

**Libya**

**6.3** ↑

Egypt 6.2  
Morocco 5.2

Colonel Gaddafi's 42-year rule came to an end with his death in October 2011 at the hands of a Libyan opposition movement backed diplomatically and militarily by the West. The collapse of such a totalitarian regime left a political vacuum and the interim government will need to work hard to maintain security and enforce the rule of law as this vacuum is filled. Abdurrahim al-Keib, an academic, has been appointed as a consensus candidate to design a new democratic system and guide the country until a national congress is chosen in summer 2012. The path to legislative elections, scheduled for 2013, will be bumpy. The disarmament and reintegration of gunmen and militia fighters remains the primary challenge, and the associated rise in criminality and general lack of order is a cause for concern.

**Political** 5.9 ↑ 


Risk factor	Score	Trend
Autonomist movements	7	↔
Border disputes	6	↑
Socio-economic health	6	↔
Energy security	6	↓
Food security	6	↔
Government stability	6	↑
Risk of armed conflict	5	↑
Water security	5	↑
Policy risk	7	↔

In the political vacuum of the uprising that ousted Gaddafi, the National Transitional Council (NTC) emerged as the functioning ruling body. Following Gaddafi's death, the NTC declared full liberation and appointed Tripoli academic Abdurrahim al-Keib to lead an interim administration. Al-Keib's cabinet, sworn in on 4 December 2011, is now focusing on laying the groundwork for an inclusive democratic government, including rewriting the constitution and holding elections. At present, the government is weak: revolutionary militias act with autonomy and infighting is on the rise. Bringing these armed factions under a central command and preventing factionalism is essential. So too is reaching out to all sections of Libyan society to create a credible future government post elections. Saadi Gaddafi's recent threat to return to Libya to stoke unrest has played on the continuing instability under the NTC.

**Security** 5.7 ↑ 

Risk factor	Score	Trend
Attacks	7	↑
Domestic unrest	7	↑
Ethno-religious tensions	5	↑
International terrorism	4	↑
Regional tensions	6	↔
Hostility to foreign investment	5	↓
Security forces	7	↑

Libya's risk remains high as the nascent interim government attempts to build a new state virtually from scratch. Efforts to maintain order have had mixed success but many areas are still in the hands of autonomous militias with an increasing propensity for violence. The disarmament and reintegration of thousands of these militiamen across the country remains the most pressing security challenge: many will be reluctant to relinquish their power to central government and others have no jobs to return to. Plans to integrate large numbers of them into a national army have not proved successful and recently there have been armed clashes between militias in both Tripoli and Bani Walid. Benghazi and Gharyan has also seen unrest and overall the security situation in these areas has deteriorated over the last few weeks. Berber communities have voiced discontent and a lack of representation and regional instability has increased by the exodus of armed pro-Gaddafi supporters into neighbouring states, the result of which seen attacks on the southern town of Kufrah by Chadian Gaddafi supporters.

**Criminal** 6.3 ↑ 

Risk factor	Score	Trend
Common crime	6	↑
Kidnaps	6	↑
Violent crime	6	↑
Organised crime	6	↑
Piracy	5	↔
Police forces	8	↑
Sexual abuse	5	↑

Although the NTC is attempting to enforce a degree of authority and rule of law, state law-enforcement bodies remain weak and local militias continue to dominate certain areas of the country. Acts of retribution are likely to take place in the security vacuum. The threat of crime varies greatly across the country and also within different parts of major cities such as Tripoli and Benghazi. The frequency of fire-fights between armed factions and demonstrations is increasing around Tripoli with armed gangs of youths starting to resort to car-jacking and armed robberies. With a new interim cabinet in place, the Interior Ministry has drawn up plans to integrate approximately 50,000 men into law enforcement.

**Governance** 7.5 ↑ 

Risk factor	Score	Trend
Regulatory framework	8	↑
Supervision quality	8	↑
Corporate governance	8	↔
Child labour	6	↔
Corruption	7	↔
Human rights	8	↑
Human trafficking	8	↑
Money laundering	8	↑
Labour flexibility	7	↑

Libya's new interim cabinet has drawn mixed reactions but is a welcome attempt to form a strong central government. Corruption had been rampant in Libya and is likely to remain so over the short term. Revelation of corruption and impropriety among Libya's elite are likely to emerge as investigations into the Gaddafi regime are carried out. Political infighting can be expected in the run up to elections, as can an increased militia presence as they try to gain leverage over their political opponents..

## About Aegis Advisory

Aegis Advisory is a specialist consultancy that supports businesses in assessing and adjusting their exposure to strategic risk by providing privileged insights and timely intelligence.

## About this service

Aegis Advisory's strategic risk analysis is central to the efforts of many global companies as they seek to minimise downside risks and maximise returns on their investments. At the core of this service is our Aegis Strategic Risk Assessment (ASTRA) tool.

ASTRA is a risk profiling service that quantifies risk levels for a wide range of risk factors and countries relevant to our clients. This helps them understand the implications of strategic trends for their operations. ASTRA is regularly updated by our analysts based in London and in locations around the world, with regular input from Aegis' wide range of senior sources on the ground.

[www.aegisworld.com/advisory/strategicrisk](http://www.aegisworld.com/advisory/strategicrisk)

### Disclaimer

The information and opinions expressed in this Report are the views of Aegis Advisory, a trading name of Aegis Defence Services Limited ("Aegis") and constitute a judgment as at the date of the Report and are subject to change without notice. The information and opinions expressed in this Report have been formed in good faith on the basis of the best information and intelligence available at the time of writing, but no representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. Subject to clause 9 of Aegis's standard Terms and Conditions (a copy of which is available on request), Aegis accepts no liability arising out of or in connection with the comments made or the information set out in this Report and the Client is advised that any decision taken to act or not to act in reliance on this Report is taken solely at the Client's own risk. In particular, the comments in this Report should not be construed as advice, legal or otherwise, or as a solicitation, invitation or inducement to purchase or sell securities, commodities or any other form of financial instrument in any company or undertaking, and this Report should not be construed in any way as a Financial Promotion under Section 21 of the Financial Services and Markets Act 2000.

© Aegis Advisory