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Libya’s structural reconfiguration after Saif al-Islam

Power, legitimacy, and the reordering of capital and governance pathways

March 2026

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The event without illusion

Saif al-Islam Gaddafi was shot dead at his home in Zintan on 3 February 2026. His office said four unidentified gunmen entered the compound and killed him; the office of the Attorney General said forensic examination established death by gunshot wounds and that investigators were working to identify those responsible. The African Union publicly condemned the killing the following day. Attribution remains unresolved. In Libya, that is not unusual. It is also not the most important point. (Reuters)

What has been removed is not a governing authority in the ordinary sense. Saif held no office, commanded no recognised chain of state authority, and had long ceased to shape daily decisions in Tripoli or Benghazi. Yet his existence preserved something more troublesome for Libya's current rulers: a residual political option. He was the only surviving figure able to connect former-regime memory, disillusion with the post-2011 order, and the possibility—however underdeveloped—of a different route back into national politics. That possibility did not need to be imminent to be disruptive. It merely needed to remain credible enough to alter the calculations of those already in place. (Reuters)

It is easy to misread the moment. One temptation is to treat Saif's death as a late chapter in the unfinished drama of 2011, as though Libya were still essentially arguing over the fall of the old regime. It is not. Another is to suppose that his removal clarifies the country's direction in any wholesome sense. It does not do that either. The sharper judgement is less theatrical. His assassination accelerates a reordering already underway: Libya is moving from plural uncertainty towards a more managed duopoly, in which rival systems in west and east consolidate not because they have achieved legitimacy, but because one of the few remaining alternative poles has been extinguished. (Chatham House)

That is why the killing matters beyond the still-obscure question of who ordered it. It narrows Libya's range of political futures. A country that had been living off suspended outcomes now has fewer of them available. For domestic actors, that reduces strategic ambiguity. For external actors, it simplifies the map. For capital, it marginally improves legibility in some sectors while doing next to nothing to repair the deeper problem, which is not the absence of opportunity but the absence of reliably governable interfaces. (Chatham House)

Libya before the killing: a system of suspended outcomes

Libya before February 2026 was not a failed state in the conventional sense, nor a state recovering in any linear way. It was a system in which rival authorities had each acquired enough coercive and administrative capability to block a national settlement, but not enough legitimacy or reach to impose one. Reuters' 2024 factbox on the country's state institutions captured the condition well: the House of Representatives, the High State Council, the Government of National Unity and the Presidential Council all carried contested mandates; the National Oil Corporation and the Central Bank remained the key sovereign institutions whose integrity mattered precisely because everything else was disputed. (Reuters)

The system held not because it was stable, but because its instability was distributed. No actor could conclude the political question; none could be excluded from it. That is why Libya's minimum coherence came to depend on national utilities rather than national consensus. Under international and internal arrangements, the NOC remained the only body authorised to sell Libyan oil, and revenues still had to flow into the Central Bank. Even during more violent periods, the Tripoli-based NOC continued to export and the Tripoli-based Central Bank continued to pay salaries across front lines, including to men carrying arms for opposed camps. The state, in other words, persisted less as a unified authority than as a shared payments and extraction mechanism. (Reuters)

The 2024 Central Bank crisis made the causal chain unusually plain. When the struggle over control of the Bank intensified in August 2024, eastern factions responded by closing oilfields and export terminals. Output fell sharply, exports were disrupted, and the dispute rapidly threatened the wider economic system because control over oil revenue is the largest prize in a country where hydrocarbon receipts finance the entire political order. When, in late September, representatives of the rival legislative bodies signed a UN-facilitated agreement on an interim governor and deputy, the immediate crisis eased; by early October the eastern authorities and the NOC had announced the reopening of oilfields and terminals, and the new governor was already discussing financing mechanisms to raise production. This was not reconciliation. It was proof that Libya's fragmented politics remained yoked to a single extractive bloodstream. (Reuters)

That arrangement produced a peculiar form of paralysis. The country could operate, but not conclude. It could pay, pump, import and improvise; it could not resolve who rules, by what authority, and on what terms that authority is to be renewed. UNSMIL's political roadmap, announced in August 2025, reflected that reality. It was built around three pillars: an electoral framework for presidential and legislative elections, institutional unification under a government capable of running them, and a structured dialogue on governance, economics, security and reconciliation. The Security Council then renewed UNSMIL's mandate until 31 October 2026. There is no shortage of process in Libya. What process has not yet produced is closure. (UNSMIL)

This matters because Saif al-Islam's significance can only be understood inside that suspended order. In a settled polity, a man without office and without an active machine is merely a relic. In Libya, where legitimacy is fragmented and futures remain open by default, he was something else: a reserve currency of political possibility. His importance lay not in what he controlled, but in what he prevented others from confidently assuming. (Reuters)

Saif al-Islam as a strategic variable

Saif's structural role was easy to miss if one looked only at formal power. Reuters' obituary was accurate on the essentials: by the time of his death he had faded from public view, living under constrained circumstances in Zintan after years of captivity, release and political half-return. Yet the same Reuters account noted what conventional metrics do not capture: despite holding no official position, he remained symbolically significant enough that his 2021 presidential bid helped derail an attempted election. (Reuters)

He represented, first, a continuity bridge with the former regime. Not in the sentimental sense alone, though nostalgia mattered. More seriously, he linked dispersed constituencies that had never been fully reabsorbed by the post-2011 order: communities in Sirte, Bani Walid and Sebha; former regime-aligned security and administrative elites; networks of notables and operators who did not imagine a return to Jamahiriya rule, but did resent the fragmentation that followed its collapse. Chatham House's Tim Eaton put the point cleanly: Saif was the only figure who could coalesce the "Green" constituency as a collective force. Without him, those constituencies remain present; what they lose is a single political focal point. (Chatham House)

He represented, secondly, a node of latent legitimacy. Libya's crisis has never been a simple contest between democracy and dictatorship. It has been a contest among overlapping claims to rule: international recognition, electoral promise, revolutionary inheritance, military command, tribal brokerage, payroll access and simple coercive presence. Saif carried a form of historical legitimacy which many Libyans rejected morally but which others, including some who would not describe themselves as regime loyalists, still treated as politically intelligible. In a country tired of perpetual transition, historical continuity can acquire value simply because everything else has become provisional. (Chatham House)

He represented, thirdly, an electoral threat out of proportion to his organisational weakness. Chatham House is right to insist that his real threat lay in potential influence rather than current influence. The 2021 episode was instructive. Reuters reported that his candidacy became one of the main points of contention in an already badly designed process; he was ruled ineligible, later reinstated by a court, and the disputes around the eligibility of major contenders helped collapse the entire exercise. Saif did not need a disciplined national campaign infrastructure. His mere presence altered the risk calculation of everyone else. Elections became dangerous not because they would obviously legitimise a winner, but because they might throw up an outcome the main factions could not comfortably manage. (Chatham House)

That is why describing him as "just symbolic" misses the point. Symbols matter most where institutions are weak and legitimacy is unsettled. A symbolic actor who can unite dormant constituencies, distort electoral incentives and complicate succession plans is not politically marginal. He is an embedded source of optionality. Libya's power brokers understood that. It is one reason his long semi-confinement in Zintan did not render him irrelevant. It made him harder to place, which in some respects made him more useful as a floating political threat. (Reuters)

What his removal means

His death does not rebalance Libya. It simplifies it. Both the GNU in Tripoli and the Haftar family in the east and south lose a potential rival; more importantly, they lose a constraint. A third pole—still embryonic, but credible enough to matter—has disappeared. The immediate effect is not settlement but subtraction. A political variable has been removed from an already narrow equation. (Chatham House)

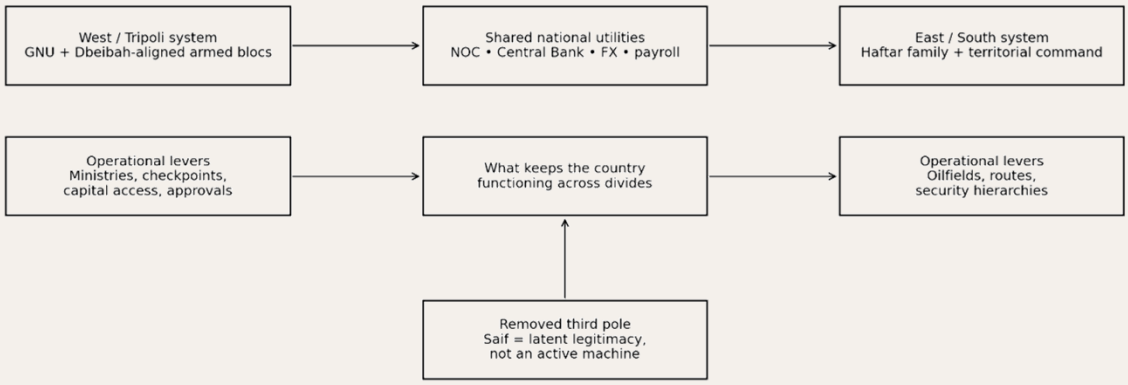
For the GNU, the gain is obvious. Saif had become a standing reminder that any future presidential process could produce an unwelcome disruption. His removal makes elections, if they are eventually staged, easier to supervise in practical terms because one of the most explosive candidacies is no longer in the field. Yet this is precisely why his death should not be mistaken for progress towards a more legitimate political order. Elections become easier to organise when they are less capable of unsettling entrenched interests. The likely result is a more manageable arena, not a more open one. (Chatham House)

For the Haftars, the benefit may prove deeper. Chatham House's assessment here is especially persuasive. Pro-Gaddafi constituencies have been important to Haftar's control over central and southern Libya, but Saif's re-emergence in 2021 raised the prospect that parts of that constituency might eventually defect from the Haftar order. The concern was not acute while Khalifa Haftar himself remained able to arbitrate loyalties. It became more serious once succession entered view. Saddam Haftar may control levers of force and patronage, but Saif offered something the next generation of the Haftar family cannot manufacture: an alternative source of political inheritance. Remove Saif, and that future contest becomes easier to manage. (Chatham House)

This is where the causal chain becomes clear. Saif's continued existence preserved uncertainty in three separate arenas at once: future elections, future reconciliation, and future succession in the east. Because he remained available as a fallback option, both Tripoli and Benghazi had to leave room for contingencies. Because that contingency is now gone, both can consolidate more directly. What disappears, then, is not only a man but a mechanism of strategic hesitation. (Chatham House)

That said, consolidation should not be mistaken for stability. Eaton's caution is well taken: the pattern being entrenched in Libya is one of consolidation through coercion rather than consensus. The number of powerful armed actors may be declining, and the Haftars in particular may be entrenching their domination, but the buy-in of the population remains limited. A coercive equilibrium can endure. It does not thereby become legitimate, and it can fracture quite abruptly when succession, revenue or external sponsorship shifts. (Chatham House)

Recomposition of power inside Libya



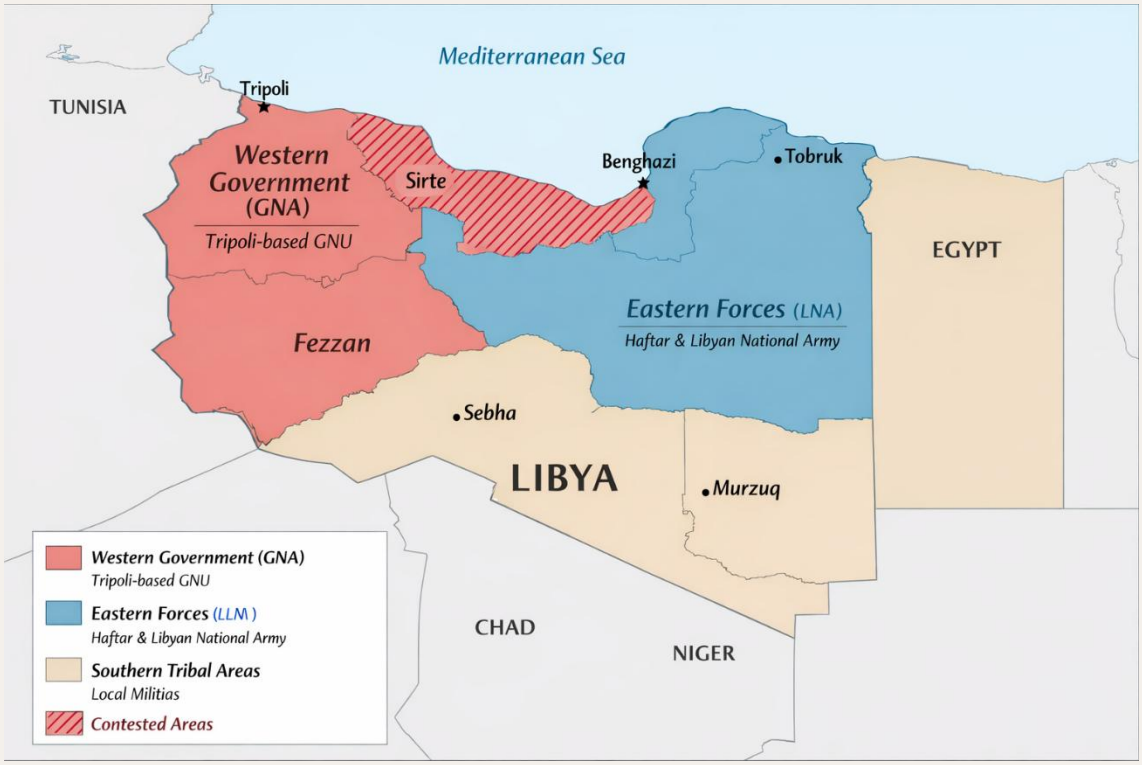
In western Libya, the movement towards concentration of force was already visible before Saif's assassination. Reuters' reporting on the May 2025 Tripoli clashes showed how the killing of Abdulghani al-Kikli, the militia leader known as Ghaniwa, triggered hours of fighting and drove his Security Stabilisation Apparatus from its strongholds, above all Abu Salim. In the aftermath, factions aligned with Abdulhamid al-Dbeibah—principally the 444 Brigade, the 111 Brigade and the Joint Force from Misrata—moved into the spaces the SSA had controlled. Reuters noted that this could make western Libya begin to resemble the east more closely: fewer centres of force, more direct hierarchy, and a tighter relationship between executive office and armed enforcement. (Reuters)

The practical significance of that shift is often understated. Control over Tripoli is not merely a question of neighbourhoods and barracks. It is control over access roads, ministry compounds, detention facilities, airport approaches, bank perimeters and the mundane choreography through which orders are either carried out or quietly ignored. Reuters reported that fighters allied to the fallen SSA had disappeared from around the Central Bank after the May 2025 clashes, while Rada remained the principal major faction not closely aligned with Dbeibah and still controlled Mitiga airport and parts of the centre. One does not need formal institutional unification to exercise power in such a system. One needs enough coercive penetration to decide who enters, who signs, who moves cash, who clears cargo and who is kept waiting. (Reuters)

Western Libya, then, is not moving towards a classic monopoly of force. It is moving towards a more centralised patronage-security architecture. The distinction matters. Ministries may look more coherent from the outside; operationally, the state still depends on armed coalitions embedded within and around it. Saif's removal marginally helps that process because it deprives disaffected western actors, especially in the south-west and among former regime networks, of a recognisable third banner under which to cohere. (Reuters)

In the east and south, the same pattern takes a more dynastic form. Chatham House points to the reorganisation of Haftar-aligned forces under more direct family control, including steps that reduced the autonomy of formations with strong pro-Gaddafi links. The logic is transparent enough: if the political system is unlikely to produce a consensual centre, then the Haftar family's answer is to tighten control over the armed and economic hierarchies it already commands. Saif's survival complicated that effort because it left open the possibility that parts of the same constituency being used to consolidate the Haftar order might one day rally elsewhere. His death closes that option. (Chatham House)

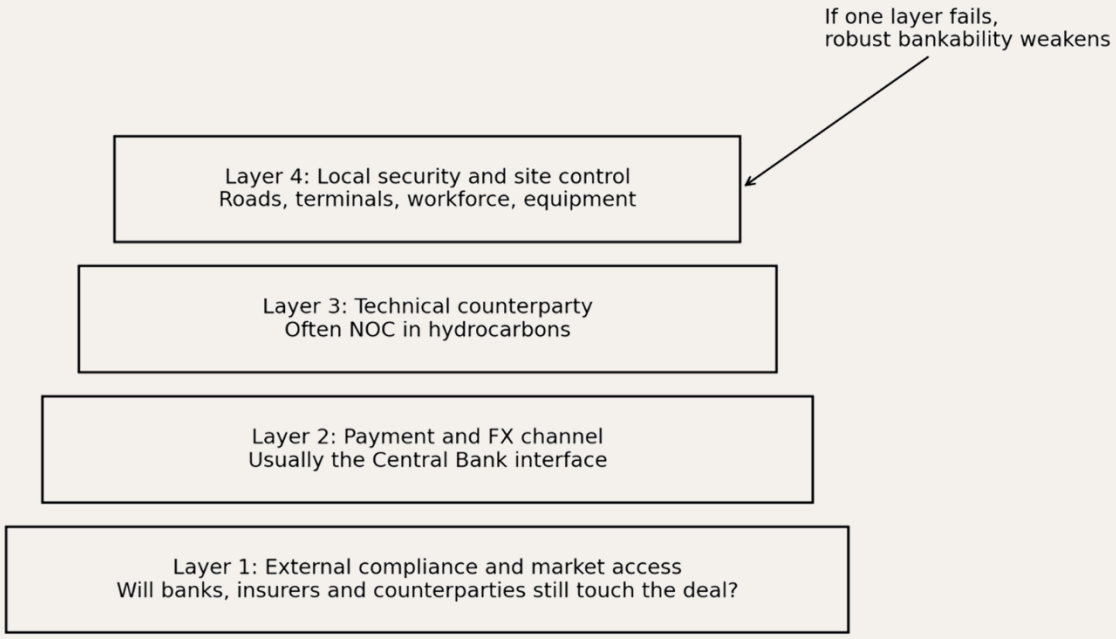
The economic analogue to this eastern consolidation is visible in oil. Reuters' February 2025 investigation into Arkenu Oil Company showed that a private Libyan firm linked by UN experts to Saddam Haftar had exported at least 7.6 million barrels of crude worth roughly $600 million since May 2024, breaking the NOC's historic monopoly on oil exports. The significance of Arkenu was not merely commercial. It demonstrated a shift from territorial command to direct monetisation: armed influence



was no longer content to control producing territory and bargain over the revenue distribution; it was beginning to engineer its own channels of export and earnings. (Reuters)

That is a critical development for anyone thinking about Libya's future political economy. Once family-centred coercive systems move from rent negotiation into rent capture, their incentives change. They become less interested in a unified national settlement that might dilute control and more interested in preserving enough national architecture—the NOC's technical credibility, the dinar payments system, access to foreign markets—to monetise fragmented control without taking full sovereign responsibility. Saif's removal fits that emerging order neatly. It does not create it. It removes one of the actors who could have made it harder to sustain. (Reuters)

Capital logic: what changes in practice

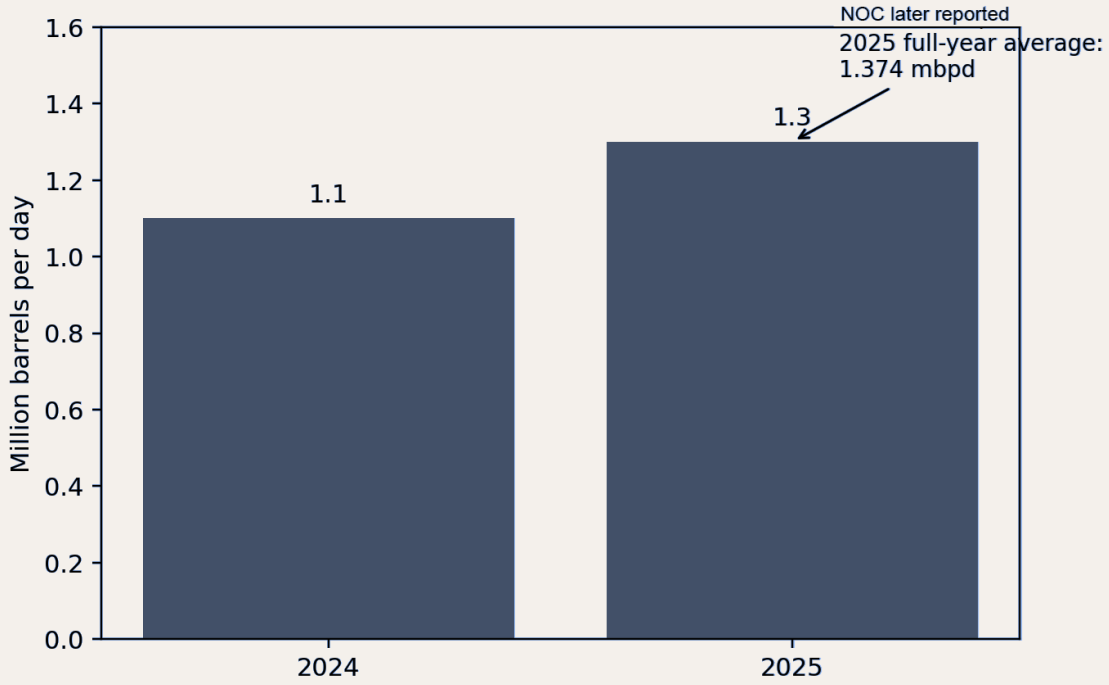


The central economic question after Saif's assassination is not whether Libya suddenly becomes attractive. It is who now has the practical capacity to make a transaction bankable. That is a narrower, more serious question. In Libya, bankability is not guaranteed by one government. It is assembled at the overlap of four layers: a technically credible counterparty, usually the NOC in hydrocarbons; a payment and foreign-exchange channel, usually the Central Bank; local coercive protection over sites, roads and personnel; and an external compliance environment in which international banks, insurers and counterparties remain willing to touch the deal. Break one layer and the transaction may not fail immediately, but it ceases to be robust. (Reuters)

The 2024 Central Bank crisis made that architecture visible. It was not simply a political quarrel over appointments. It was a confrontation over the settlement machinery of the Libyan state. Oil shutdowns followed because whoever controls the Bank sits over the distribution of hydrocarbon revenues, salary payments and foreign exchange. The abduction of the Bank's head of information technology in August 2024, and the Bank's temporary suspension of all operations in response, illustrated how quickly a coercive incident could spill into the financial core of the system. The U.S. ambassador warned at the time that any forcible replacement of Bank management could jeopardise Libya's access to international financial markets. In a country where the line between militia pressure and sovereign finance remains thin, capital risk is always partly a governance risk in disguise. (Reuters)

Looked at from a distance, the macro picture seems encouraging. The World Bank projected real GDP growth of 13.3 per cent in 2025, driven by a 17.4 per cent surge in oil-sector activity, while non-oil GDP was expected to grow by 6.8 per cent. The NOC then reported that 2025 recorded the highest average crude production in a decade, at 1.374 million barrels per day, with 501 million barrels produced across the year. Those figures are not cosmetic. They show that Libya's hydrocarbons base remains capable of strong recovery when core interfaces—security, export capacity, settlement and international market access—line up. (World Bank)

The February 2026 licensing round reinforced the point. Reuters reported that Libya awarded blocks in its first exploration round since 2007, with licences going to Eni and QatarEnergy, a consortium of Repsol, MOL and Turkish Petroleum, Chevron, Aiteo, and another Repsol-Turkish partnership. The round used a more investor-friendly contract model, and NOC chairman Massoud Suleman explicitly linked the exercise to Libya's ambition to raise



production capacity towards 2 million barrels per day. This was not the behaviour of a country shut out of serious energy capital. It was the behaviour of a country whose upstream potential remains compelling enough for international firms to tolerate high political risk where the transaction perimeter can be defined. (Reuters)

That last qualification matters. Hydrocarbons in Libya are investable selectively, not because the country has become coherent, but because the geology is too good, the existing infrastructure too valuable and the European gas equation too pressing for major actors to ignore. Eni's own Libya portfolio makes the point rather neatly. It notes that Greenstream carries gas from the Wafa and Bahr Essalam fields to Italy, that the Structures A&E project is scheduled for launch in 2026 to increase domestic supply while guaranteeing export continuity, and that in March 2026 Eni announced more than 1 trillion cubic feet of new gas discoveries offshore. Reuters added that those discoveries are expected to contribute around 130 million cubic feet per day, supplying both the Libyan market and exports to Italy. This is corridor economics, not post-conflict normality. (Eni)

Nor is even the ring-fenced hydrocarbons story free of warning signs. Reuters reported on 29 March 2026 that production at Sharara, one of Libya's largest oilfields, was expected to return to normal within 48 hours after an explosion and fire in one of its pipelines forced a gradual shutdown. Sharara is connected to the Zawiya refinery west of Tripoli. The episode was operationally manageable; strategically it was a reminder. Libya's oil sector can recover quickly from disruptions, but it is not insulated from the wider disorder of infrastructure security, local coercion and political rivalry. Investors are not looking at a settled production system. They are looking at a resilient but still exposed one. (Reuters)

Outside hydrocarbons, the gap between economic need and capital readiness is considerably wider. The IMF's 2025 Article IV left little room for euphemism: continued political division and widespread fragilities have hindered the authorities' ability to control expenditure and enact necessary reforms, while the outlook remains dominated by the oil sector. The OECD's 2025 work on economic diversification in Libya is equally blunt about banking and finance: the sector remains underdeveloped, heavily reliant on public banks, constrained by weak regulation and limited access to credit, especially for SMEs. This is not a foundation for a broad reconstruction cycle. It is a setting in which selected projects may proceed, but only where payments, procurement, local protection and political sponsorship are unusually clear. (IMF)

That is why the language of reconstruction so often outruns the actual mechanics of investment. Libya certainly requires reconstruction. It does not yet possess reconstruction-scale governability. Infrastructure gaps are severe, as the OECD notes, but a gap in roads, utilities or housing is not the same thing as a bankable infrastructure programme. Someone must be able to issue a tender that other actors recognise, guarantee payment, secure the worksite, protect imported equipment, and adjudicate disputes without recourse to armed bargaining. Libya can do this in pockets. It cannot yet do it as a sovereign system. The issue is not whether the country can generate revenue. It is whether that revenue can be governed. (OECD)

Even Libya's own sovereign capital remains only partially usable in this regard. The Libyan Investment Authority states on its website that assets owned directly by it remain subject to UN freezing measures. Security Council resolution 2769 of 16 January 2025 allowed the LIA's frozen cash reserves to be invested in low-risk time deposits and fixed-income instruments, and the LIA itself has stressed that its objective is not full lifting of the freeze at present but reinvestment within the freeze so as to preserve value. That is an important technical improvement, but it is not the same as restoring a freely deployable sovereign development balance sheet. Libya still has wealth. It does not yet have full sovereign discretion over much of it. (المؤسسة الليبية للاستثمار)

External actors and the virtue of legibility

External powers speak about Libya in the language of unity, legitimacy and political process. Their operational priorities are usually narrower. The November 2025 joint statement issued by the United States, Egypt, France, Germany, Italy, Qatar, Saudi Arabia, Turkey, the UAE and the United Kingdom welcomed steps to integrate Libya's security forces and institutionalise east-west economic coordination. That is revealing in itself. It tells one what outside actors most want preserved: the channels through which money, security cooperation and cross-border flows can still be managed. Full political settlement is desirable; usable interfaces are essential. (State Department)

Turkey and Italy have been explicit about those interfaces. Reuters reported that when Recep Tayyip Erdogan, Giorgia Meloni and Abdulhamid al-Dbeibah met in Istanbul on 1 August 2025, migration across the Mediterranean from Libya was a top issue, alongside energy and broader cooperation. A week earlier the reverse side of the same geometry had been on display: the Benghazi-based authorities barred the EU migration commissioner and the interior ministers of Italy, Malta and Greece from entering eastern Libya after those officials had first met the GNU in Tripoli. The episode was almost too neat as a demonstration of the point. External diplomacy in Libya already operates through multiple sovereign interfaces because Libya itself no longer presents a single, uncontested gateway. (Reuters)

Russia's interests are of a different order, but the same principle applies. ECFR assessed in March 2025 that Libya had become the operational hub of Russia's Africa cluster, with bases at Tobruk, al-Khadim, Ghardabiya, Jufra, Brak al-Shati and Maaten al-Sarra functioning as logistical nodes for wider deployments. That is not a minor footnote to Libya's internal politics. It means that eastern and southern Libya now sit within a broader security architecture linking the Mediterranean to Sudan, the Sahel and beyond. A country in that position is not evaluated by external actors solely as a domestic polity. It is evaluated as strategic terrain. (European Council on Foreign Relations)

This is where Saif's death becomes externally useful, even for actors not visibly implicated and not especially invested in him personally. He introduced a type of uncertainty that was difficult to price. The GNU in Tripoli is legible. The Haftar order is legible. Even an indefinitely managed UN process is legible. A latent Gaddafist pathway, capable of destabilising elections, succession plans in the east and the political alignments of southern constituencies, is less so. His removal therefore reduces ambiguity of a sort that many outside powers found inconvenient. It does not produce unity. It produces a simpler field of interlocutors. (Chatham House)

Libya as corridor, not quite country

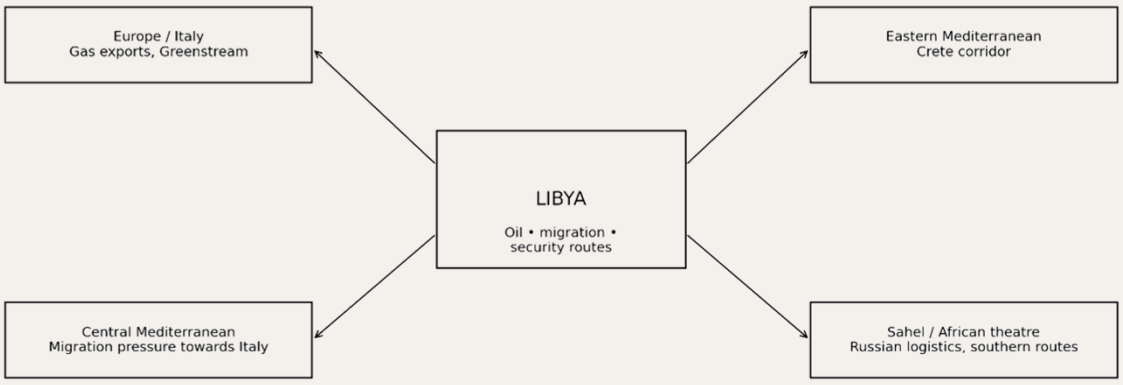
Libya's strategic value now lies less in the scale of its domestic market than in the corridors it anchors. Energy is the most obvious. The Greenstream pipeline links Libyan gas directly to Italy; Eni's Structures A&E project is designed to support domestic supply while sustaining exports; and the March 2026 offshore discoveries point to additional feedstock for both local use and European transmission. One need not exaggerate Libya's immediate transformation into a gas powerhouse to recognise the point. The country remains embedded in Europe's southern energy calculus, and that fact gives even partial stability around specific assets a strategic premium. (Eni)

Migration is the second corridor function, and politically the most volatile. Frontex reported in January 2026 that the Central Mediterranean remained the most active migration route into the European Union in 2025, with departures from Libya still a key driver of movement towards Italy. It also noted that crossings from eastern Libya to Crete more than tripled, and that Libya remained the main country of departure for almost all major nationalities whose numbers increased. The same Frontex update cited IOM estimates of at least 1,878 deaths in the Mediterranean in 2025. Those figures do not merely describe humanitarian distress. They describe a structure of political leverage. European domestic politics, coastal security policy and Libyan bargaining power are now entangled through this corridor. (Frontex)

Security and logistics form the third corridor. Russia uses Libyan territory to support African deployments. Regional actors use it as buffer, bridge or bargaining chip. The July 2025 exclusion of EU ministers from eastern Libya was therefore more than diplomatic theatre; it was an assertion that control of corridor space confers political voice even without universal recognition. Libya matters to outsiders not simply because it is a sovereign state. It matters because it connects theatres that others need to manage. (Reuters)

Seen in that light, Saif's assassination strengthens an existing trend. It further displaces the politics of national symbolism with the politics of operational control. A corridor does not need a settled constitutional soul in order to function. It needs gatekeepers. That is one reason outside actors can tolerate a Libya that is institutionally incomplete but strategically usable. The measure of order becomes not political legitimacy, but whether oil moves, borders can be bargained over, and military access remains serviceable. (State Department)

Strategic reading: Libya matters not only as a state, but as a set of routes others need to keep usable.



Governance without settlement

Libya is not failing to become a state. It is becoming a different kind of one. National institutions still exist and matter enormously, but authority is exercised through negotiated control over territory, revenue and coercion rather than through a settled hierarchy of legitimate command. The Reuters factbox on Libya's institutions is useful here: the HoR and HSC remain contested, the GNU is recognised but incomplete, the Presidential Council has episodically intervened, the NOC and Central Bank remain the functional sovereign core, and armed groups in both east and west continue to mediate real power. (Reuters)

In such a system, legitimacy is assembled from several currencies at once. International recognition matters because it keeps access to diplomacy, banking and sanctions relief alive. Payroll access matters because the salary state remains one of the few genuinely national distributive mechanisms. Security provision matters because people still judge authority by who can protect, or coerce, in practice. Electoral promise matters because it offers a language of renewal even when repeatedly deferred. Saif represented another currency entirely: historical continuity as an alternative to endless transition. His death removes that currency from the national market. It does not purify what remains. It leaves the field more exposed to those who already hold the harder assets of force and external backing. (Reuters)

That is why the familiar question—whether Libya is becoming a state, a set of zones, or a managed ambiguity tolerated by outside powers—needs a more precise answer. It is becoming a system of zones with national utilities, underwritten by external actors who do not require full settlement so long as essential functions remain usable. That is a form of statehood, but a thin one. It has ministries, contracts, central banking, oil exports and foreign interlocutors. Its coherence, however, comes less from a shared political compact than from the need of rival centres to keep a common extractive machine running. (Reuters)

The narrowing range of futures

The likeliest medium-term outcome is stabilised fragmentation. Western Libya is moving towards tighter executive-centred coercive control. Eastern and southern Libya are moving towards a more explicit family-military order under the Haftars. The NOC-Central Bank nexus remains the shared national utility through which both systems continue to draw sustenance. Saif's death supports this trajectory because it reduces the chance that a third legitimacy pole can meaningfully interrupt either consolidation. Libya does not become one country again in the stronger political sense. It becomes somewhat easier to manage as two-and-a-half systems sharing one cash engine. (Reuters)

A managed centralisation is still conceivable, though not in the romantic form often implied by diplomatic language. The UNSMIL roadmap, the structured dialogue and repeated international calls for institutional unification could yet produce a more transactible centre: a government with broader technical reach, greater east-west coordination, and elections staged under conditions strict enough to prevent the process from blowing apart again. But even if such an arrangement emerges, it is more likely to regularise Libya's legitimacy deficit than to cure it. The centre would be usable; it would not necessarily be loved. (UNSMIL)

Renewed fragmentation remains possible, and prudence requires taking it seriously. Haftar succession is still unresolved even if one rival pathway has been removed. Tripoli's militia ecosystem has been simplified, not dissolved. Revenue disputes remain structurally recurrent because control over hydrocarbon income is the main stake in the system. And infrastructure remains vulnerable, as Sharara's March 2026 disruption showed. Libya's current equilibrium rests on coercion, patronage and access to shared rents. That can hold for some time. It is not a generous material. (Reuters)

What this means for institutional actors

For multilaterals and DFIs, the practical implication is to abandon any residual fantasy of imminent nationwide reconstruction while avoiding the opposite error of treating Libya as unworkable. The useful posture is narrower. Support should continue where it strengthens national utilities that still cross front lines: public financial management, payments systems, municipal services, selected energy and water infrastructure, revenue transparency, banking modernisation, and technical work that reduces the cost of future institutional reunification. The World Bank and IMF are right to insist on transparency, accountability and expenditure control. The point is not that these reforms are futile. It is that they are stabilisation instruments first, development accelerants only later. (World Bank)

For sovereign wealth funds and sovereign co-investors, Libya should be filtered through a harder distinction than "high risk, high return". The better distinction is between assets that are sponsorable and assets that are merely attractive on paper. Ring-fenced hydrocarbons, gas-linked infrastructure, selected logistics interfaces and perhaps some utility projects can be sponsorable where counterparties are legible, payment routes are acceptable, and the political sponsor has both motive and capacity to protect the investment. Broad-brush reconstruction themes remain mostly narrative. Libya's own sovereign wealth is still partly frozen and, even where reinvestment is now permitted, preservation rather than development remains the governing logic. (Reuters)

For private capital, due diligence in Libya should begin not with the asset but with the veto map around it. Who controls site access? Which institution can actually issue the relevant permit? Can foreign exchange be cleared without political improvisation? Does the payment chain run through a channel recognised by international banks? What happens if a local commander or ministry faction attempts to renegotiate terms by force? The 2024 Central Bank suspension after the kidnapping of an official was not an exotic anecdote; it was a reminder that even sovereign financial infrastructure can become hostage to local coercion. Any board considering Libya needs to underwrite not only the project, but the architecture around the project. (Reuters)

That said, the opportunity set is not fictitious. Energy service contracts, gas monetisation, selected transmission and pipeline-linked investments, digital banking upgrades, port interfaces and essential urban services may all be addressable under the right conditions. The 2026 licensing round, the record 2025 production figures and Eni's new offshore discoveries all point to continuing commercial interest where risk is legible and sector logic is strong. What remains unavailable is the broader thesis that Libya has entered a conventional post-conflict reconstruction phase. It has not. Production continuity and sovereign coherence are different things. Libya has more of the former than the latter. (NOC)

The end of one fiction, not the beginning of order

Saif al-Islam Gaddafi's assassination closes a pathway that never fully opened, but never entirely disappeared. That is why the event matters. He was not the future ruler of Libya waiting in the wings. He was the standing reminder that Libya's post-2011 order had never fully absorbed, defeated or replaced every rival claim to legitimacy. His survival kept one alternative alive—untidy, weakly organised, but politically intelligible. His death removes that ambiguity. (Reuters)

The country that emerges from this moment is therefore less ambiguous, not more settled. Power is concentrating, but through coercive systems rather than broad political consent. Hydrocarbon bankability may improve at the margin where transaction perimeters are clear. National investability does not improve in the same proportion, because the underlying problem remains the same: Libya still lacks a universally accepted authority able to guarantee contracts, protect infrastructure, arbitrate disputes and govern revenue as a sovereign whole. (Reuters)

The more accurate description is a colder one. Libya is becoming a disciplined system of zones connected by oil, money and corridor functions, and tolerated by external powers so long as those interfaces remain serviceable. It may look calmer in places. It may become easier to transact with selectively. But this is not the return of the state in any classical sense. It is the consolidation of a managed equilibrium—functional enough to endure, coercive enough to impose, and still too shallow to be mistaken for order. The range of possible futures has narrowed. That, in Libya, is not nothing. It is also not peace. (State Department)

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