue frameworks, much needed to build a stable, diversified fiscal base and to increase investments in reconstruction, public services, and economic diversification.

Libya's heavy dependence on oil revenues exposes the country to global price fluctuations and production disruptions, complicating fiscal planning and undermining economic stability. In response to budget shortfalls, the government has occasionally increased the money supply through the Central Bank, which risks affecting monetary stability and long-term fiscal sustainability.

9. **Debt. Libya is not exposed to debt risk.** Public debt was reported as 115% of GDP in 2024 and is expected to decline gradually to 92.5% by 2029 (IMF Article IV, 2025). Libya does not borrow externally given its abundant foreign earnings and reserves from hydrocarbon exports estimated at USD 82.9 billion (29.6 months of imports at the end of 2024). This provides a buffer against external shocks and fluctuations in the global economy. The existing debt is denominated in local currency and does not bear interest and has no repayment schedule. However, the government resorts to monetary financing to cover its expenditure needs for public services and social support in years where oil revenues fall short of expenditures, which is a major risk for economic stability, growth and non-inflationary pressure.

10. **Monetary policy. The reunification of the Central Bank of Libya (CBL) in August 2023 has been a crucial step for a credible monetary policy, through significant reforms are still required to ensure financial and exchange rate stability.** Monetary policy has focused on stabilizing the exchange rate after nearly a decade of division between two rival governments in Tripoli and Benghazi. After maintaining a stable exchange rate until 2020, the dinar depreciated sharply in 2021 after a one-off 70% devaluation. To address exchange rate discrepancies, the CBL reduced foreign exchange taxes and regulated foreign exchange bureaus. In early April 2025, the CBL devalued the value of the currency by a further 13.3% due to persistent fiscal pressure. Additionally, measures to alleviate liquidity pressures included injecting funds into commercial banks and enhancing electronic payment services to decrease cash reliance. In June 2025, the CBL identified over 3.5 billion dinars in counterfeit 50-dinar notes and began currency replacing it with genuine notes.

11. **Inflation. Libya kept inflation moderate at around 3%, largely due to sustained government fuel subsidies.** Over the period 2021-2024, inflation remained under control at around 3% on average despite sharp depreciation of the Libyan dinar (LYD) in early 2021 and rising global commodity prices. The annual inflation rate has witnessed a gradual decline - reaching 2.1% in 2024 – thanks to improved domestic supply chains and reduced global prices of essential food commodities, 80% of which are imported from abroad. Inflation is forecasted to increase moderately to 2.5% in 2025 and 2.7% in 2026, following the devaluation of the dinar. Libya's low inflation is largely driven by extensive fuel subsidies, which have helped buffer the impact of global food price shocks. These subsidies have kept domestic fuel prices among the lowest in the world, with gasoline priced at approximately USD 0.03 per liter. Additionally, official inflation figures primarily reflect conditions in Tripoli, offering limited insight into price dynamics across the rest of the country.

12. **External sector. The current account balance remains highly dependent on hydrocarbons.** Movements in oil revenues are influenced by both global market conditions and internal factors affecting production levels. Crude petroleum is by far (almost 94%) the most significant export commodity. The current account registered a deficit in 2020 and 2024 when oil export revenues decreased significantly. The current account balance is expected to shift to a surplus of 8.5% of GDP in 2025 and 4.8% of GDP in 2026 up from a deficit of 2.3% of GDP in 2024, following the additional budget allocated to the NOC for further investment and the agreement with foreign companies to increase gas production. Despite significant investment potential, foreign direct investment in Libya has largely stalled since 2014 due to political instability, with activity concentrated in the hydrocarbon sector. Remittances from the Libyan diaspora remain limited and insufficiently documented, often channeled through informal systems given currency volatility and the fragility of the banking sector. Although modest, these remittances play an important role in supporting household livelihoods.

13. **Economic and Financial Governance. Libya's governance and public financial management (PFM) have shown slight improvements.** Libya's 2023 Overall Country Policy and Institutional Assessment (CPIA) score improved from 1.454 in 2021 to 1.614, though it remains well below the North African average of 3.365. The Economic Management score, covering fiscal, monetary, and debt policies, increased from 1.333 to 1.833 while the governance index, which includes indicators like Property Rights, Rule-Based Governance, and Revenue Mobilization Efficiency, showed modest improvement from 1.250 to 1.300 during the same period. At the same time, the Bank's Country Fiduciary Risk Assessment (CFRA) highlights the need to strengthen Libya's Public Financial Management (PFM) systems, focusing reforms on budgeting, treasury, accounting, internal controls, auditing, and procurement. Political instability and capacity limitations have slowed progress, while outdated accounting practices and manual processes present significant risks.

14. **Libya continues to face critical governance challenges, with significant gaps in fiscal transparency and institutional capacity.** The Mo Ibrahim Global Governance Index reached 38.4 in 2023 compared to 35.7 in 2019. This increase indicates a positive trend in governance, particularly in two sub-indices: security and rule of law, and foundation for economic opportunities. Nevertheless, Libya still ranks 46th out of 54 African countries assessed by the index in 2023, below the continental average of 49.3 and the North African average of 51.8. Transparency International's 2023 Corruption Perceptions Index (score 18/100; international ranking 170/180) also underscores persistent vulnerabilities. Fiscal governance remains a particular concern. Libya's public financial management system lacks regularly issued financial statements, with the latest consolidated accounts dating back to 2009, and the absence of a unified national budget compounds fiscal fragmentation. Broader challenges include gaps in statistics and data availability. Institutional progress has been made with the establishment of the Anti-Corruption Commission, the Audit Bureau and the Administrative Control Authority, however, additional reforms are needed to strengthen oversight and accountability. Illicit financial flows (IFFs) are estimated to cause annual losses of USD 1.2 billion (UNICRI, 2021). Libya has yet to undergo a Mutual Evaluation to assess money laundering and IFF vulnerabilities, or to conduct a national risk assessment to identify key drivers of IFFs and strengthen compliance with Financial Action Task Force (FATF) international standards.⁵

15. **Private sector and industrial development. While the private sector remains underdeveloped, there exists substantial potential for growth by expanding the industrial base.** Libya's private sector has emerged significantly after the 2011 revolution. Before this, the economy was largely controlled by state-owned companies. Micro, small and medium enterprises (MSMEs) that are mostly informal. The private sector represents between 4% and

15% of the economy and employs⁶ only 14% of the workforce⁷. The majority are self-employed; over 80% are sole proprietorships and tend to be concentrated in wholesale and retail trade sectors, although light manufacturing has made inroads, especially in food processing, petrochemicals and construction materials⁸. Libya's business entities also include several state-owned enterprises operating in oil, iron, steel, and logistics. Constraints to private sector development mainly include inadequate institutional capacity and legislation, challenges with access to finance, market dynamics characterized by heavy reliance on the oil sector and the security situation. The latest World Economic Forum's Global Competitiveness Index for Libya placed it at 126th out of 140 countries in 2019, with an index of 3.48 out of 100. The industrial sector continues to struggle due to macroeconomic instability, poor infrastructure, limited investment, and weak governance. However, the private sector is deemed to have enormous potential and hence a main driver for economic recovery, within the context of economic diversification. Key opportunities for the private sector feature in natural resource extraction and production, reconstruction projects, agribusiness and agriculture for food security, and manufacturing. To this end, the existing free zones already functional, such as those in Sirte, Misrata and Benghazi, would be conducive to the development of manufacturing activities. Several efforts are being deployed to stimulate private sector jobs: (i) a decree by the Ministry of Local Government in 2021, guaranteeing municipalities' right to establish business incubators for small and medium enterprises (SMEs) and startups; (ii) the establishment in 2022 of the Libyan Company for the Management of Partnership Projects with the Private Sector, and adoption of a comprehensive guidebook of procedures for PPPs positioned as a preliminary draft to the PPP law; (iii) the establishment, in 2023, by the Central Bank of an SME Unit to support diversified SMEs and promote ways of funding them; (v) a National Strategy for SMEs is under development.

16. Investing in non-oil sectors is essential for building a resilient and diversified economy in Libya and addressing youth unemployment. The private sector benefits from advantages like low energy costs, tax exemptions on reinvested earnings, and profit repatriation. Focusing on critical infrastructure—roads, ports, electricity, and water management—is vital for industrial growth. Targeted financing, capacity-building programs, and public-private partnerships can promote private investment and community rebuilding. Institutional reforms aimed at enhancing SME growth and resilience in vulnerable areas are crucial. Mitigating the risks of lack of collateral will be useful as a lever for SMEs access to bank financing. In addition, the establishment of targeted incubators should be supported.

17. Financial sector. Improved governance and structural reforms would help build a more resilient and inclusive financial sector. The banking system in Libya has historically been more focused on facilitating trade and providing basic banking services rather than driving significant investments. As a result, Libya's financial sector has not developed sufficiently compared to the North African region. The financial sector is dominated by state-owned banks, with the CBL being the majority shareholder of public banks. The six largest and public banks hold 90% of banking assets and loans, while an estimated 30% of cash in circulation operates outside the formal banking system. Access to formal financing remains low, with a limited and undiversified supply of financial products. As of 2023, credit to the private sector in Libya accounts for approximately 10.6% of GDP, reflecting a decrease from the 17.7% reported in 2018⁹. The savings and borrowing rates, although still high, remain largely outside of formal financial institutions. The capital adequacy ratio averaged nearly 18% over 2021–2024, above the CBL's threshold of 12.5% and in line with the requirements of the Basel Committee (I), which is 8.0%. The ratio of nonperforming loans to gross loans is high, estimated at 23.7% during the same period. The CBL has made good progress towards updating financial sector regulations, improving supervision, and is pursuing an ambitious reform agenda to align the

Libyan banking sector with international standards¹⁰. However, the financial system still lacks robust oversight and regulation. Further reforms are still needed such as CBL divesting from commercial banks, implementation of the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) regulations and addressing the AML/CFT control failure at banks, as well as recapitalization of over 60% of banks that do not meet capital requirements¹¹. In addition, currency instability remains a major challenge – with Libyan dinar facing volatility due the economy over-reliance on oil revenues and political uncertainties – which undermine confidence in the financial system.

2.3 Sector Context

18. **Natural resources. Libya's natural resources are huge but vulnerable to mismanagement, environment and climate threats.** Libya's potential for fully utilizing its natural resources is significantly constrained by limited investments in infrastructure necessary for resource extraction and management, in addition to inadequate framework and political instability. The wealth generated from oil exports has not been translated into productive investments to diversify the economy. Climate challenges threaten the sustainability of the country's natural resources, particularly water and agriculture land. Libya is a rich natural resources country, holding Africa's largest proven oil reserves, at about 48 billion barrels, making it the ninth largest oil reserves in the world. Libya also possesses Africa's fifth-largest natural gas reserves, estimated at around 53 trillion cubic feet. Beyond oil and gas, Libya is home to valuable deposits of gypsum, limestone, and iron ore, though these remain largely undeveloped. The country's vast desert landscape, which receives some of the highest levels of solar radiation in the world, offers immense potential for renewable energy generation that could support green growth. The fishery sector¹² has also the potential to be a key contributor to food security, a driver for the blue economy and economic diversification.

19. **Agriculture. Low agricultural production persists due to harsh climatic conditions, limited water availability and historical neglect.** Limited arable land, reliance on fossil groundwater resources, and lack of support structures have limited the expansion of the sector. The country imports 75-80% of its food, including staples such as grains, rice, and meat. This dependence on imports makes Libya vulnerable to global price fluctuations and supply chain disruptions. To address these issues, Libya has increased focus on policies¹³ to improve domestic food production. A food security strategy to promote an efficient, resilient and sustainable agriculture has been prepared and launched in December 2024¹⁴. Despite the various challenges, the agriculture sector holds significant potential that can be harnessed to enhance food security, particularly in wheat production. The introduction of modern farming techniques could optimize water usage and improve crop yields while soil fertility enhancement techniques and crop diversification strategies can significantly boost productivity. Achieving long-term agricultural sustainability will require substantial investment and careful planning to support the sector's growth and resilience.

20. **Energy. The lack of an appropriate institutional and regulatory framework has hampered the diversification of Libya's energy mix.** Access to electricity in Libya was reported at 70 % in 2022, according to World Bank data. Electricity comes mostly from thermal generation. Gas has progressively replaced oil fuels, resulting in over 50% reduction in operating costs. The residential sector is the main driver of the demand for electricity, which indicates high non-productive use and low sector contribution to GDP. The technical performance of the distribution network (roughly 15% losses) is largely unchanged from its 2010 levels and is broadly in line with regional peers. However, the General Electricity Company of Libya (GECOL)'s commercial losses are very high (over 60%) and rising. Hence the financial sustainability of the energy sector in Libya is very weak due to high subsidies

(86% for Fuels and 91% for electricity). The government is addressing this problem with tariff reforms, albeit with modest progress. Satellite data indicate a huge potential for renewable energy (RE), primarily wind and solar. However, renewable energy development is hindered by the lack of dedicated regulations, high commercial risks, limited expertise, weak public-private partnerships, and inadequate funding. Emphasizing decentralized renewable energy solutions like solar mini grids presents a viable path toward enhancing energy access in remote areas of the country and thus reduce inequality in access to electricity. Leveraging Public-Private Partnerships (PPPs) and enhanced international support could strengthen institutional capacity within Libya's renewable energy sector. In 2023, the Ministry of Planning launched a National Strategy for Renewable Energy and Energy Efficiency, aiming to boost the renewable energy share to 20% by 2035. This initiative involves a USD 4.9 billion investment to develop 4,000 megawatts of renewable energy during 2023-2035.

21. **Transport. The absence of a transport strategy and the low level of public spending do not bode well for domestic and foreign trade.** The country's transport infrastructure has been seriously undermined by years of armed conflicts while investments remain low, which poses major constraints to international trade and economic activity in the country. Libya slipped 36 places in the global ranking of the World Bank's Logistic Performance index 2023, from 118th in 2014 to 138th out of 160 countries, mainly due to the decrease of its score for the quality of trade and transport-related infrastructure. In addition to the years of conflict, the deterioration of transport infrastructure is compounded by a shortage in government's spending on national development programs. The road network is in poor condition mainly due to lack of maintenance and rehabilitation. Libya also faces issues in urban transportation and planning. Another critical area of focus is road safety. A National Strategy for Transportation¹⁵ is under preparation.

22. **Water and Sanitation. Lack of infrastructure maintenance and poor resource management are among the key challenges.** Libya is one of the most water-scarce countries in the world relying heavily on the Great Man-Made River (GMMR) project for freshwater. In terms of access to water and sanitation, and despite the lack of reliable data in recent years, rates are estimated at nearly 64% for water and 45% for sanitation facilities¹⁶. The available renewable water per capita is estimated at 126 Mm³ in 2020, almost one tenth of the water scarcity threshold and almost one fifth of the absolute scarcity threshold, set by the UN. However, water consumption is very high, above 900 Mm³ per capita per year (one-third higher than that of Tunisia and Morocco). Over-reliance on the GMMR system, coupled with limited alternative sources, makes the country vulnerable to disruptions. The legal framework of the water sector should be reviewed.

23. **The country suffers from aging and damaged water infrastructure due to years of neglect, conflict, and lack of investment¹⁷.** Many systems are outdated, leading to frequent breakdowns and inefficiencies. Ongoing political unrest and armed conflicts have hindered the ability to maintain and upgrade water and sanitation systems. Mismanagement of water resources, including over-extraction of groundwater and inadequate wastewater treatment, has led to environmental degradation and reduced water quality. Economic instability and limited financial resources have constrained the government's ability to invest in necessary upgrades and expansions of water and sanitation systems. Rapid population growth and urbanization have increased demand for water and sanitation services, putting additional strain on already fragile systems. Furthermore, heavily subsidized water pricing, high water-demanding agricultural production, a weak regulatory framework, weak workforce capacities and a water-demand driven strategy with little focus for water availability require attention. The sector's strategic framework, which has seen limited implementation, needs to be reviewed and updated. Likewise, existing water legislation should be revised to address current gaps and align with modern water management practices and techniques. Tackling these challenges will require stronger governance, substantial investment, and international

support to rebuild and modernize Libya’s water and sanitation infrastructure, while ensuring that human, agricultural, and industrial needs are met in the context of climate change¹⁸.

24. Regional Integration. Libya’s regional integration remains constrained by ongoing political and economic challenges. Political fragmentation impedes the development of a cohesive national policy toward regional integration, while heavy reliance on the oil sector has limited the country’s engagement in broader trade agreements. The manufacturing sector has declined in relative importance, with value-added falling from 4.7% of GDP in 2006 to 2.9% in 2019, and its contribution to exports remaining minimal. Trade with Maghreb countries is particularly limited, averaging just 0.7% of total exports and 4.1% of total imports. During 2020–2023, mineral fuels and related materials accounted for 94% of Libya’s total exports. At the same time, more than 85% of domestic needs—ranging from machinery and equipment to raw and intermediate goods—are met through imports. In 2023, the ratio of foreign trade (exports plus imports) to GDP stood at 92.2% (CBL, 2024), reflecting limited diversification of the economy away from oil, making it vulnerable to sector-specific shock. Libya’s main export destinations include Italy, Germany, and Spain, while key imports come from Turkey, Greece, and China. Despite membership in regional blocs such as COMESA and CEN-SAD, progress has been hampered by restrictive visa openness¹⁹ (AVOI, 2024) and labor policies, gaps in frameworks, and insufficient infrastructure. Nonetheless, Libya has taken steps to expand its role in regional and global markets. Discussions are ongoing with the World Trade Organization (WTO) to move from observer to full membership, while the Ministry of Economy and Trade has finalized a National Free Zone and Transit Trade Strategy aimed at attracting foreign investment and expanding exports. Looking ahead, Libya holds significant opportunities to enhance regional integration by investing in industrialization aligned with the African Continental Free Trade Area (AfCFTA) agenda. Strengthening the manufacturing sector could support economic diversification, generate employment, and improve trade relations with neighboring countries. Furthermore, recent initiatives to connect transport infrastructure with Algeria and Tunisia—extending through Sub-Saharan Africa via the African Union’s Program for Infrastructure Development in Africa (PIDA)—present important avenues to boost cross-border trade. .

2.4 SOCIAL DEVELOPMENT AND CROSS-CUTTING THEME

25. Human Development. Libya’s Human Development Index (HDI) remains among the highest in Africa even though it has deteriorated since the onset of the conflict. Comprising 7.3 million inhabitants, Libya had a GDP per capita at purchasing power parity of USD 20,661 (constant 2021 international USD) in 2023. In 2022, the HDI was 0.746 (0.739 for female and 0.748 for male, on a scale from 0: lower to 1: higher), placing the country in the “high” human development category, ranked 92 out of 193 countries. According to the 2022 Multidimensional Poverty Index, 2% of the population in Libya is multidimensionally poor and 11.4% is classified as vulnerable to multidimensional poverty. Internally displaced persons (IDPs) suffer from significantly higher multidimensional poverty rates. Quality of education is low, and many schools lack sufficient classrooms in addition to issues with electricity, water, and sanitation facilities²⁰. The country faces challenges in filling skilled positions, particularly in sectors beyond oil, which limits productivity, innovation, and economic growth. Cognizant of the importance of human development, the Government is developing the National Strategy for Social Protection with related actionable social assistance, social care, and active labor market programs²¹. Furthermore, it is seeking to reform education, upgrade the health system, improve the institutional governance and is conducting a survey on the quality of life.

26. Youth. Libya’s youth represent a highly educated and ambitious demographic, yet they face high unemployment and limited opportunities for meaningful engagement. Youth aged 15 to 35 constitute approximately 38% of the population, with 55% holding a university degree or higher and 37% possessing a high school or technical diploma. Despite this, unemployment among this group stands at 38.4%, with the highest rates observed in Southern and Central Libya, where nearly

half of young people are without work. According to the 2023 National Youth Survey conducted by the National Economic and Social Development Board, 85% of youth express a desire to start their own businesses, while 81.6% are actively seeking employment. Approximately 20% are considering migration, driven primarily by economic hardship, insecurity, and aspirations for a better quality of life. Key policy recommendations include the development of a comprehensive National Youth Strategy, the creation of a Youth Observatory, the promotion of civic engagement, decentralization of opportunities, and targeted support for innovation, education, gamification, and youth-led sustainable initiatives—particularly in sectors such as renewable energy and waste management.

27. **Migration. Libya faces complex migration challenges.** Libya is both a transit and destination country for irregular migrants, refugees and asylum seekers from Sub-Saharan Africa and the Middle East, aiming to reach Europe. Addressing these challenges requires coordinated, development-focused responses that go beyond border control. Strengthened regional cooperation—particularly among Maghreb and Sahel countries—can support effective, locally led migration governance and tackle root causes of displacement. There is growing momentum toward rights-based approaches that promote regular pathways, socioeconomic inclusion, and community resilience for sustainable solutions that foster regional stability and shared prosperity.

28. **Unemployment. Libya's labor market is constrained by low economic diversification in a context of demographic expansion**²². The unemployment rate reached 15.3% (18.4% for female and 13.3% for male) in 2023, while unemployment for youth aged 15-24 reached 23.1% (39.2% for female and 18.4% for male).²³ and for youth up to 35 years old, is 38.4%. The public sector is the largest employer in Libya, employing around 2.4 million, i.e. about one third of the population and 60% of the working population. As of 2022, the labor force in Libya was composed of 60.2% men and 39.8% women, with overall labor force participation among the working-age population rising from 43.1% in 2013 to 49.1%. Male participation stood at 58.2%, while female participation was significantly lower at 39.6%, indicating that only about one-third of working-age women are active in the labor market. This disparity highlights a persistent gender gap and a relative decline in women's labor supply compared to men. Private sector engagement has been low and unable to compete with the public sector's generous benefits and job security. Addressing the structural inefficiencies of the labor market, diversifying the economy, re-tooling the education sector and empowering the private sector are key actions for enhancement employment.

29. **Women empowerment. While there have been strides made towards improving women social and economic conditions, significant gaps remain across various sectors including labor participation and access to social services.** The African Gender Index, 2023 (AGI)^[1], scores Libya at the average of 0.309 (on a scale from 0 to 1) with 0.476 in Economic and business dimension, 1.028 in social dimension and 0.060 in the dimension of empowerment and representation. Insecurity and displacement in Libya disproportionately impact women, adversely affecting their socio-economic and political participation. Women are underrepresented in politics and decision-making, with a low AGI score of 0.060 to 1. Their participation in the executive position has slightly increased from 15% in 2021 to 16% in 2023. About one-third of women work unpaid, and women constitute roughly a quarter of the workforce. Additionally, water scarcity hampers access to sanitation and drinking water, disproportionately affecting women who handle domestic chores.

30. **Engagement with Civil Society. Libya's civil society organizations have grown significantly since the 2011 revolution, with a proliferation of CSO working on various issues such as humanitarian assistance, women's empowerment, youth participation, and local governance.** The civil society sector in Libya faces several key challenges due to political instability, the displacement crisis, which affects internally displaced persons (IDPs) and

refugees. Additionally, the limited institutional capacity of government agencies has constrained effective cooperation between civil society and the government in tackling major social issues, a limitation that has deepened over the past year. Integrating the CSO into policy and program development offers significant opportunities for Libya's progress. To enhance their role, targeted capacity building programs for both government officials and CSO are needed, focusing on building skills in project management, advocacy, and stakeholder engagement. Specialized assistance is also required to ensure CSO has the expertise and resources to deliver services effectively.

31. **Environmental and Social Safeguards.** Libya faces environmental and social challenges stemming from limited water, land degradation, pollution, and weak institutions and impeding coordination between sectors and lack of environmental management. The Ministry of Environment and the Environmental General Authority (EGA) struggle due to political instability and lack strong institutional capacity. Libya's environmental and social risk assessment framework (Law 15/2003) has gaps compared to international standards. To address these issues, there is a need to strengthen Libya's environmental and social governance (ESG) frameworks, including supporting the EGA and developing better legislative frameworks to implement sustainable and inclusive green projects.

32. **Climate change and Green Growth.** Libya is very vulnerable to climate change risks, lacking a comprehensive climate action strategy and few green growth initiatives. Only 5% of the country receives more than 100 millimeters of rainfall per year. Climatic conditions include abrupt weather changes and sudden weather events, including storm Daniel that caused largescale flooding in Libya's northeast in 2023, leading to loss of lives and infrastructure damage in several coastal towns and along rivers. The mean annual temperature is projected to increase by 2°C by 2050, resulting in more frequent heatwaves and fewer frost days, along with an increased frequency of droughts, dust storms, sandstorms, and floods. In terms of Greenhouse Gas Emissions (GHG), Libya represents only 0.25% of the world's total but has the highest emissions per capita in Africa at approximately 8.5 tons of carbon per person per year²⁴. The country's vulnerability to the impacts of climate change calls for the development and implementation of proactive measures to ensure adaptation and climate resilience²⁵. Libya does not yet have a climate strategy (National Determined Contribution) as required by the Paris Agreement. However, the country is making progress in advancing strategies for climate action including via the National Committee for Climate Change, reestablished by the Libyan Council of Ministers in 2021. The country launched the National Strategy for Renewable Energy and Energy Efficiency, along with an initiative to plant 100 million trees by 2030. Libya's huge area, hot climate with high radiation, and long coast provide the country with a great potential low carbon-carbon energy resources such as renewable energy.

2.5 COUNTRY STRATEGIC FRAMEWORK

33. **Development Strategy.** Libya does not yet have a comprehensive National Development Plan (NDP), and since 2017, the government has relied on annual planning, process that have prioritized administrative spending with limited focus on investment expenditures. The absence of a clear national plan continues to limit the large-scale reconstruction and development the country urgently needs, though some progress has been made. In 2022, the Ministry of Economy and Trade launched an economic diversification strategy aimed at reducing Libya's dependence on oil and enhancing the country's prospects. Currently, the National Economic and Social Development Board (NESDB) is working to formulate a national development strategy aligned with sectoral priorities, notably in transport, water security, renewable energy, environment, as well as the country's first food and security, and nutrition strategy prepared with Bank support.

2.6 AID COORDINATION MECHANISMS, BANK POSITIONING AND COMPARATIVE ADVANTAGE

34. **Aid coordination mechanisms.** Formal development coordination mechanisms among development partners or by the government are limited, and rather co-ordination is mainly ad hoc. The Ministry of Finance and Ministry of Planning coordinate with Development Financial Institutions and the UN respectively. There are some sectors working groups in place, including the water sector partner coordination group chaired by the Ministry of Water Resources where the Bank is a co-lead partner with UNICEF. The Bank actively collaborates with multilateral and bilateral financing institutions as well as embassies on specific projects and initiatives, which is essential to ensure the grant funded projects deliver the maximum impact and sustainability. The Bank has developed close collaboration with the UN system in terms of project implementation, dialogue, and logistics, and benefit from their strong in-country presence. During the CB implementation, the Bank will explore options to further strengthen delivery on broader economic development as well as on sector level with key development partners to reduce fragmentation and promote knowledge transfer (see annex 8, table 8.1 on the main development partners).

35. **Bank positioning and comparative advantage.** Within Libya's reconstruction and development landscape, the Bank is well positioned to contribute effectively, through its extensive experience across the continent, including fragile contexts, and the following interlinked comparative advantages: (i) A strong track record in supporting large-scale infrastructure development and basic services equips the Bank to deepen its role in Libya's reconstruction efforts. The Bank's regional presence in North Africa further enhances its ability to support Libya by facilitating knowledge sharing and South-South cooperation—for instance, through training workshops like the one undertaken in Tunis linking Libyan water sector staff with counterparts in Tunisia; (ii) Recognized expertise in strengthening governance and institutional capacity, to support Libya in advancing peace-positive, risk-informed, and inclusive interventions. This includes providing context-specific support and training programs to improve Libyan institutions' ability to plan, implement, and sustain reconstruction and diversification efforts. By embedding capacity building and knowledge generation within its operations, the Bank ensures that the support contributes to long-term sustainability and resilience; and (iii) A participatory and flexible approach—engaging national stakeholders and international partners—enables the Bank to convene resources and foster collaboration. This convening power enhances Libya's ability to mobilize additional financing and strengthen partnerships around its development agenda. The Bank has also demonstrated flexibility and responsiveness in supporting Libya, including through grants, administrative budget contributions, and the deployment of staff expertise. This adaptability ensures that assistance remains aligned with Libya's evolving needs and fragility context.

2.7 STRENGTHS AND OPPORTUNITIES, WEAKNESSES AND CHALLENGES

36. **Libya faces multidimensional fragility with a low-diversified economy, heavily dependent on hydrocarbons, limiting its resilience and increasing its vulnerability to shocks.** This overarching development challenge is compounded by several underlying development challenges such as limited institutional capacity and public policies coordination, damaged and inadequate infrastructure by years of arms conflict, fragile macroeconomic stance, weak business environment, and impacts of climate change. The lack of a unified budget in Libya stemming from the ongoing political divisions, significantly hinders investment. However, Libya has the necessary financial resources and opportunities across various sector to rebound quickly and being less oil dependent as well as offer better prospects for an inclusive development. This includes its geographic location, plentiful renewable energy sources and untapped potential for agribusiness and industrial diversification. By building strong institutions, this will reinforce the overall capacity of the

government to prepare strategies, set and implement clear action plans, propose structural and transformational reforms in different sectors supported by new legislations and laws which will address challenges related to the confidence in the Libyan economy, and coordinate the work of different international institutions. Table 1 summarizes Libya’s strengths, opportunities, challenges and weaknesses.

Box 2: Strengths, Opportunities, Weaknesses, and Challenges

<p>Strengths</p> <ul style="list-style-type: none"> • Important (foreign reserves and financial resources) • Large renewable energy potential • Strategic location bridging Europe and sub-Saharan Africa 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Political instability and insecurity • Lack of economic diversification • High unemployment rates • Vulnerability to climate change • Lack of unified budget and timely reporting • Lack of timely data and publication
<p>Opportunities</p> <ul style="list-style-type: none"> • Important deposits of mineral resources • Strong agricultural and agribusiness potential, including fishery • Large potential for diversified industries, including petrochemicals, transshipment hubs, and offshore oil facilities. 	<p>Challenges</p> <ul style="list-style-type: none"> • Weak institutional environment and economic governance • Fragile macroeconomic stance • Weak business environment • Damaged and inadequate infrastructure

III. CB 2021-2024 IMPLEMENTATION AND RESULTS ACHIEVED

3.1. STRATEGY RESOURCES

37. **Overall, the achievement of CB 2021-2024 strategic objectives required financing estimated at USD 6.05 million in the form of grants.** By end-December 2024, operations amounting USD 7.03 million were mobilized (116.03%). As a Middle Income Country (MIC) and non-borrowing country, Libya benefited from successful mobilization of funding from the following trust funds (TF): the Bank’s MIC-TAF, the Youth Entrepreneurship and Innovation Multi-donor Trust Fund (YEI MDTF), the Korea-Africa Economic Cooperation (KOAFEC) Trust Fund, the Fund for African Private Sector Assistance (FAPA), the African Water Facility (AWF), NEPAD-IPPF and the Bank’s Special Relief Fund (SRF).

3.2. CB 2021-2024 IMPLEMENTATION

38. **The IOP of CB was approved in volume at 66.66% but in value at 116.03%** (i.e. fewer but larger interventions). Regarding achievements as of end December 2024, of an ambitious eighteen (18) operations initially planned for the CB 2021-2024, twelve (12) were approved and six (6) operations were de-prioritized. Among the approved operations, four (4) new operations were agreed following consultation with the authorities, including an Emergency Support to the Affected Regions and Devastated population in the Aftermath of Storm Daniel and Floods in Libya. The water and sanitation sector received the largest allocation (USD 1.75 million), followed by the governance sector (USD 1.61 million), the agriculture sector (USD 1.44 million), the transport sector (USD 1.33 million), and the social sector (USD 0.9 million). The Bank exercised flexibility in implementing its CB for Libya to accommodate emerging development and humanitarian needs, which required reallocating funding from previously planned operations, and mobilizing grant resources from different trust funds. This resulted in slight adjustments across sectors compared to initial plans.

3.3. RESULTS ACHIEVED DURING THE CB 2021-2024

39. **The Bank’s support to Libya under the CB 2021-2024 has achieved concrete results within the CB period, even though most outcomes and outputs will be achieved in 2025 and 2026 primarily due to start-up delays.** The CB Results Framework (RF) had ambitiously envisaged

(6) outcomes and (10) outputs. As at end December 2024, one (1) outcome and (2) outputs were achieved respectively: “Assessment of the status of critical irrigation infrastructure and afflicted damages from the civil unrest”; “six water sector staff trained as trainers” and “a Matrix of Structural Reforms to support the implementation of the National diversification strategy developed”. The remaining five (5) outcomes and (8) outputs are on track to be realized in 2025 and 2026, due to delays in the preparation and approval processes as well as delays in finalizing procurement process.

3.4. CONTRIBUTION TO THE TYS AND CROSS-CUTTING PRIORITIES

40. The Bank’s portfolio in Libya has contributed to two of the Bank’s Ten-Year Strategy (TYS) pillars, namely “Governance and accountability” and “Infrastructure development”. Under “Governance and accountability”, the institutional strengthening of the Libyan Institute of Public Finance (LIPF), formerly known as the Financial and Accounting Training Institute (FATI), is contributing to assessing training needs and developing a capacity development strategy. This led to the delivery of solid training in financial and accounting management. On “Infrastructure development”, the Bank’s support is contributing to the development of the North-South Road corridor linking Libya to Niger and Tchad, in addition to supporting national transport plans. Furthermore, the Bank's portfolio contributed to three of the TYS, namely "Feed Africa" (20%), "Integrate Africa" (19%) and "Improve the quality of life of the people of Africa" (61%). Under “Feed Africa”, food security has been advanced through more efficient management of agricultural water, with improved knowledge on irrigation infrastructure and cropland mapping, as well as water consumption estimation using remote sensing data for enhanced agriculture productivity. Regarding “Integrate Africa”, the Bank’s support on the studies for the development of the North-South Road transport corridor approved in 2024 will see results in 2025-2016, along with a review study of the national transport sector. Concerning the priority “Improve the quality of life of the people in Africa”, support towards increasing access to safe water and sanitation included an updated National Water Sector Policy which emphasizes women economic empowerment, and the preparation of a Roadmap for the National Water Management Strategy 2025-2050. Regarding contributions to the cross-cutting themes, the "EYEYS" project, approved in 2021, has supported youth entrepreneurship through financial and technical assistance to youth-led start-ups. Following the Derna floods in 2023, the Bank also provided a USD 1 million emergency grant to support climate resilience, including WASH supplies, emergency learning materials, and classroom rehabilitation.

3.5. PROGRESS TOWARDS THE PARIS DECLARATION AND THE BUSAN AND ACCRA COMMITMENTS

41. In Libya, the principles of the Paris, Accra, and Busan declarations are applied only partially, as implementation efforts remain fragmented. Whilst the country lacks a unifying national framework, mechanisms exist on an ad hoc basis, but they are not yet institutionalized. Measuring progress is also challenging, as information is not readily available for key indicators such as the existence of reliable national procurement and public financial management systems, the alignment of aid flows with national priorities, and effective coordination of development programs at country level. Nevertheless, mutual accountability is stronger on project level between government entities and development partners. Moving forward, progress will depend on strengthened governance systems including the establishment of a coherent National Development Strategy to guide both government action and the contributions of development partners.

3.6. POLICY REFORMS AND DIALOGUE

42. The Bank’s contribution to policy reforms efforts has focused on the diversification of the economy, and as well as water management. The national context during the first years of the 2021–2024 CB did not create an ideal framework for substantial reform programs. However, in 2023

and 2024, the Bank conducted several successful dialogue missions to Tripoli, which reaffirmed its commitment to Libya’s economic development and reconstruction and helped build momentum to engage more actively with the private sector. To pave the way for Bank-supported sectoral reforms, three important studies undertaken provided critical guidance: (i) a fisheries sector pilot case study highlighting potential for diversification and industrialization; (ii) a water security study examining opportunities for production, reuse of recycled water, and private sector investment; and (iii) a study on “Enhancing cereals and fisheries value chains for food security”, which outlined a set of priority policies.²⁶ In addition, new areas of policy reform were discussed for the CB 2025-2028 highlighted in section 6.4. A comprehensive policy reform matrix is presented in Annex 7. The limited traction on policy reforms during the 2021–2024 CB was partly offset by capacity-building and institutional development programs, including the Capacity Development Needs Assessment carried out in 2024. This assessment now provides a solid foundation for prioritizing reforms and institutional strengthening under the upcoming CB 2025–2028.

IV. THE COUNTRY PORTFOLIO PERFORMANCE REVIEW 2024

4.1. COMPOSITION OF THE PORTFOLIO

43. **As at end-December 2024, the Bank’s portfolio in Libya comprised 12 operations for a total commitment of USD 7.02 million.** The portfolio includes only public sector operations funded by grants in the following 5 sectors: Water and Sanitation (25%), Governance (23%), Agriculture (20%), social (13%), and Transport (19%). The Bank’s active operations presented in Annex 4 are aligned with the national priorities and objectives of the government, notably to overcome governance challenges. In this regard, the portfolio supports the capacity building of public administration as well as economic diversification, and tackles food security and water scarcity issues. The existing operations as well as the operations under preparation have provided the Bank with a better understanding of the Libyan economy, its challenges and potential, and has strengthened the dialogue with the authorities, providing a venue for closer coordination with partners on common goals.

4.2. PORTFOLIO PERFORMANCE, MONITORING AND EVALUATION

44. **The operations implemented under the 2021-2024 CB are amongst the first in the Bank’s history and took some time to get up and run.** As of December 2024, the flagged operations represented 25% mainly due to slow procurement. The disbursement rate as of December 2024 stood at 27%, with a positive trend anticipated in 2025 (Annex 4), as two operations have just completed their first procurement activities, setting the stage for accelerated implementation. The remaining operations in the portfolio were rated satisfactory and the portfolio does not include any operations at risk. To maintain a healthy portfolio, the Bank teams maintained strong coordination and exchange with PIUs. This included but was not limited to regular meetings with PIUs members, supervision missions (two per year for each project) and when needed recruiting experts such as on procurement. Around 50% of the operations in Libya are implemented by third parties, namely UN agencies (FAO, UNDP, UNICEF and WFP), where the Bank relies on their fiduciary and monitoring and evaluation processes as well as the overarching cooperation framework signed between the Bank and UN agencies to report on project implementation.

V. LESSONS LEARNED

5.1. LESSONS AT STRATEGIC LEVEL

45. **Flexibility and responsiveness enhance relevance and ownership:** The Bank’s adaptive approach—through flexible design and timely responsiveness—was critical to maintaining relevance in Libya, highlighting the importance of institutionalizing such agility in fragile contexts.

46. **Grant mobilization is critical, but not sufficient to sustain impact at scale:** Proactive trust fund mobilization has ensured effective Bank engagement, but the lack of a national development plan has constrained strategic alignment and long-term impact. Moving forward, the Bank will advocate for such a framework while intensifying efforts to mobilize additional resources and co-financing to scale up interventions and results.

47. **The Bank's lack of in-country presence remains a constraint:** Despite strong coordination with authorities, the lack of a physical presence in Libya limits real-time engagement. Establishing a country presence would strengthen visibility, ownership, responsiveness, and partner engagement.

48. **Flexibility and responsiveness enhance relevance and ownership:** The Bank's adaptive approach—through flexible design and timely responsiveness—was critical to maintaining relevance in Libya, highlighting the importance of institutionalizing such agility in fragile contexts.

49. **Grant mobilization is critical, but not sufficient to sustain impact on a scale:** Proactive trust fund mobilization has ensured effective Bank engagement, but the lack of a national development plan has constrained strategic alignment and long-term impact. Moving forward, the Bank will advocate for such a framework while intensifying efforts to mobilize additional resources and co-financing to scale up interventions and results.

5.2. LESSONS AT OPERATIONAL LEVEL

50. **Strong partnerships and regular dialogue drive effective implementation:** Close coordination with the Ministry of Finance and stakeholders, through joint missions and follow-up, was key to identifying opportunities and resolving bottlenecks. Formalizing this dialogue would strengthen pipeline development and performance monitoring.

51. **Realistic timelines and implementation readiness improve project delivery:** Delays were largely due to ambitious planning and limited readiness, especially in terms of procurement. Future operations should adopt realistic timelines, simplified designs and stronger support for project implementation units (PIUs) for country-executed grants. This may include targeted capacity-building to strengthen institutions and ensure sustainability, additional human and financial resources, and awareness workshops on Bank procurement, disbursement, and financial procedures.

52. **Leveraging third-party implementation agencies enhances execution in fragile contexts:** Implementing projects through UN agencies has been effective due to their local presence and established procedures, a model that can be expanded to other capable agencies with proper oversight. To ensure local ownership and capacity building, the Bank should require third-party implementers to prioritize local participation and knowledge transfer in implementation agreements.

5.3. LESSONS FOR THE GOVERNMENT

53. **Government ownership and capacity to coordinate partners are essential.** The Ministry of Finance played a pivotal role in program coordination. Strengthening its pipeline development, M&E and donor coordination capacity, would strengthen effective alignment and tracking of development interventions.

54. **Over-reliance on unpredictable grants is not sustainable:** While grant funding was essential in the CB 2021–2024 period, long-term development and reconstruction efforts will require broader financing options. The Government should explore alternative financing mechanisms to diversify sources of support and increase scale.

VI. BANK GROUP STRATEGY 2025-2028

6.1. STRATEGY RATIONALE, SELECTIVITY, OBJECTIVE AND PRIORITY OF BANK SUPPORT

55. **Rationale.** While Libya’s fundamental development challenges persist, the authorities’ support needs have evolved, becoming more diverse and requiring careful prioritization.

Libya’s overarching challenge lies in addressing its multidimensional fragility, stemming from heavy reliance on hydrocarbons, institutional weaknesses, extensive infrastructure damage. Underlying this fragility are persistent issues such as fragmented public financial management, limited economic diversification, and growing environmental vulnerabilities. Tackling these structural constraints through targeted reforms is essential to unlock the country’s full development potential. At the same time, Libya’s strong hydrocarbon reserves, abundant foreign exchange reserves, plentiful renewable energy sources, untapped potential for agribusiness and industrial diversification and strategic location provide a solid foundation for recovery and transformation—if matched by sustained reforms and investment.

56. **Selectivity.** Given the specific context of the country, the Bank support in Libya will be targeted but flexible. This approach considers Libya’s complex situation combined with limited and unpredictable grant resources that can be mobilized and the fact that Libya doesn’t rely on external borrowing. Accordingly, the Bank’s support will primarily focus on Technical Assistance operations, while exploring, on a case-by-case basis, the potential use of appropriate financing and risk-sharing instruments for non-sovereign operations. The Bank will continue providing capacity building programs, advisory services and project/program preparation support for an improved institutional environment. The Bank will ensure a balance between continuity and consolidating its past achievements in the country, while exploring options for supporting in new focus areas. Technical assistance programs will be identified with the Libyan authorities based on initial (and future) consultations for this CB, supported by the 2024 Capacity Development Needs Assessment.

57. **Strategy Objective and Priority Area for Bank Support.** The main objective of the CB 2025-2028 is to contribute to the establishment of strong institutions in Libya to accelerate reconstruction and strengthen economic resilience. To achieve this objective, the following single priority area is proposed for Bank’s support: “*Creating an enabling environment for reconstruction and economic diversification by strengthening governance and institutional capacity*”. The Bank will build on its comparative advantage in Libya developed through its previous TA programs provided, notably in Public Financial management, water and agriculture. Furthermore, the Bank will scale its support for private sector development (including SMEs) and renewable energy, with a strong focus on building capacity. The proposed priority area is aligned with the Government of Libya priorities, the Sustainable Development Goals (SDGs) and the Bank’s TYS 2024-2033. These interventions will help address the root causes of fragility by providing a strategic response aimed at fostering resilience in the short and medium term. A systematic conflict analysis will be applied to all Bank’s operations in Libya. Through this approach, the interventions are expected to reduce fragility risks, strengthen trust and social cohesion, and promote local resilience through inclusive and targeted actions.

58. **What the Bank will do differently during the new CB 2025-2028.** An adaptive approach will guide the Bank’s engagement, with a focus on capacity building, effective project implementation, and improved aid coordination. *First*, the Bank will implement recommendations from the 2024 Capacity Development Needs Assessment (CDNA²⁷) conducted in April 2024 to enhance the government’s ability to plan, manage, and execute reforms. Amid political and security challenges, capacity remains one of the most significant barriers to achieving greater impact at scale in Libya. *Second*, recognizing the complexity of the operating environment, the Bank will deepen and expand partnerships with capable implementing agencies that have a physical

presence in Libya—while ensuring proper oversight and alignment with Bank fiduciary standards—and draw on local expertise. Government-executed projects have faced delays, underscoring the need for alternative delivery modalities. **Third**, the Bank will further its dialogue on a proposed alternative financing mechanism to support Libya’s recovery at greater scale, while engaging closely with other development partners and promoting co-financing opportunities to maximize the impact of its resources. **Fourth**, the Bank will prioritize fewer but larger technical assistance operations for greater impact and maximized results. **Finally**, the Bank will explore ways to reinforce its local presence to enhance coordination and provide closer follow-up on the ground. This context-specific approach aims to create the necessary conditions to scale up operations in Libya, including potential non-sovereign operations.

59. **The Bank offers a unique value proposition to Libya as a pan-African institution with extensive experience in fragile and transition contexts.** Its track record in economic governance, infrastructure development, institutional capacity building, and knowledge delivery enables it to provide integrated and impactful support, complemented by flexible financing instruments tailored to context. In line with the Bank’s engagement approach in fragile settings—strengthening institutional capacity, building resilient societies, and catalyzing private investment—this combination of expertise positions the AfDB to play a pivotal role in helping Libya pursue a more sustainable and inclusive future.

6.2. STRATEGY AND EXPECTED RESULTS

60. **Priority area.** The CB 2025-2028 is guided by a single, focused priority area: “**Creating an enabling environment for reconstruction and economic diversification by strengthening governance and institutional capacity**”, reflecting Libya’s current development needs and the Bank’s comparative advantage. The CB focuses on strengthening core public institutions and governance frameworks, supporting reconstruction of critical infrastructure for service delivery, and fostering private sector development through policy reforms and public-private dialogue to create a more conducive business environment. The overarching objective is to promote economic diversification, inclusive private sector growth, and long-term stability—laying the foundations for broader progress when conditions become more favorable. The Bank will target peace-positive interventions that address root causes of conflict while delivering tangible development outcomes. Therefore, the main expected outcomes from Bank support under the proposed single priority area are: (i) Strengthened governance and institutional capacity to facilitate public and private investment in key priority sectors (e.g., energy and water) for improved service delivery; (ii) Improved business environment, creating enabling conditions for private sector growth, trade, and investment; (iii) Furthering economic diversification, through support to key sectors such as agriculture, manufacturing, and renewable energy; and (iv) Enhanced opportunities for climate finance to support Libya’s adaptation and energy transition efforts.

61. **Mainstreaming of crosscutting themes.** The Bank’s integrated approach incorporates critical cross-cutting themes to maximize the impact of its interventions, namely youth and women economic empowerment, climate resilience, and fragility mitigation. The focus on women’s economic empowerment includes equal consideration of men and women’s perspectives and addressing their diverse needs in all interventions, fostering a more inclusive environment. The Bank will prioritize skills development and capacity building for women and youth, with a focus on contributing to empowering this key demographic to access better economic opportunities, enhance their livelihoods, and support national growth and development. In this regard, best practices from AfDB’s Entrepreneurship and Advice Initiative (EInA)²⁸ platform will be shared with the authorities and tailored to the Libyan context. The integration of climate change aims to promote sustainable development and reduce vulnerability to climate-related shocks. Furthermore, fragility and resilience will be

addressed by designing interventions that help build the capacity and resilience of vulnerable communities and promote stability in fragile environments.

Box 3: CB 2025-2028 alignment with the Bank’s new TYS 2024-2033

The strategic focus of the CB 2025-2028 is closely aligned with the Bank’s TYS 2024-2033, which prioritizes harnessing Africa's potential for a prosperous, inclusive, resilient, and integrated continent. In Libya, the Bank’s engagement will contribute to the TYS: Lighting up and powering Africa, Industrializing Africa, Feeding Africa, Integrating Africa, and Improving the quality of life for the people of Africa.

The CB will also address critical cross-cutting priorities identified in the new TYS: On climate change the Bank will mobilize climate finance and support adaptation and resilience measures. On youth development, operations will embed skills development and entrepreneurship components into projects to enhance employability, with focus on young men and women. In addition, the CB will strengthen economic governance by enhancing institutional capacity, reinforcing governance frameworks, and building resilience against economic shocks and conflict.

Through these interventions, the Bank aims to contribute to fostering an enabling environment for Libya’s reconstruction and economic diversification, with an emphasis on governance and institutional reform, directly supporting the broader objectives of the TYS 2024-2033.

6.3. INDICATIVE OPERATIONS PROGRAM

62. **Operations.** The Bank’ operations will primarily consist of **Technical Assistance (TA) interventions for capacity building programs as well as advisory support services aimed at improving the institutional environment and consolidating past achievements in the country.** The indicative operations program (IOP) is guided by the Bank’s dialogue with the Libyan authorities and the key stakeholders. For the period 2025-2027, eight (8) operations have been identified (see Annex 6 Table 1), subject to the availability of grants. At the same time, the Bank will also continue its business development activities in support of non-sovereign operations under the right conditions and within available headroom, as another important means for scaling up the engagement and support of the Bank to Libya. In this regard, the Bank aims to act as a catalyzer to help the authorities attract investments and mobilize resources.

63. **Knowledge products.** The CB 2025-2028 will further enhance support for the **private sector while strengthening government institutions through its analytical work.** On its administrative budget, the Bank has planned five (5) knowledge products and two workshops over 2025-2026 (one on addressing fragility and the other on climate change), stemming from consultations with the authorities and the private sector. This includes a study on private sector development and investment in fragile contexts to identify opportunities for private sector-led growth and provide recommendations on related reforms of the institutional and regulatory framework. A second study will examine the possibilities for effective economic diversification in Libya based on the findings of the first study carried out for the fisheries sector in 2024. Furthermore, the annual Country Focused Report (CFR) provides useful recommendations and paves the way for a more robust reform agenda. (See Annex 6 Table 2).

6.4. POLICY REFORMS AND DIALOGUE

64. **During the period of the CB 2025-2028, the dialogue will focus on policy reforms around the areas of private sector development, value chains for economic diversification (agribusiness and industrialization) and water and sanitation management.** The Bank will hold regular dialogue missions in Libya in close coordination with other development partners to harmonize efforts and will organize follow up meetings with the line ministries to deepen the dialogue around these topics. The coordination with development partners on the Economy (previously under the Berlin process) will be strengthened. The Bank, in its role as policy and knowledge broker and strategic partner, is also in dialogue with the Libyan authorities to determine appropriate financing

modalities and instruments to support the country’s recovery and reconstruction, through an innovative integrated model adapted to the context of Libya. The Bank’s Policy Reform Dialogue Matrix (PRDM) is presented in Annex 7.

6.5. FINANCING THE STRATEGY

65. **Sovereign support.** As a non-borrowing country, the Bank’s financial and technical assistance to Libya under the New CB 2025-2028 will primarily be provided through grants from various trust funds, depending on their availability. Based on the Bank’s increased engagement throughout the CB 2021-24, the Bank is in a stronger position to mobilize co-financing, develop partnerships for greater scope and impact of the Bank’s support.

66. **Non-Sovereign operations (NSO).** The Bank will continue to explore potential NSO transactions in Libya. Consultations with the authorities and Libya’s private sector participation in the 2024 edition of the Africa Investment Forum (AIF) highlighted opportunities for private sector-led operations across sectors—including energy, transport, industry, fishery and agribusiness. However, these prospects remain constrained by high country risk and the historically limited role of the private sector in the economy. In response, the Bank is adopting a **transactional approach**, pursuing NSO opportunities as they arise and assessing, on a case-by-case basis, the use of appropriate financing instruments, including guarantees. In parallel, the Bank envisages technical assistance to support the structuring of potential PPP projects. Building on the study “Strengthening Private Sector Development for Economic Resilience in Libya” to be finalized in 2025, the Bank will also work on the private sector enabling environment to help unlock more sustainable investment opportunities.

6.6. IMPLEMENTATION ARRANGEMENTS, MONITORING AND EVALUATION (M&E)

67. **The Ministry of Finance through its Department of Financial Institutions and International Cooperation (DFIIC), is dedicated to overseeing the follow-up and monitoring and evaluation of Bank-funded operations,** complemented by capable third-party executing agencies of the Bank-funded portfolio. As the Bank scales up its engagement in the country, it is ready to avail targeted support to the Ministry of Finance and line ministries/PIUs to strengthen project coordination, implementation, and monitoring. Capacity building will also be prioritized to enhance appreciation of the Bank’s procedures, instruments and fiduciary requirements (procurement, financial management and disbursement) across the project cycle. At the behest of the authorities, the Bank envisages dedicated training on M&Es, including data management. Drawing on its experience in fragile contexts, the Bank will apply a flexible, adaptive approach to M&E that reflects the realities on the ground. In parallel, the Bank will continue to collaborate closely with the international community, particularly the UN system, both in its role as implementing agency and as a source of data and information relevant for M&E. To further strengthen operational results under the 2025–2028 CB, the Bank also plans to recruit a national consultant, based in Tripoli, to support implementation of Bank-funded operations.

6.7. POTENTIAL RISKS AND MITIGATION MEASURES

68. **The box below presents the main risks that may affect the implementation of the 2025–2028 Country Brief for Libya as well as the mitigation measures.**

Box 4: Risks and Mitigation Measures	
Risks	Mitigation measures
Deterioration of political and security situation and reversal of the political and security gain over the past few years. (Medium)	(i) Continued monitoring of the main drivers of insecurity to respond quickly. (ii) Maintain a flexible pipeline that can adjust to instability. (iii) Prioritize peace-positive operations in core sectors (water, energy, transport) to support service delivery and resilience. (iv) Maintain regular dialogue with the Ministry of Finance and key counterparts to preserve reform momentum. (v) Support socio-economic initiatives prioritized by the Government, and where possible, in collaboration with other development partners in contributing to fostering stability and sustainable development. (vi) If government execution is hampered, work through capable agencies. (vii) Coordinate with UN, AU and multilateral and bilateral partners to ensure coherence and collective response. (viii) Deploy the Bank’s fragility tools to mitigate shocks and protect reforms
Policy reversal resulting from changing priorities in a politically volatile environment (Medium)	Continuous stakeholder management to adjust the indicative operational program and project components when needed, ensuring continued alignment with socio-economic initiatives prioritized by the Government within the overall objective and single pillar of the Country Brief.
Environmental and Climate Change Risks including flooding, droughts (Medium)	The Bank adopts a flexible and adaptive approach to programming and may mobilize climate financing grants as needed to help with climate related emergencies and establish early warning systems. Planned Bank interventions may be re-prioritized to meet urgent needs (only in extreme cases to not jeopardize planned interventions with longer term impact).
Migration and Displacement Pressures due to geopolitical shocks (Medium)	Existing regional diplomacy and peace building mechanisms at the AU level as well as migration and border management agreements between Libya and the EU might be activated to assist the country if need be.

VII. CONCLUSION AND RECOMMENDATIONS

7.1. CONCLUSIONS

69. **In the face of institutional fragmentation and socio-economic challenges exacerbated by years of political instability, Libya is seeking to accelerate its national reform agenda.** To support this effort, the Bank’s Libya Country Brief (CB) 2025–2028 is guided by a single priority area: **“Creating an enabling environment for reconstruction and economic diversification by strengthening governance and institutional capacity.”** The CB focuses on strengthening core public institutions and governance frameworks, facilitating reconstruction of critical infrastructure for service delivery, and fostering private sector development through a more conducive business environment. Cross-cutting priorities—climate change, youth and gender, and fragility—will be systematically integrated into the Bank’s operations to ensure holistic and sustainable interventions. This strategic focus is fully aligned with Libya’s development needs and the new Ten-Year Strategy (TYS 2024–2033).

7.2. RECOMMENDATIONS

70. **Management hereby invites the Board of Directors to consider and approve the Bank’s 2025-2028 Country Brief for Libya.**

ANNEX 1: 2025-2028 RESULTS FRAMEWORK MATRIX

1.1. Strategic Alignment Matrix for Priority Area 1: This matrix demonstrates alignment of the CB Priority Areas with both the Government’s National Development Plan and the Bank’s own priorities. It is not intended to assess the performance of the Bank’s support.

PRIORITY AREA 1: Creating an enabling environment for reconstruction and economic diversification by strengthening governance and institutional capacity				
National Development Plan.			Bank’s Institutional Policies	
<ul style="list-style-type: none"> □ GNA’s Yearly national planning programs (Since 2017). These plans are intended to stabilize the macroeconomic framework, strengthen institutional governance, and improve access to basic services, including electricity, health, education, and water and sanitation. □ A national strategy for economic diversification is under preparation. The Ministry of Economy and Trade is preparing a national strategy for economic diversification to support and develop trade, investment, industry and agriculture sectors and enhance their role in developing the national economy. The strategy has been submitted to the Council of Ministers for approval. □ The 2030 Agenda and SDGs 			<ul style="list-style-type: none"> □ The Bank’s Ten-Year Strategy 2024-2033 □ Operational Priorities: Infrastructure Development and Economic Governance □ Area of special emphasis: Water and sanitation, agriculture and green energy □ Key cross-cutting priorities include promoting gender equality, investing in young people, responding to climate change, and investing in climate action, supporting fragile states, and promoting good governance and economic stability □ TYS: Light up and Power Africa; Feed Africa; Industrialize Africa; Integrate Africa; and Improve the Quality of Life for the People of Africa. 	
Libya’s Sector Priorities			Bank’s Sector /Thematic Strategies	
<ul style="list-style-type: none"> □ Develop effective governance and robust public institutions through capacity building programs. Libya seeks to establish a conducive environment of reconstruction and growth. □ Increase private sector’s contribution to the GDP and harness its role in economic diversification □ Boost agricultural productivity: Improving production systems to raise productivity of food crops. □ Promoting service sustainability, water security and good governance of water management. □ Increasing job creation, particularly for the youth, through entrepreneurship support. 			<ul style="list-style-type: none"> □ Bank Strategy of “Addressing Fragility and Building Resilience in Africa 2022-2026”. The Strategy recognizes “the importance for the Bank to remain engaged across the spectrum of fragile situations while adapting its engagement according to circumstances” □ Capacity Development Strategy 2021-2025. This strategy has three pillars: (i) Capacity Development for Program Development and Project Cycle Management; (ii) Capacity Development for Economic Policy Formulation and Management, and (iii) Capacity Development for Knowledge Management, Brokerage and Policy Dialogue □ Strategy for Economic Governance in Africa (SEGA: 2021 - 2025) □ African Development Bank Group Policy on Water (2021) □ Bank Group Strategy for the New Deal on Energy for Africa 2016-2025: (i) increase energy production, scale-up energy access, improve affordability, reliability and energy efficiency while improving access to clean energy. □ Regional Integration Strategic Framework 2020-2026: (i) Integrating North Africa through the promotion of regional infrastructure connectivity and (ii) Strengthening inter and intra-regional trade and investment through private sector promotion. □ Private Sector Development Strategy (PSDS: 2021- 2025) 	
Country Development Results/Indicators (as per National and Sector Plans)²⁹			Bank Operations during the CB 2025-2027 period, including planned Knowledge product	
Indicators	Baseline (2024)	Outcome (2028)	Revised Target (2026)	Generic areas of interventions or instruments
Building effective institutions				<ul style="list-style-type: none"> □ Capacity building and technical assistance operations
A National Economic and reconstruction Plan is validated (yes/no)	No	Yes (2026)		Knowledge products and TA
SDG 16 “Peace, Justice and Strong Institutions” (Trends) ³⁰	Stagnating	“Moderately improving”		Total lending and non-lending
Economic diversification				
A National Development Strategy is validated (yes/no)	No	Yes		
SDG 8.2: Diversify, Innovate and Upgrade for Economic Productivity (trend)	Stagnating	“Moderately improving”		Co-financing to be sought

1.2. Implementation Performance Matrix of Libya’s CB 2025-2028. The performance matrix measures a wide range of outcomes that should be regularly monitored during the CB mid-term implementation period and at the end of the CB period. This includes not only the operational outcomes of operations approved in the preceding period, but also other key CB elements, including cross-cutting issues, financial leverage, harmonization, portfolio performance, sustainability of actions and climate change mitigation, adaptation, and resilience opportunities and related vulnerabilities.

Performance Area	Sample Monitoring Indicators	Baseline (2024)	Mid-term (2026)	Target (2028)	Source of verifications and comments
1. Operational Results Outcomes					
<i>Outcomes (Priority areas 1)</i>	Water and sanitation – Outcome 1: Support the rehabilitation and modernization of water and green power facilities to contribute to the country’s reconstruction and build resilience to climate change				
	☐ Clearance/approval of the recommendations related to the water sector	0	60% of proposed recommendations	95% of proposed recommendations	☐ Project implementation report ☐ Strategic forum report
	☐ Clearance/approval of the Roadmap for the Water Strategy 2025-2050	No	No	Yes	☐ Strategic Forum Report ☐ GoL letter of approval
	☐ Number of urban population benefitting from an inclusive and CC-resilient water urban masterplan	0	0	>850 000	☐ Master plan ☐ Investment plan
	Agriculture – Outcome 2: Enhance governance and policy framework for food strategy				
	☐ Funded investment plan devoted for each sector	0		3	☐ Official govt declaration
	☐ Key analytical inputs are produced and used to inform FSS	0	1	2	☐ Analytical reports produced and validated
	☐ Food Security strategy (FSS) developed and validated	0	1	1	☐ Official Government Declaration
	Energy – Outcome 3: Promote sustainable development and the transition to a greener economy through the introduction of large-scale renewable energy				
	☐ 50 MW solar PV project is ready for implementation	No	No	Yes	☐ Project feasibility studies
☐ Capacity of national institutions related to renewable energy enhanced through training	No	Partial	Yes	☐ Staff knowledge assessment survey	
<i>Output (Priority areas 1)</i>	Water and sanitation – Output 1: Support the rehabilitate and modernization of water and green power facilities to support the country’s reconstruction and build resilience to climate change				
	☐ An assessment report (including recommendations) on the current legal, regulatory, and institutional frameworks produced	No	Yes	Yes	☐ Project Progress Report ☐ Assessment Report
	☐ National water policy gender sensitive drafted	No	No	Yes	☐ Project Progress Report ☐ Assessment Report
	☐ Roadmap for the National Water Strategy 2025-2050 produced	No	No	Yes	☐ Project Progress Report ☐ Water strategy roadmap
	☐ Stakeholders and administrative authorities trained in water sector governance and performance monitoring and evaluation	0	> 20 Men; >4 Women	> 45 Men; > 7 Women	☐ Project Progress Report ☐ Training reports ☐ Participants’ list
☐ Amount of Climate-resilience Infrastructure Investment preliminary designed	No	0	> 100 million of EUR	☐ Preliminary design report GOL validation	

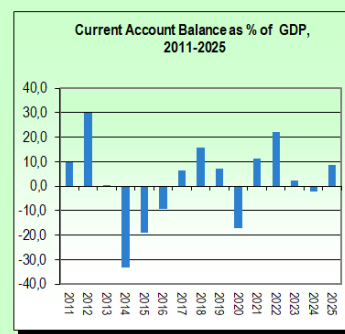
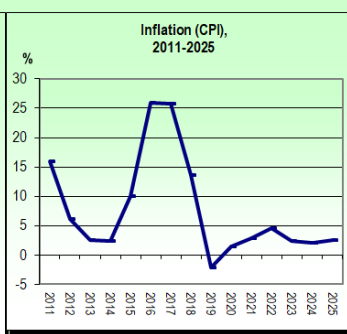
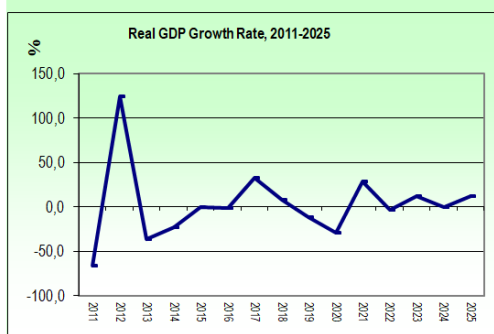
Performance Area	Sample Monitoring Indicators	Baseline (2024)	Mid-term (2026)	Target (2028)	Source of verifications and comments
	Agriculture – Output 2: Promote agriculture and value chains development to support economic diversification				
	☐ Operational Country Action Plan for wheat sector development formulated.	0	3 workshops	Action plan report	☐ FAO Libya and Government Reports
	☐ Surveillance measures for the fishery sector developed	0	2 workshops	Measures developed and validated	☐ FAO Libya and Government Reports
	☐ Action plan for the management of marine resources developed	0	2 workshops	Action plan developed and validated	☐ FAO Libya and Government Reports
	Energy – Output 3: Promote sustainable development and the transition to a greener economy through the introduction of large-scale renewable energy				
	☐ Technical/economic/E&S feasibility study of 50 MW solar power plant prepared	0	Partially	Fully	☐ Draft report ☐ Final reports available
	☐ Comprehensive financial models demonstrating 50 MW solar project viability to help attract investors	0	Partially	Fully	☐ Model and report available
	☐ Number of staff trained	0	15	30 (20% women)	☐ Staff training reports
☐ <i>Cross-cutting themes (improvement of governance, corruption control, private sector development, gender, women, youth and civil society; climate change)</i>	Governance - Outcome 1: Building strong and efficient institutions to support an enabling environment for both public and private investment				
	☐ Effective administration index – Mo Ibrahim- improved	4.5/100 (2023)	5.0/100 (2025)	5.5/100 (2028)	☐ The latest Mo Ibrahim index Report is from 2023).
	☐ Business and Labor Environment - Mo Ibrahim- improved	33.7 /100 (2023)	34/100 (2026)	36/100 (2028)	☐ Mo Ibrahim index Report.
	Civil society: Outcome 3				
	☐ Involvement of civil society in the preparation, implementation and evaluation of CB (Yes/No)	No	Yes	Yes	☐ Civil Society and Community Engagement Division (AHGC2)
	☐ Number of Bank-funded projects/programs that involve civil society in design, implementation and/or monitoring & evaluation	0	At least 50% of projects	At least 30% of projects	☐ Project appraisal, supervision and completion reports
	Climate change: Outcome 4				
	☐ Institutional Capacity building on climate risk, adaptation and resilience	☐ No	☐ No	☐ Yes	☐ World Bank, World Data Atlas ☐ Climate Change and Green Growth Department (PECG) ☐ Ministry of Environment ☐ Ministry of Environment ☐ Ministry of Environment and the Climate Change and Green Growth Department (PECG) ☐ Ministry of Environment and the Climate Change and Green Growth Department (PECG)
	☐ Technical support to develop the National Adaptation Plan (NAP) and contribute to the Nationally Determined Contribution (NDC).	☐ No	☐ No	☐ Yes	
	☐ Access to global climate and environment related funds	☐ No	☐ No	☐ Yes	
☐ Paris aligned policies and strategies developed	☐ No	☐ No	☐ Yes		
Women empowerment through capacity building, access to social infrastructure and entrepreneurship development: Outcome 5					
☐ Number of women trained across the sectors (energy, water, governance and human development)	0	25%	40% ^s	☐ Training reports from sector departments	

Performance Area	Sample Monitoring Indicators	Baseline (2024)	Mid-term (2026)	Target (2028)	Source of verifications and comments	
	☐ % of operations classified under category 2 of Gender marker system	80%	100%	100%	☐ AHGC1 GMS evaluation report	
	☐ % of operations with gender action plan (designed and implemented)	80%	100%	100%		
	Governance: Building strong and efficient institutions to support an enabling environment for both public and private investment: Output 2					
	☐ Capacity Needs Assessment for LIPF (Yes/No)	No	Yes	Yes	☐ LIPF PMU	
	☐ Capacity Development Strategy for LIPF (Yes/No)	No	Yes	Yes	☐ LIPF PMU	
	☐ Training programs implemented for public administration employees (#)	0	50	50	☐ LIPF PMU	
2. Portfolio performance	☐ Operations Meeting Supervision Standards (%)	65%	100%	100%	☐ Delivery Dashboard Quarterly Report	
	☐ Timely PCR (%)	NA	100%	100%	☐ Delivery Dashboard Quarterly Report	
	☐ Operations flagged (%)	37.5	30%	25%	☐ Delivery Dashboard Quarterly Report	
3. Sustainability and capacity-building	☐ Provision of technical support to the Ministries of Finance for Budget preparation and Planning, and the Court of Auditors to improve the public finance management framework, accountability and regularity of accounts (Yes/No)	No	Partial	Yes	☐ Report of ministries ☐ Annual report of the Court of Auditors ☐ SNFI Department	
	☐ Provision of technical support to Central Bank of Libya (Yes/No)	No	No	Yes	☐ Financial Sector Department (PIFD)	
	☐ Provision of technical support to the Ministry of Industry for the design of industrial policy (Yes/No)	No	No	Yes	☐ Private Sector Department (PITD) ☐ TA-FAPA Completion Report submitted to FODIP	
	☐ Existence of a CPIA reform matrix (Yes/No)	No	No	Yes	☐ Ministries of Finance and Planning	
4. Dialogue and Building resilience	☐ Number of people trained in the integration of fragility and resilience considerations in programmatic documents (#)	0	40	40	☐ RDTS Capacity building event report	
	☐ PPPs initiated in Key Sectors Supporting Reconstruction, Peace and resilience-building efforts (Yes/No)	No	No	Yes	☐ RDTS Department through projects documents (MIC TAF, TA, PAR, PCN, etc.)	
	☐ Informative knowledge product applying the vulnerability and resilience lens to Libya's landscape (#)	0	2	2	☐ Libya Private sector development and Investments Study ☐ Alternative financing mechanisms for reconstruction (RDGN/FIST)	
	☐ Country Focus Reports (2025, 2026, 2027, 2028)	1	2	4	☐ ECCE Department through published CFR	

ANNEX 2: KEY MACROECONOMIC INDICATORS

Libya Selected Macroeconomic Indicators

Indicators	Unit	2010	2020	2021	2022	2023	2024 (e)	2025 (p)
National Accounts								
GNI at Current Prices	Million US \$	75 115	39 947	80 057	74 333	55 304	...	...
GNI per Capita	US\$	11 560	5 670	11 220	10 290	7 570	...	...
GDP at Current Prices	Million US \$	68 974	46 893	35 216	43 281	43 958	42 159	47 484
GDP at 2010 Constant prices	Million US \$	68 974	21 963	28 174	27 123	30 464	30 343	34 116
Real GDP Growth Rate	%	3,2	-29,5	28,3	-3,7	12,3	-0,4	12,4
Real per Capita GDP Growth Rate	%	1,1	-30,4	26,7	-4,9	11,1	-1,4	11,3
Gross Domestic Investment	% GDP	27,2	28,3	17,1	17,8	19,1	21,6	21,5
Public Investment	% GDP	3,4	7,8	4,0	6,7	7,9	9,1	10,1
Private Investment	% GDP	23,7	20,5	13,1	11,1	11,2	12,6	11,5
Gross National Savings	% GDP	...	...	...	...	...	...	...
Prices and Money								
Inflation (CPI)	%	2,5	1,4	2,8	4,6	2,3	2,1	2,5
Exchange Rate (Annual Average)	local currency/US\$	1,3	1,4	4,5	4,8	4,8	4,9	5,3
Monetary Growth (M2)	%	-5,8	15,0	-19,3	1,9	...	...	...
Money and Quasi Money as % of GDP	%	56,8	198,1	65,4	50,9	...	...	...
Government Finance								
Total Revenue and Grants	% GDP	52,9	35,1	74,4	78,9	69,8	56,6	61,0
Total Expenditure and Net Lending	% GDP	59,4	57,4	72,1	58,4	61,7	81,4	65,2
Overall Deficit (-) / Surplus (+)	% GDP	12,5	-22,3	2,3	20,5	8,1	-24,8	-4,2
External Sector								
Exports Volume Growth (Goods)	%	-0,7	-69,4	238,1	16,0	-16,4	-3,3	5,2
Imports Volume Growth (Goods)	%	8,2	-46,8	59,8	1,2	2,3	11,5	2,6
Terms of Trade Growth	%	...	8,1	-11,6	0,0	0,0	0,0	0,0
Current Account Balance	Million US \$	14 578	-8 005	4 015	9 608	1 020	-970	4 036
Current Account Balance	% GDP	21,1	-17,1	11,4	22,2	2,3	-2,3	8,5
External Reserves	months of imports	...	...	...	...	...	...	...
Debt and Financial Flows								
Debt Service	% exports	...	...	...	...	...	...	...
External Debt	% GDP	...	...	...	...	...	...	...
Net Total Financial Flows	Million US \$	-310	1 918	420	170	...	...	...
Net Official Development Assistance	Million US \$	8	296	344	264	...	...	...
Net Foreign Direct Investment	Million US \$	1 909	...	...	...	...	...	...



Source : AfDB Statistics Department: African; IMF: World Economic Outlook, October 2025 and International Financial Statistics, October 2025; AfDB Statistics Department: Development Data Portal Database, October 2025. United Nations: OECD, Reporting System Division.

Notes: ... Data Not Available (e) Estimations (p) Projections

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ANNEX 3A: PROGRESS TOWARDS ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS

PROGRESS TOWARD ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS

	2005 ¹	2010 ²	2024 ³	
Goal 1: End poverty in all its forms everywhere				<p>Prevalence of undernourishment (%)</p>
Proportion of population living below the international poverty line of US\$ 2.15 (PPP) per day	...	...	...
Proportion of population living below the national poverty line (%)	...	...	...
Employed population below the international poverty line of US\$2.15 per day, aged 15-24 (%)	...	...	...
Employed population below the international poverty line of US\$2.15 per day, aged 25 and over (%)	...	...	...
Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture				<p>Under-five mortality rate, (per 1000 live births)</p>
Prevalence of undernourishment (%)	4,8	6,6	11,4	
Proportion of children moderately or severely stunted (%)	21,2	26,3	52,2	
Agriculture orientation index for government expenditures	<p>Proportion of seats held by women in national parliaments (% of total number of seats)</p>
Total official flows for agriculture (Millions of Constant 2021 US\$)	8	0	1	
Goal 3: Ensure healthy lives and promote well-being for all at all ages				
Maternal mortality ratio	50	57	72	<p>Proportion of population with access to electricity (%)</p>
Proportion of births attended by skilled health personnel (%)	...	99,9	99,9	
Under-five mortality rate (deaths per 1,000 live births)	23,1	16,6	10,3	
Malaria incidence per 1,000 population at risk	...	...	...
Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all				<p>Annual growth rate of real GDP per capita (%)</p>
Proportion of children and young people at the end of primary achieving a minimum proficiency level in: Reading (%)	...	...	...
Proportion of children and young people at the end of primary achieving a minimum proficiency level in: Maths (%)	<p>Proportion of population with access to electricity (%)</p>
Adjusted gender parity index of teachers with the minimum required qualifications, primary (Ratio)	...	...	...
Total official flows for scholarships (Millions of Constant 2021US\$)	...	0	3	
Goal 5: Achieve gender equality and empower all women and girls				<p>Proportion of population with access to electricity (%)</p>
Proportion of seats held by women in national parliaments (% of total number of seats)	...	7,7	16,5	
Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15-49 years)	...	...	...
Proportion of women who make their own informed decisions regarding reproductive health care (% of women aged 15-49 years)	<p>Annual growth rate of real GDP per capita (%)</p>
Goal 6: Ensure availability and sustainable management of water and sanitation for all				
Proportion of population using safely managed drinking water services, (%)	...	...	...
Level of water stress: freshwater withdrawal as a proportion of available freshwater resources (%)	698,1	783,1	817,1	<p>Annual growth rate of real GDP per capita (%)</p>
Total official development assistance for water supply and sanitation (Millions of Constant 2021 US\$)	0,0	0,0	0,8	
Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all				
Proportion of population with access to electricity (%)	90,1	81,9	70,0	<p>Annual growth rate of real GDP per capita (%)</p>
Proportion of population with primary reliance on clean fuels and technology (%)	...	...	...
Renewable energy share in the total final energy consumption (%)	2,7	2,5	3,1	
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all				<p>Annual growth rate of real GDP per capita (%)</p>
Annual growth rate of real GDP per capita (%)	9,4	2,9	-19,5	
Unemployment rate, (aged 15-24) (%)	...	...	48,7
Unemployment rate, (aged 25 & over) (%)	...	...	15,6
Proportion of youth not in education, employment or training (%)	

Sources : ADB Statistics Department Database;

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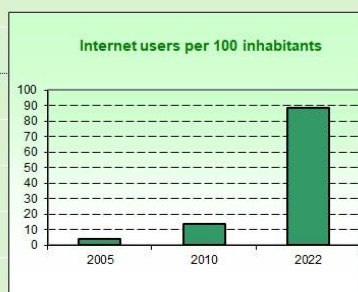
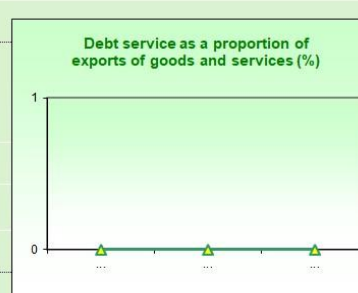
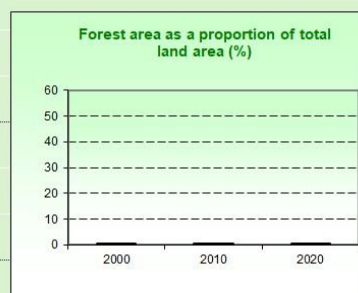
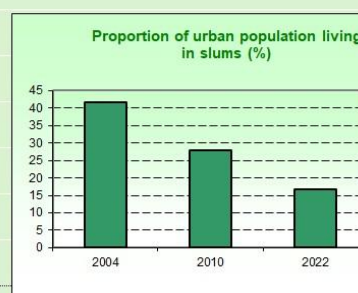
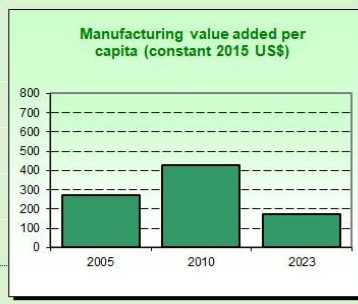
United Nations Statistical Division, Online Database on Sustainable Development Goals (<https://unstats.un.org/sdgs/>).

Note : n.a. : Not Applicable ; ... : Data Not Available,

¹ Latest year available in the period 2000-2005; ² Latest year available in the period 2006-2010; ³ Latest year available in the period 2011-2024

PROGRESS TOWARD ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS (Contn'd)

	2005 ¹	2010 ²	2024 ³
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation			
Manufacturing value added per capita (constant 2015 US\$)	270	426	173
Manufacturing employment as a proportion of total employment (%)	...	...	...
Carbon dioxide emissions from fuel combustion (millions of tonnes)	43,9	50,5	41,2
Total official flows for infrastructure (Millions of Constant 2021 US\$)	...	30	17
Goal 10: Reduce inequality within and among countries			
Labour share of GDP (%)	...	...	...
Total assistance for development (Millions of current US\$)	524	-310	170
Average remittance costs of sending \$200 to a receiving country as a proportion of the amount remitted (%)	...	...	...
Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable			
Proportion of urban population living in slums (%)	41,6	27,9	16,6
Number of deaths due to disaster (number)	...	...	...
Direct economic loss attributed to disasters relative to GDP (%)	...	...	...
Goal 12: Ensure sustainable consumption and production patterns			
Domestic material consumption per capita, coal (tonnes)	0,0	0,0	0,0
Domestic material consumption per capita, natural gas (tonnes)	0,7	0,8	0,9
Electronic waste generated, per capita (Kg)	...	...	...
Goal 13: Take urgent action to combat climate change and its impacts			
Number of deaths and missing persons attributed to disasters per 100,000 population	...	...	...
Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies (%)	...	...	...
Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development			
Coverage of protected areas in relation to marine areas (Exclusive Economic Zones) (%)	...	...	...
Average proportion of Marine Key Biodiversity Areas (KBAs) covered by protected areas (%)	0,0	0,0	0,0
Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss			
Forest area as a proportion of total land area (%)	0,1	0,1	0,1
Forest area annual net change rate (%)	...	0,0	0,0
Red List Index	0,98	0,98	0,98
Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels			
Unsentenced detainees as a proportion of overall prison population (%)	68,5	47,3	90,0
Proportion of children under 5 years of age whose births have been registered with a civil authority (% of children under 5 years of age)	...	...	...
Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development			
Proportion of domestic budget funded by domestic taxes (% of GDP)	...	...	...
Volume of remittances (in United States dollars) as a proportion of total GDP (%)	0,0	0,0	...
Debt service as a proportion of exports of goods and services (%)	...	...	...
Proportion of individuals using the Internet (%)	3,9	14,0	88,4



Sources : ADB Statistics Department Database;

United Nations Statistical Division, Online Database on Sustainable Development Goals (<https://unstats.un.org/sdgs/>).

Note : n.a. : Not Applicable ; ... : Data Not Available,

¹ Latest year available in the period 2000-2005; ² Latest year available in the period 2006-2010; ³ Latest year available in the period 2011-2024

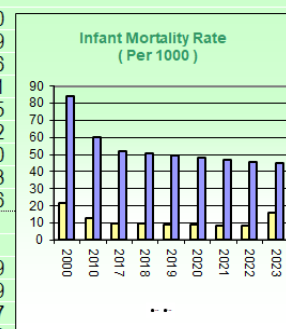
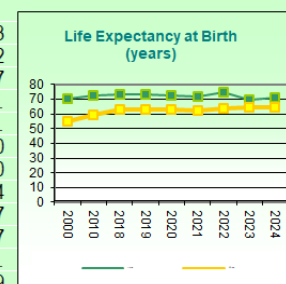
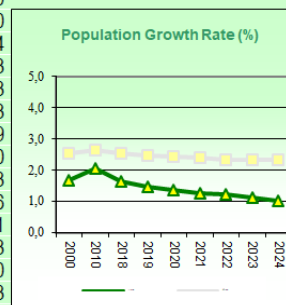
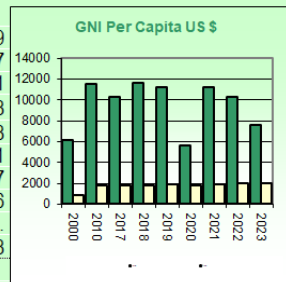
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ANNEX 3B: COMPARATIVE SOCIO-ECONOMIC INDICATORS

Libya COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Libya	North Africa	Africa	Developing Countries
Basic Indicators					
Surface Area ('000 Km²)	2024	1 760	6 784	30 104	77 699
Total Population (millions)	2024	7,4	226,3	1 513,3	6 563,7
Urban Population (% of Total)	2024	77,3	55,3	44,5	53,1
Population Density (per Km²)	2022	4,1	33,4	51,5	84,8
GNI per Capita (US \$)	2023	7 570	4 159	2 033	5 938
Labor Force Participation *- Total (%)	2024	48,2	42,8	65,4	61,1
Labor Force Participation **- Female (%)	2024	32,8	17,1	56,8	47,7
Sex Ratio (per 100 female)	2024	103,4	102,0	99,8	105,6
Human Develop. Index (Rank among 193 countries)	2023	115	...	...	...
Popul. Living Below \$ 3.00 a Day (2021 PPP)(% of Population)	2010-22	...	1,5	37,9	11,8
Demographic Indicators					
Population Growth Rate - Total (%)	2024	1,0	1,5	2,3	1,0
Population Growth Rate - Urban (%)	2024	1,4	1,9	3,5	2,0
Population < 15 years (%)	2024	27,4	30,2	39,1	26,4
Population 15-24 years (%)	2024	17,4	16,4	19,6	16,3
Population >= 65 years (%)	2024	5,0	6,1	3,6	8,3
Dependency Ratio (%)	2024	48,0	57,1	74,7	54,3
Female Population 15-49 years (% of total population)	2024	26,2	25,1	24,6	24,9
Life Expectancy at Birth - Total (years)	2024	71,1	73,6	64,4	72,0
Life Expectancy at Birth - Female (years)	2024	72,7	75,6	66,5	74,3
Crude Birth Rate (per 1,000)	2024	16,5	19,5	30,8	17,6
Crude Death Rate (per 1,000)	2024	6,5	5,4	7,6	7,1
Infant Mortality Rate (per 1,000)	2023	15,9	17,2	41,4	29,3
Under-five Mortality Rate (per 1,000)	2023	30,8	19,3	62,4	40,0
Total Fertility Rate (per woman)	2024	2,3	2,6	4,0	2,3
Maternal Mortality Rate (per 100,000)	2023	59,0	49,9	383,0	205,0
Women Using Contraception (%)	2024	40,5	62,6	42,0	...
Health & Nutrition Indicators					
Medical doctors (per 100,000 people)	2013-23	204,2	95,9	36,0	131,3
Nurses and midwives (per 100,000 people)	2013-23	637,7	194,9	167,0	244,2
Births attended by Trained Health Personnel (%)	2012-22	99,9	95,3	68,6	82,7
Peop. Using at least basic drinking water services (% of Population)	2022	99,9	95,4	69,8	...
Peop. Using at least basic sanitation services (% of Population)	2022	92,1	92,3	43,8	...
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2023	0,1	0,1	2,7	1,0
Incidence of Tuberculosis (per 100,000)	2023	59,0	35,7	181,0	160,0
Child Immunization Against DPT, Diphtheria, Pertussis and Tetanus (%)	2023	73,0	94,7	74,7	83,4
Child Immunization Against Measles (%)	2023	73,0	96,2	71,2	82,7
Underweight Children (% of children under 5 years)	2012-22	11,7	5,9	16,0	13,7
Prevalence of stunting	2012-22	38,1	18,5	30,3	...
Prevalence of undernourishment (% of pop.)	2022	11,4	6,8	19,8	10,9
Current health expenditure (% of GDP)	2022	4,7	4,7	5,0	5,3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2014-24	...	101,6	95,0	102,0
Primary School - Female	2014-24	...	101,1	93,9	100,9
Secondary School - Total	2014-24	...	87,2	51,9	73,6
Secondary School - Female	2014-24	...	87,0	50,7	73,1
Primary School Female Teaching Staff (% of Total)	2014-24	...	67,6	49,9	65,5
Adult literacy Rate - Total (%)	2013-23	...	73,1	65,5	85,2
Adult literacy Rate - Male (%)	2013-23	...	77,0	74,4	89,0
Adult literacy Rate - Female (%)	2013-23	...	65,9	58,3	81,3
Government expenditure on Education (% of GDP)	2013-23	...	5,0	3,8	3,6
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2023	1,0	3,3	8,8	11,9
Agricultural Land (as % of land area)	2023	8,7	20,7	39,5	42,9
Forest (As % of Land Area)	2023	0,1	1,3	21,0	27,7
Per Capita CO2 Emissions (metric tons)	2020	6,7	2,5	0,9	3,3



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

July 2025

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

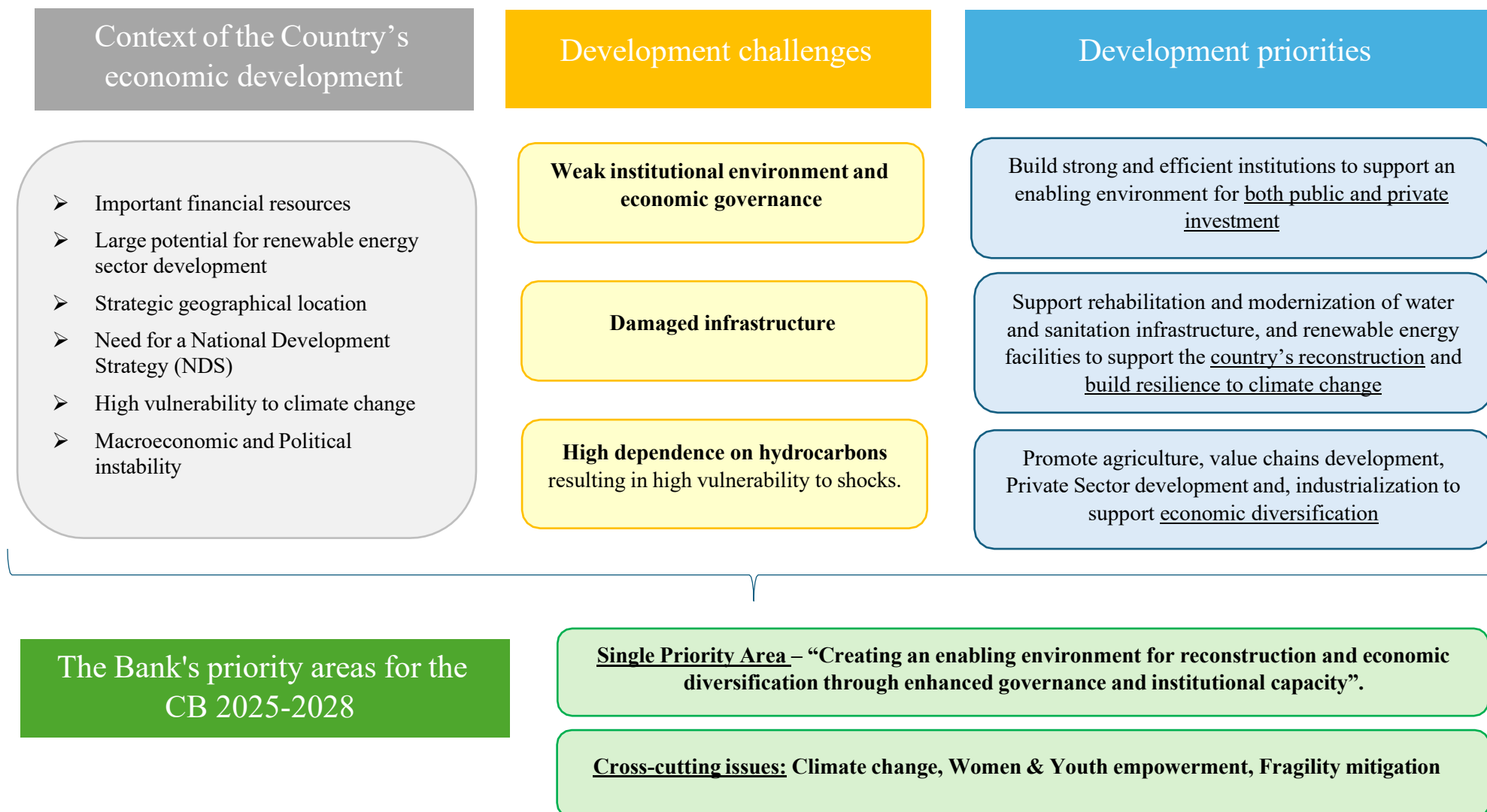
Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)















ANNEX 4: PORTFOLIO AS OF END-DECEMBER 2024

	Project title	Sectors	Amount approved (million USD)	Source of financing	Approval date	Disbursement rate as of December 2024	Update End-September 2025
1	Evaluation of Irrigation Infrastructure, crop mapping and agriculture water use technical assistance study (ICAWU)	Agriculture	0.26	MIC-TAF	May-21	100%	Project completed
2	Capacity Building for the Financial and Accounting Training Institute (AFTI) of the Government of Libya	Governance	0.21	MIC-TAF	Nov-21	3.4%	Slow procurement affecting disbursement currently at 12.3%
3	Libya Enabling Environment Towards Youth Entrepreneurship Support and Positive Migration Governance (EEYES)-	Social	0.90	YEI MDT	Nov-21	50%	100% disbursed
4	Promoting water security through the improvement of the regulatory, legal and strategic sector framework	Water and sanitation	0.24	MIC-TAF	Nov-22	0%	9.3% disbursed
5	Emergency Support to the Affected Regions and Devastated population in the Aftermath of Storm Daniel and Floods in Libya	Water and sanitation	1.00	SFR	Oct-23	100%	Project Completion Report circulated July 2025.
6	Enhancing Cereals and Fisheries Value Chains for Food Security	Agriculture	0.98	KOAFEC	Oct-23	0%	100% disbursed
7	Development and Formulation of the Libya Food Security and Nutrition Strategy	Agriculture	0.20	MIC-TAF	Nov-23	100%	Project Completion Report underway
8	Support to Implementation of the Integrated Financial Management and Information System (IFMIS) of the Government of Libya (SI-IFMIS)	Governance	0.40	MIC-TAF	Oct-23	0%	First disbursement is expected in 2025 Q4
9	Libya- Strengthening Enabling Business Environment through Public Financial Management Support Project (SEBE-PFM)	Governance	1.00	FAPA	Sep-24	0%	First disbursement expected in Q4 2025.
10	Transport Sector Review Study	Transport	0.33	MIC-TAF	Oct-24	0%	Grant signed 25 June 2025
11	Water and Sanitation Urban Planning and Infrastructure Development in Benghazi	Water and Sanitation	0.51	AWF	Dec-24	0%	Grant signed 11 July 2025
12	Pre-feasibility studies for the Tripoli - Niamey - N'Djamena Road. NEPAD-IPPF	Transport	1.00	NEPAD-IPPF	Dec-24	0%	Signature awaiting clarification of implementation modalities
	Total		7.03			27%	48%

ANNEX 5: THE BANK'S STRATEGIC INTERVENTION FRAMEWORK 2025-2028 AND CONTRIBUTION TO THE BANK'S TYS










ANNEX 6: INDICATIVE OPERATIONS PROGRAM 2025-2027¹

Table 6.1 - Operations Activities	Alignment to the TYS	Amount (million UA)
2025		
1. Renewable Energy Sector Development	 	0.25
2. Private sector and entrepreneurship enabling environment	 	0.75
Total 2025		1.0
2026 – 2027		
3. Strengthening private development support	 	0.8
4. Support to infrastructure project structuring	 	0.8
5. Agriculture Digitalization	 	0.4
6. Action plan for improving Water Security in Libya	 	0.5
7. Energy Efficiency Potential Assessment		0.3
8. Support for the Libyan statistical system		0,2
Total 2026/2027		3.0

¹ Note: The IOP will remain flexible and reviewed regularly during dialogue meetings with the government. Its implementation will largely depend on the financial resources mobilized through trust funds and development partners.

Table 6.2: Bank Knowledge products

Activity/Study	Alignment to the TYS	Financing source
2025		
1. Strengthening Private Sector Development for Economic Resilience in Libya		Internal Budget
2. Country Focus Report (CFR 2025)		Internal Budget
3. Training on Integrating Fragility and Conflict Sensitivity into National Programs and Strategies		Admin Budget
2026		
4. Institutional Capacity Building to Integrate Climate Change and Green Growth in National Policies and Strategies		In-house training through Admin. Budget
5. Study on Economic Diversification/ Private Sector Development based on the findings of the Strengthening Private Sector Development for Economic Resilience in Libya Study		Admin Budget
6. Country Focus Report (CFR 2026)		Internal Budget
7. Alternative financing mechanism for reconstruction in Libya		Internal Budget

ANNEX 7 : BANK’S POLICY REFORM DIALOGUE MATRIX

Reform/ Activity to be supported	GCI-III / or High-level commitment	TYS	Bank department in charge	Expected timelines for completion of reform	Key expected results	Support instrument (PBO/Bank staff advice/ESW/technical assistance)	ESW and/or TA required? Purpose, Cost, Timeline	Status/progress & key milestones achieved	Comments
1. Private Sector Development									
Strengthening Private Sector Development	(a) Assessment of the current state and challenges of the private sector in Libya and Identification of potential areas for private sector growth and investment, particularly in relation to post-conflict reconstruction and economic diversification around the Nexus between Private Sector-Peace-Investments.	Industrialize Africa	RDTS	2025	Report	ESW	89 000 UA (for workshop)	Peer Reviewers step finalized in September 2025. PSRC review was undertaken on 5 November 2025.	This ESW is expected to be disseminated by end-December 2025 along with the Policy Brief. The workshop has already taken place in May 2025 with a cost of 89 000 UA.
	(b) Policy Brief on Private Sector Development		RTDS	2026	Report	ESW	Consultancy 30 000 UA	First draft by end October 2025.	Derived from the principal report of the study.
	Joint Fragility and Resilience Assessment (FRA) with IsDB		RTDS	2026		FRA	n/a		The Bank’s support will be technical.
2. Value Chains for Diversification (Fisheries / Agribusiness)									
Promotion of Blue Economy/ Agribusiness	Assessment of the potential for blue economy value chains in Libya (based on the previous study in the fishery sector).	Industrialize Africa	ECCE/ AHAI	2026	Report	ESW	52 000 UA		This is funded by KOAFEC

Reform/Activity to be supported	GCI-III / or High-level commitment	TYS	Bank department in charge	Expected timelines for completion of reform	Key expected results	Support instrument (PBO/Bank staff advice/ESW/technical assistance)	ESW and/or TA required? Purpose, Cost, Timeline	Status/progress & key milestones achieved	Comments
Promotion of Agricultural Value Chains	Development of operational Country Action Plan for wheat sector	Industrialize Africa	AHAI	2027	Action Plan Report	ESW			
3. Water and sanitation									
Universal service obligations		Improve the quality of life for the people of Africa	AHWS	2026	Roadmap for the National Water Strategy 2025-2050	TA	0.6 MUA		Discussions were led in July 2025 with the National Council for Economic and Social Development. Funding for the TA will be sought
			AHWS	2027	Medium-Term National Water and Sanitation Plan				

ANNEX 8: KEY PARTNERS' INTERVENTIONS

1. Development partners are actively engaged in supporting Libya across a broad range of priorities, including governance, economic recovery, food security, and social protection. Several multilateral institutions have recently updated their engagement strategies and are working with Libyan counterparts on policy dialogue, institutional capacity building, and reforms in areas such as public financial management, revenue administration, and service delivery. Development financing institutions, the UN system and bilateral partners continue to provide financial and technical support and aim to strengthen coordination mechanisms to align activities and ensure greater ownership by national institutions, focusing on collaborative platforms organized around thematic areas, to help partners respond to urgent needs while supporting long-term recovery and resilience.
2. Development partner engagement is also deepening in sectors such as energy, infrastructure, and private sector development. In addition to humanitarian and governance-related assistance, there is growing focus on fostering economic diversification, addressing climate change, and strengthening social safety nets. Food security remains a critical area of joint work, with the government launching its first national strategy in coordination with international institutions. Overall, these interventions aim to help Libya restore stability, rebuild critical services, and create conditions for sustainable growth and stronger partnerships with the international community.
3. Table 8.1 provides information on interventions by key development partners.

TABLE 8.1: INTERVENTION AREAS OF DEVELOPMENT PARTNERS IN LIBYA

Intervention areas	AfDB	AICS	Expertise France	FAO	GIZ	IsDB	UNDP	UNCEF	UNSMIL	WB	WFP
Agriculture and Food Security	X	X	X	X	X	X	X	X			X
Economic and Financial Governance / reforms	X		X		X		X		X	X	X
Education and Vocational Training		X	X		X	X	X	X			
Energy and Transition to Clean Energy	X	X	X		X	X	X	X			X
Financial Services	X		X			X	X				X
Information Communications and Technology (ICT)			X			X	X				
SMEs and Entrepreneurship	X		X	X		X	X	X			X
Social Protection / Health		X	X		X			X		X	
Transport	X					X					X
Water and Sanitation	X	X	X	X	X	X	X	X		X	X

ANNEX 9: THE COUNTRY FRAGILITY AND RESILIENCE ASSESSMENT NOTE

I. INTRODUCTION

1. Libya is a geographically diverse country made up of three main regions, each with its own historical and economic background and political dynamics. Since its independence in 1951, the country passed through a monarchy before being historically dominated by the forty-two-year rule of Muhammad Qaddafi from 1969-2011 which laid the foundation of national identity. Almost 12 years after the Arab Spring and the removal of Muhammad Qaddafi from power, Libya remains divided between two rival Governments.

2. Libya's instability creates significant regional spillovers for the region, notably the Sahel. Peace efforts have focused on restoring legitimacy to political institutions through democratic elections. Those efforts, thus far, have failed to help Libyans form a unified national government. Libya is itself deeply affected by the growing instability in its surrounding areas, particularly in the Sahel. The country finds itself caught in a regional destabilization dynamic, characterized by the illegal circulation of arms and irregular migration.

3. In this challenging environment, the population demonstrates resilience in overcoming communal divisions and, at times, takes the initiative to build peace and foster cohesion at the local level. The Government recognizes the need to identify and address the multi-faceted causes of fragility and strengthen the existing sources of resilience and has therefore requested the AfDB to support this endeavor, leveraging its analytical tools, knowledge products and experience in applying fragility-lens to programming and investments³¹.

4. Despite being classified as a Middle-Income Country (MIC), Libya faces fragility rooted in its political, security and economic landscape. Without a history of borrowing from Multilateral Development Banks (MDBs), which requires a tailored and distinctive approach to engage in it, the Bank's support focused on technical assistance interventions and capacity building.

5. Whereas the international fragility agenda has initially focused on low-income countries, the challenges of fragility in MICs have increasingly been recognized³², and the need for enhanced resilience in MIC countries is one of today's major development issues. Economic wealth can mask institutional fragility and enhance tensions associated with income inequality. MICs in conflict negatively affect subregional security and economic development, and strengthening their resilience enhances prospects for regional integration and shared growth within subregions.

6. The AfDB is engaged to support Libya in its transition towards a peaceful, stable, and resilient country. The Bank will leverage its knowledge, convening power and role as a trusted broker to work in close partnership with national authorities and development partners, humanitarian agencies, peace actors, private sector and civil society along the humanitarian-development-peace nexus.

II. CONTEXT AND SOURCE OF FRAGILITY

7. The strategic location of Libya, part of the Arab Maghreb, bordering the Mediterranean sea and Sahel countries positions it as a key player in the growing of integration of the African continent, particularly in the context of the African Continental Free Trade Area (AfCFTA). There are however challenges related to border security and the limited regional integration among North African countries. As a major transit hub for migrants and refugees attempting to reach Europe, managing the flow of cross-border movements remains a key challenge. Libya, the fourth-largest African country, spans 1,759,540 square kilometers and boasts the continent's longest Mediterranean coastline (1,770 km). With much of its land covered by desert, it ranks among the most arid and driest countries globally, making it particularly susceptible to the effects of climate change. Despite its vast territory, Libya has a relatively small population of 6.7 million, with most of the population concentrated along the coastline, leading to significant urban challenges such as overcrowding, pressure on infrastructure and limited access to resources.

8. Oil production and exports have been strongly affected by political instability and armed conflict. Libya has the ninth-largest known oil reserves in the world, and the biggest oil reserves in Africa and sold USD 21.5 billion worth of oil in 2022, recording the highest sales in five years. However, oil installations have been the target of

attacks and the scene of clashes between rival executives since 2014. Over the past decade, oil blockades are estimated to have caused over USD 10 billion in losses³³. In 2020, UN-ESCWA estimated that the country had lost the equivalent of USD 576 billion since the outbreak of the conflict in 2011 and that an effective peace agreement would translate into significant economic gains for its neighboring countries³⁴ within a 5-year period. This estimation of the regional peace dividend shows the importance and value of promoting regional solutions to the ongoing conflict.

9. Libya's economic fragility is deeply tied to its reliance on oil revenues, which account for over 90% of fiscal income. This dependence has left the country vulnerable to fluctuations in global oil prices and disruptions due to internal conflict. Additionally, the economy remains undiversified, with a bloated public sector dominating employment. Youth unemployment is alarmingly high, reaching over 50% in recent years, one of the highest rates globally. This is due to a weak private sector, limited job opportunities, and an education system that struggles to provide skills aligned with market demands. Economic challenges are further compounded by infrastructure deficits. Addressing youth unemployment and fostering economic diversification are critical to reducing the country's overall fragility and promoting long-term growth. Governance issues are complex in Libya. Global indicators and continental processes, including the African Peer Review Mechanism, track institutional capacity challenges. The country's low ranking in the Corruption Perception Index, where it stands at 172 out of 180 countries, and only ahead of Somalia and South Sudan in Africa, reflects it³⁵. The public sector is dominant in terms of employment, but sometimes unable to deliver basic services in view of human and institutional capacity. Furthermore, the coordination among critical institutions is affected by political instability, leading to considerable challenges. In this context, the ambition to strengthen the institutional framework by devolving greater authority to municipal councils is needed and require continuous support from all stakeholders. Subnational governance is happening de-facto, despite a stalemate in terms of the formal devolution of powers.

10. Women in Libya have been disproportionately affected by the continuing conflict. The UN's Support Mission to Libya reported in 2020 that the public space for Libyan women to voice their opinions and take an active role in the political life and post-conflict reconstruction is rapidly shrinking³⁶. While women are playing a positive role in fostering opportunities for peace and security among the different communities, they continue to struggle to increase their full and effective participation into public life and the economy.³⁷ While important steps have been made in increasing political participation in the GNU where representation of women in the cabinet reached 15%, with six posts including the key foreign affairs and justice portfolios handled by women for the first time in Libya, continuous efforts are required by all stakeholders to achieve the ambitions of the UN Security Council Resolution 1325 on women, peace, security and efforts to increase women's participation in governance.

III. SOURCES OF RESILIENCE AND PROSPECTS FOR CONSOLIDATING PEACE

11. Building economic resilience in Libya by reducing its heavy dependence on oil and gas resources is crucial for long-term stability. Extractive sectors account for more than 65 percent of GDP, more than 95 percent of export revenues, and 96 percent of the budget, making the Libyan economy extremely vulnerable to oil production shocks and oil price fluctuations. Rapid diversification away from hydrocarbon resources is needed for stronger, more resilient, and more inclusive economic growth. However, despite the recognition of this need, progress has been slow due to ongoing political instability, which deters potential investors and slows economic reforms. The country's ability to attract investments in sectors such as renewable energy, manufacturing, and services is critical to overcoming this dependency and creating a more resilient economic framework.

12. The private sector could play an important role in Libya's economic diversification. It is estimated that the private sector represents between 4% and 15% of the economy and employs about 14% of the workforce³⁸, the majority of which are self-employed, but there is no official data on the number of micro, small and medium enterprises (MSMEs) in Libya. The overreliance on state employment has stifled the development of a dynamic private sector, which remains underdeveloped. The conflict has distorted the business environment, undermined the rule of law, reduced accountability, and affected service delivery. Accordingly, firms' revenues, jobs, and production have been reduced and value chains disrupted, however, there is a significant opportunity to leverage the initiative and interest of local youth and women to develop their own businesses and become

entrepreneurs. According to recent surveys³⁹, 75% of MSME business owners and managers are between the ages of 30 to 50 years old. The Bank's experience is that incremental progress in strengthening institutions and promoting private sector can be achieved even in difficult contexts.

13. Building robust institutional capacity is critical to strengthening Libya's resilience and overcoming its multifaceted fragility. Effective and legitimate institutions are the foundation for promoting good governance, restoring public trust, and ensuring the equitable distribution of resources. Enhancing institutional capacity in Libya involves several dimensions. First, establishing clear governance frameworks and reinforcing the rule of law are essential for fostering national unity and stability. This requires strengthening state institutions at all levels and in all regions across the country. Second, improving administrative efficiency and accountability can enhance service delivery and provide a more predictable environment for both public and private sector growth. These efforts would also support Libya's transition toward a more diversified economy, attracting investment and creating jobs outside the public sector. In addition, strengthening institutions involved in managing Libya's natural resources, particularly in the oil sector, is crucial to reducing corruption and ensuring that revenues benefit the broader population. Investing in human capital, particularly in sectors such as education and healthcare, will further enhance institutional resilience and support long-term economic and social development. Ultimately, strong and resilient institutions are essential for Libya to achieve sustainable peace, economic diversification, and inclusive growth.

14. Civil society organizations represent a significant resource and are filling the institutional gaps created by the deterioration of the country's basic services infrastructure, although their space is shrinking. They operate as advocates for their respective constituencies, using social media as a tool to spread the word and advocate to the authorities. Civil society has proven effective in bridging local level politics with national leadership and transnational partnerships, raising awareness on public health issues and leading humanitarian response efforts. In this sense, they were especially successful in lobbying for decisive action to contain COVID-19 and to assist in the implementation of a good response. Local Governments remain largely legitimate functional institutions and constitute an alternative source of authority to militias and private interests, which must be further strengthened to build resilience in line with the Government's ambitions. The diaspora can also be a major source of support to the country. It has extensive and influential networks within and outside of the continent. Within a constrained environment, it is contributing to addressing the shortcomings arising from the absence of effective governance in the country. The country's position as a logistical hub for the continent remains of considerable interest to neighbors and economic partners. Its development can provide positive prospects for diversification of activities.

IV. CONCLUSION

15. Until the country's political and security situation are addressed, development finance institutions have limited scope to use their traditional financing instruments to intervene and address long-term structural problems confronting the country. The relationship between development finance institutions and middle-income countries in fragile situations is of a different nature than that of lower-income countries in fragile situations for which dedicated financing facilities exist, such as the Transition Support Facility. AfDB's leverage therefore does not come from the size of financing it provides, instead it comes from its ability to be seen as a reliable partner that supports the country during this difficult period, acting as a trusted advisor and providing expert advice on specific and high-impact topics, while using its convening power and technical expertise to mobilize and advise public and private actors to advance critical reforms and take advantage of opportunities to build resilience. The circumstances affecting the country have largely remained unchanged since the first Country Brief was approved in 2021. The Bank's continued support to a single priority area of "*Strengthening capacity for effective institutions and economic infrastructure*" is consistent with the findings of the country resilience and fragility assessment. The new CB 2025-2027 will provide continuity to pursue the Bank's engagement in this priority area, which requires long-term and sustained engagement. This is consistent with the Bank's strategic approach to address fragility and build resilience which encourages patient engagement to build capacity and support the implementation of governance reform, specifically in areas such as public financial management, where it has gained significant experience, acting in unison with other development partners.

ANNEX 10: SUMMARY OF THE COUNTRY FIDUCIARY RISK ASSESSMENT-LIBYA

1. The primary purpose of the Country Fiduciary Risk Assessment (CFRA) is to assess the inherent fiduciary risk associated with the use of national Public Financial Management (PFM) Systems. The CFRA establishes whether the Bank can place reliance on the core PFM systems of a given country to implement its aid and funding activities, as well as indicate scope for capacity development where weaknesses are identified, in line with the Bank's commitment to operationalize the objectives of the Paris Declaration. This CFRA covers the main PFM systems of the State of Libya, namely Budget planning and execution, Treasury management, Accounting Recording and Reporting, Internal Control, External Audit, Procurement and Governance. This CFRA takes stock of the recent developments including the reforms in the public financial management system. But also, on the latest recent reports monitoring the public finance reforms from various development partners that support government's reform efforts (EU, WB, ADB).

Regarding Public Financial Management, some major improvements are needed.

2. ***Budgeting.*** **The budget preparation process is governed by the requirements set out in the State's General Finance Law n°01/2008.** The budget process is orderly and adheres to a fixed budget calendar. The Libyan fiscal year starts on January 1st and runs until December 31st of the following year. The budget circular plays a key role in the budget preparation process. At present, given the political situation the budget preparation process remains fragmented and doesn't allow the adoption of a unified Budget, i.e., 2021 Budget. Furthermore, the budget preparation exercise lacks a medium-term perspective. Moreover, In the absence of a Government Financial Management Information System (GFMIS), the budget execution and follow-up are largely manual. The final phase of the budget process is the audit by the Libyan Audit Bureau (LAB). Thus, the different public entities shall submit their final accounts to the MoF no later than three (3) months after the end of the relevant financial year. Then the MoF will submit the consolidated final accounts to the LAB no later than six (6) months after the closing of the financial year. The LAB shall review the budget results for accounting accuracy and compliance with laws and administrative regulations and submit its Audit Report to Parliament. The audit and closing of the budget and final accounts are facing real challenges. In fact, the last budget and final account were from 2007 due to failure to provide sufficient supporting documents and to answer the questions of the LAB.

3. ***Treasury.*** **Several reforms are needed to establish an efficient payment structure and to enable the MoF to perform an efficient and effective budget execution process.** These reforms shall consist mainly of the implementation of a Treasury Single Account (TSA) structure and the automation of the payment process using an E-Payment system. Furthermore, when established, the linkage between the E-Payment system and the GFMIS will improve control over cash resources, and the payments system can become fully centralized and integrated with the accounting and control system.

4. ***Accounting and Reporting.*** **The main improvements regarding accounting and reporting will consist of the implementation of national standards to guide the Government accounting and reporting process.** Overall, there is room to modernize accounting and reporting practices in line with international standards. Moreover, these improvements should consider the adoption of an internationally accepted budget classification. In this regard, a chart of accounts was already prepared. The development of budgeting, accounting, and reporting standards shall go together with the implementation of a GFMIS.

5. ***Internal control.*** **The internal control sub-system lacks a framework defining control over public expenditures.** Thus, one of the major reforms needed shall consist of the development of a regulation to define the internal control over public expenditure in Libya. This regulation shall comprise (i) ex-ante controls and (ii) ex-post controls. The ex-ante control system shall ensure that (1) no expenditure can be incurred unless a prior budget commitment has been issued; (2) commitments are authorized against available budget appropriations; and (3) bookkeeping of commitments and payments orders is simultaneously required. The ex-post control shall be in the form of inspection-based control and shall be mainly focused on the search for fraudulent practices. Moreover, the ex-post controls shall cover the review of the administrative documents and the inspection of treasuries, storage spaces and warehouses. The improvements of internal control over the public expenditure shall include, as well,

the establishment of internal audit functions based on internationally accepted audit standards in the different public entities. These internal audit functions should use a risk-based approach to formulate their annual work programs.

6. *External audit.* The Libyan Audit Bureau (LAB) is the Supreme Audit Institution of the country. The LAB is governed by the Law n° 19 of 2013. The current legal framework of the LAB is in line with the INTOSAI independence and transparency standards. The LAB is directly subordinated and reports to Parliament. Furthermore, the LAB annual audit works, and findings are published as part of the annual general report. The organizational structure of the LAB is specified in Article 4 of the Law n°19 of 2013. As stated by this law, the head of the LAB is appointed by a Decision of the legislative authority for three years, renewable once. Some major improvements are still needed to strengthen the LAB. These include mainly the building of the capacity of the LAB staff to ensure higher audit quality and the development of an audit and control manual.

7. **Regarding procurement, The Bank will support the development of a legal and regulatory procurement framework at the national and Sub-national level of Libya, as well as procurement reforms to strengthen transparency, efficiency and accountability and to build a modern country procurement system for key public and institutions.** However, absence of an overall national strategy for economic development of the country can undermine the procurement development and dialogue with the country.

8. *The Public Procurement in Libya is governed by the administrative contract regulations number 564 of Year 2007 and its executive regulations number 13 of Year 2023.* This applies to all contracts with Libyan government entities or related to development projects which are funded by the public budget and the administrative law provides good procurement principles and cover all phase of acquisitions of Goods, works and consultancy services and thresholds for each categories .However, due to absence of key implementation documents (including Standard bidding document, Guidance and toolkits) do not help for predictability and constitute potential source for inconsistent decisions in addition to the lack of capacity in the country, and the fragility inflicted by the long period of political and security instability that significantly weakened the national institutions and absence of a clear organizational structure at many of Libya’s key public and private institutions, lack of technical expertise among some of the procurement officials, and absence of an overall national strategy for economic development of the country can undermine the procurement efficiency and effectiveness in the country.

9. **Neither the administrative contracts nor the executive regulations affirm the implementation of sustainable procurement policies and practices, while the executive regulations provide a portal for registration of vendors and suppliers which might lead to migrations to E-procurement system.** Libyan conflict of law rules permits contract parties to choose a foreign law to govern the contract to certain limits, such as those applicable to contracts with the public sector, as well as other mandatory rules. Arbitration of disputes is possible, but subject to certain restrictions. In contracts it is subject to the Administrative Contracts Regulation, and the prior approval of the Peoples Committee (or the body replacing it) is a prerequisite.

10. **Bids Evaluation process and award criteria is to some extent acceptable.** However, the new Executive Regulations (ER) includes several provisions whose implementation may impact fairness and transparency. Bid should be awarded to the tenderer who is best responsive to the terms and conditions, as well as to the technical requirements and who offers the lowest evaluated price. There is no dedicated evaluation criteria and process for consultancy services.

11. **The procurement aspects of the Country fiduciary risk are set as high, and it is recommended to undertake the following actions and reforms on the national procurement process and organizational assessments of procurement and contracting function in Libya.**

- Develop the MoF’s institutional capacity for preparing standard bidding documents and capacity building for Ministries & municipalities for procurement and contracting policy and process reforms.
- Develop similar institutional procurement and contracting capacity in a line ministry to prepare its spending units for procurement policy and process reforms.

- Strengthen procurement reform readiness by providing procurement technical assistance to the MoF, a line ministry and by introducing procurement and contracting best practices to develop an institutional and procurement officer capacity, streamline bottlenecks, and begin building institutional capacity needed for further reforms while drafting a new procurement law.
- Provide technical assistance to ensure that procurement and contracting processes are transparent to locally elected councils and communities.
- Prepare a roadmap for strengthening the MoF and sub-national government procurement and contracting practices so that local governments are prepared for broader medium and long-term procurement reforms and best practices.
- Develop procurement officers' capacity in central ministries and local governments in procurement processes such as planning, pre-qualification, standard bid documents, bid preparation, opening and evaluation, contract award and monitoring.

12. **With respect to pillars 2, 3 and 4 relating respectively to the public procurement regulatory authority, market practices and system integrity, the Bank did not receive information from the authorities during the country brief extension to decide and assess recent developments.**

Fiduciary Strategy and support to PFM and Procurement

13. ***Bank support to PFM.* The Bank will maintain active dialogue with the Libyan authorities and work closely with other DPs to ensure that appropriate coverage of PFM reforms is maintained.** The Bank will also aim to provide technical assistance and focus on the following areas:

- Enhancing corporate governance of public enterprises, including the preparation of a unified budget.
- Supporting the set-up of an Information management system and an accounting framework in line with international standards.
- Supporting the capacity building of the Supreme Audit institution to ensure its independence and transparency.

14. ***Procurement Strategy.* Considering the above findings, the procurement strategy for the extension of the country brief will be to rely on third parties such as United Nations agencies and to continue capacity building through BOS and other dialogue missions.** Technical assistance through available trust funds will be sought for the procurement entities and potential contractors to deepen the use of internationally accepted procurement rules and practices.

Detailed Financial Management Fiduciary Risk Table

Elements	Average DC Score/ Initial RA	Risks	Mitigation measures	Residual RA
1. Budget				
1.1 The Budget sub-system capacity is adequate to plan (formulate) budgets for programs and/or projects	1.5/S	<ul style="list-style-type: none"> - Failure to prepare a unified Budget due a fragmented budget preparation process, - The budget planning cycle and process lack a medium-term perspective, - Inefficient budget execution follow-up due to the lack of GFMS system, - Failure to close and approve the final accounts. 	<ul style="list-style-type: none"> - The Government of Libya announced a new Public Financial Reform Program in February 2020 	S
1.2 The Budget sub-system capacity is adequate to execute budgetary control of programs and/or projects	1.5/S			S
2. Treasury				
2.1 The Treasury sub-system capacity is adequate to manage the inflow of resources and disbursements of aid funds.	1.5/S	<ul style="list-style-type: none"> - Cash management activity underdeveloped and lack of automated payment process through an E-Payment system. - Absence of Treasury Single Account (TSA) structure. 	<ul style="list-style-type: none"> - The Government of Libya is working on a program to improve cash management systems, to implement an e-payment system and to establish a TSA structure. 	S
2.2 The Treasury Single Account (TSA) is an appropriate and reliable way to administer aid funds	1.5/S			S
3. Accounting Recording and Reporting				
3.1 The Financial Accounting sub-system is sound, and capacity is adequate to record programme and/or project transactions and account for their progress and financial status.	1.5/S	<ul style="list-style-type: none"> - Lack of national standards to guide the Government accounting and reporting process. - Lack of a Government Financial Management Information System (GFMS) 	<ul style="list-style-type: none"> - The Government of Libya is working on the implementation of a GFMS. 	S
3.2 Financial Management information systems have flexibility to accommodate specific reporting requirements of programs and projects and have procedures in place to ensure timeliness and quality of information produced.	1.5/S			S
3.3 The Financial Accounting sub-system has an integrated Fixed Assets module for the proper recording and control of assets purchased with programme / project funds.	1.5/S			S
3.4 The Accounting sub-system maintains up to date records of the country's borrowings.	1.5/S			S
3.5 The Accounting systems are secure against deliberate manipulation of data and/or accidental loss of or corruption of data.	1.5/S			S
	1.5/S			S

4. Internal Control				
4.1 The Internal Control sub-system capacity is adequate to control the financial operations of programs and projects.	1.5/S	- Lack of internal control framework over public expenditures,	- The ongoing plan to establish the GFMIS will strengthen the internal control environment.	S
4.2 Competition, value for money and controls in procurement are adequate.	1.5/S	- Absence of an internal audit function based on internationally accepted audit standards		S
4.3 The Internal Audit function capacity is adequate.	1.5/S			S
5. External Scrutiny and Audit				
5.1 The SAI has the level of “independence” needed to enable it to fulfill effectively its functions.	2/M 2/M	- The quality of the audit report needs improvement.	- The LAB strategic plan includes actions to improve the quality of the audit reports and to build the staff capacity.	M
5.2 The SAI has the capacity to meet its audit mandate		- The LAB staff need capacity building.		M

Risk assessment: Below 0.75 = High Risk (H); Between 0.76-1.50 = Substantial Risk (S); Between 1.51-2.50 = Moderate Risk (M); Above 2.51=Low Risk (L). Residual risk: risk considering the mitigation measures.

Low (L): Risk implies a situation where the structure of PFM broadly reflects good international practice and there is routine compliance with most controls within the system.

Moderate (M): Risk implies a situation where the structure of the PFM system broadly reflects good international practice, although there may be some gaps or inefficiencies. There is basic compliance with controls within the system and although regular exceptions occur, these are not financially significant. **Substantial (S):** Risk implies a situation where the structure of the PFM system falls short of good international practice in several areas and/or there are numerous and/or material weaknesses in compliance with many controls within the system.

High (H): Risk implies a situation where the structure of PFM system shows a significant divergence from good international practice and/or there is widespread lack of compliance with many of the controls within the system. Inefficiencies and leakage from the system may be financially significant

The Bank conducted an in-country mission for Libya in Tunis from 23rd to 26th April 2024, within the framework of the Country Capacity Development Needs Assessment (C-CDNA). The mission found that Libya still faces huge capacity development gaps to be filled. Key findings include outdated legal frameworks requiring modernization, the necessity for advanced digitalized procurement and unified budget reporting systems and limited macroeconomic modeling capabilities due to staffing shortages and inadequate data. Capacity building is needed in public finance management, revenue mobilization (notably tax automation), program formulation, monitoring, and evaluation. Economic diversification faces obstacles such as conflict and dependence on oil, with sectors like energy, agriculture, industry, health, and water requiring targeted support. Political instability and legislative bottlenecks further complicate development efforts, underscoring the importance of coordinated capacity interventions among development partners. Overall, Libya requires comprehensive technical assistance to enhance institutional capacity, data systems, and policy frameworks to support sustainable growth and governance. Key recommendations following this CDNA are: (1) There is need to strengthen collaboration among different ministries/departments and agencies to ensure effective information and data sharing, and development of the macroeconomic framework. The Bank and development partners could develop frameworks for supporting the strengthening of such collaboration. (2) There is need to develop a capacity development program for macroeconomic policy and programs management in response to the request from the Libyan authorities and other long-term needs. In this regard, short-term, medium term and long- term capacity development plans could be developed for training and technical assistance, programs management, macroeconomic modelling and other macroeconomic policy management issues for Libyan public officials. (3) There is need to prepare a comprehensive and integrated PFM Capacity Development Plan for the short, medium and long-term, including technical assistance and training that are agreed to by the government and collaborating partners in Libya; and (4) There is need to strengthen capacities regarding development programs preparation and formulation, their implementation, and monitoring evaluation in support of sectoral and national objectives.

This CDNA will be updated on a regular basis and will serve both the Libyan authorities and the Bank (i) as a guide for the development of capacity-building programs and (ii) to ensure quality of Bank's programming, effectiveness, and efficiency of its operations in Libya.

² The private sector - underdeveloped until now - can play a critical role as a partner in the government peacebuilding and post-conflict reconstruction. Socially, Libya is still facing significant challenges in addressing the disparities exacerbated by years of conflict.

³ Limited access to basic services (health care, education), the lack of inclusion of youth and women, and high unemployment rates are hampering social cohesion and the country's return to stability.

⁴ Libya ranks 7th in terms of GDP per capita out of the 54 African countries in 2023.

⁵ Libya is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF: MENAFATF is a FATF-Style Regional Body (FSRB) that works to strengthen member States' capacity to combat money laundering, terrorist financing and proliferation financing) and has not yet undergone a Mutual Evaluation according to the Financial Action Task Force (FATF: FATF is the global money laundering and terrorist financing watchdog. It sets international standards that aim to prevent these illegal activities and the harm they cause to society) International Standards. As such the country has not yet developed AML/CFT and anti-IFFs Strategies and policies that are commensurate with the country risk profile. Basically, open sources (<https://unicri.it/sites/default/files/2021-05/Libya%20EN.pdf>) have shown that the most illicit proceeds generating crimes include corruption, particularly in public procurement and the oil sector, organized crime, smuggling and trafficking of goods mainly due to porous borders, and tax evasion. Transparency of beneficial ownership (BO) is another key vulnerability. The Central Bank of Libya (CBL) and the Financial Information Unit (FIU) within the CBL are key institutions in the fight against money laundering and other financial crimes and in ensuring adherence with the laws and regulations. While efforts have already been made towards strengthening regulation and supervision, including through enhancements to the AML/CFT framework and adopting international standards and best practices, there is still an opportunity to align the laws and regulations with the FATF Recommendations. On the other hand, implementation of the AML/CFT and IFFs legal framework remains a huge challenge. This requires the country to enhance the autonomy of the FIU and to strengthen AML/CFT supervision, investigation and prosecution of financial crimes, domestic and international cooperation and information sharing mechanisms, in addition to increasing the human resources and capacity of the key competent authorities, including the law enforcement agencies, regulators, supervisors, asset recovery units, corporate registries, CSOs and financial institutions.

⁶ Simplified Enterprise Survey and Private Sector Mapping, World Bank (2015)

⁷ Organization for Economic Cooperation and Development (OECD) reports that as of 2016, there were approximately 117,828 registered enterprises in Libya.

⁸ SMEs in Libya's Reconstruction; OECD 2016. Libya Financial Sector Review WB 2020.

⁹ Libya's ongoing political crisis has led to the emergence of various operational and financial risks. In addition, the limited possibilities of using risk guarantee instruments, by SMEs, had a negative downward effect on the supply of credit.

¹⁰ In 2022, it introduced Regulation 11/2022, requiring banks to calculate capital adequacy under the Basel II framework, with a minimum ratio of 12.5%. It also issued Regulations 2/2023 and 14/2022, introducing the net stable funding ratio and liquidity coverage ratio in line with Basel III. A dedicated unit within the CBL oversees these reforms.

¹¹ Libya: 2023 Article IV Consultation-Press Release; Staff Report.

¹² The value of Libyan fish wealth amounted to about 230 million US dollars, and the artisanal sector accounts for more than 43% of the economic value of Libyan fisheries. (Second Voluntary National Report, 2024).

¹³ A resolution from the Council of Ministers established a national food security committee tasked with developing a comprehensive food security strategy.

¹⁴ The government issued a decision to regulate grain production through the Libyan Grain Production Corporation to encourage the private sector to produce locally. It also established an institution concerned with developing and investing in agricultural and animal projects and established the Libyan Grain Bureau to regulate foreign trade in the field of grains and monitor the formation of a strategic grain stock.

¹⁵ This strategy will be articulated around 6 pillars: 1) Developing Basic infrastructure, 2) Updating transportation fleets and means, 3) Upgrading the level of safety and efficiency and integrating modern technologies, 4) Learning from international experiences and expertise, 5) Investing in enhancing technical capacities of national competencies, 6) Reaching international standards and requirements of security and safety.

¹⁶ However, a recent study from UNICEF states that only 31% of the population receives water through the public network, 45 % relies mainly on bottled water to meet their needs- which is a high burden compared to household income- and the rest of the population rely on other sources. Lack or inadequate sanitation has been identified as the main contributor to drinking water contamination.

¹⁷ Water losses are up to 45% in irrigation and 35% in domestic networks.

¹⁸ Agriculture is the largest user of water (around 79% of total water consumed), followed by the domestic sector (17%) and industries (4%). However, many industries have their own water supply facilities and do not report water withdrawals to the authorities which suggests that the industrial consumption is underestimated. To meet the high-water demand, Libya relies heavily (95% of total water demand estimated in 2020) on groundwater resources, mostly non-renewable transboundary fossil aquifers (including the water transferred through the GMMR. Non-renewable water accounts for about 80% of total water supply.

¹⁹ [In the Visa Openness Index 2024](#), Libya ranked 52 (out of 54) with a score of 0.038.

²⁰ Child mortality under-five declined from 11.4 per 1,000 live births in 2020 to 10.77 per 1,000 in 2021, and Infant mortality declined from 9.9 per 1,000 live births in 2020 to 9.2 per 1,000 in 2021. The deterioration of primary healthcare and nutrition services has had several impacts on population, especially on vulnerable groups. Of Libyan households requiring healthcare in the three months prior to being surveyed in 2021, 56% reported at least one member could not access when needed, predominantly due to an inability to afford the costs and poor quality of services. Support for rehabilitation of health facilities in remote areas is insufficient while provision of mobile medical teams is inadequate.

²¹ Furthermore, the National Economic and Social Board is seeking to reform education, upgrade the health system, improve the institutional governance and is conducting a survey on the quality of life. The Ministry of Health, in collaboration with development partners, is seeking to strengthen the country's health information management systems.

²² The population has increased from 1.5 million inhabitants in 1960 to 7.3 million in 2023.

²³ Data reference here is the preliminary results of the National Labour Force Survey (NLFS) 2022 World Bank data. According to the World Bank's World Data Indicators, the unemployment rate reached 19.3% in 2022 (24.7% for females and 15.9 for males), while youth unemployment was 48.8% (69% for females and 42% for males).

^[i] African Development Bank and United Nations Economic Commission for Africa, African Gender Index, 2024.

²⁴ The vast majority of GHG emissions comes from electricity production and the oil sector, mainly due to natural gas being released into the atmosphere as waste. Given the high prices of gas, this resource could be captured and invested in long term economic growth for the country.

²⁵ Under the current political situation, reforms related to climate resilience and action are delayed and despite that the country has signed the United Nations Framework Convention on Climate Change in 2015 and ratified the Paris Climate Accord in 2021; Libya has not yet published a climate change adaptation plan or a Nationally Determined Contribution (NDC). In this respect, the AfDB is ready to support the development of policies that improve climate resilient, low carbon development to climate change at the national and local levels in partnership with other development partners.

²⁶ For instance, in the fishery sector the main pillars of the reforms and investment will include: (i) strengthening the public policy and the institutional and regulatory framework, (ii) improving the business environment, (iii) enabling the infrastructures, (iv) integration into the global value chains and promoting a sustainable industry with high technological content and high added value.

²⁷ See footnote 1.

²⁸ <https://eina4jobs.org/fr>

²⁹ In the absence of a National Development Plan/Strategy, SDGs are used as development results/indicators

³⁰ <https://dashboards.sdgindex.org/profiles/libya>

³¹ On December 28, 2022, in a letter addressed to Mr. Mohamed El-Azizi, DG North Africa region by Mustapha Ali Keshada, DG of Financial Institution and Technical Cooperation Department of the Ministry of Finance and AfDB Libya Alternate Executive Director expressed the Government of Libya's interest in availing itself of AfDB's analytical instruments that underpin its Strategy for Addressing Fragility and Building Resilience in Africa.

³² Fragility, Conflict and Violence in Middle Income Countries, The World Bank 2022

³³ Ministry of Economy and Trade

³⁴ Egypt estimated to be the biggest beneficiary with USD 100 billion, followed by Algeria (USD 30 billion), Sudan (USD 22 billion) and Tunisia (USD 10 billion).

³⁵ Transparency International, Corruption Perception Index, 2021

³⁶ UN Support Mission in Libya 2020: Women, Peace and Security in Libyan Context

³⁷ UN Women 2020: The Economic and Social Impact of Conflict on Libyan Women

³⁸ Simplified Enterprise Survey and Private Sector Mapping, World Bank (2015)

³⁹ Profiles of Libyan Enterprises and Of Libyan Business Owners and Managers and Needs for Business Knowledge and Business Support Services – June 2021 Expertise France.