UNITED NATIONS
LIBYA

Libya Horizon Scanning 2025

Executive Summary

This Horizon scanning provides an integrated, forward-looking assessment of Libya's peacebuilding and development context. It identifies interlocking risks and opportunities across the political, economic, social, and environmental spheres to inform the UN Sustainable Development Cooperation Framework (UNSDCF, 2023-2027). The adopted methodology combined multiple approaches:

1. A team of UN Libya technical staff drawn from UN agencies, funds, and programmes, and UNSMIL conducted the analysis, enabling triangulation across sectoral expertise and existing datasets.

2. Two system-thinking and horizon-scanning workshops, one internal and one with representatives from ministries and government departments, identified key drivers, feedback loops, and plausible future pathways, to facilitate an inclusive and evidence-based analysis. Both workshops included the joint UN team to ensure analytical coherence.

3. An extensive and structural review of national policies, literature, and data sources informed data consolidation and joint analysis, including sex disaggregation and gender responsive data where available.

DISCLAIMER

This horizon scan presents forward-looking, scenario-based analysis to inform strategic planning. It does not constitute an assessment of the actions, positions, or intentions of any specific institution or actor. The analysis reflects data as of January 2026, and subsequent developments are not fully captured.

I. Political and Governance Developments

Key risks

Institutional and political fragmentation, contested legitimacy, and the presence of armed non-state actors sustain a "significant" conflict risk environment that keeps civic space constrained, weakens the rule-of-law, and undermines effective governance arrangements and accountable institutions.

Key signals

Gender-responsive openings in municipal elections and renewed UN-facilitated, Libyan-led dialogue architectures signal incremental pathways to unify and strengthen institutions and eventually conduct national elections.

Key trends

Since 2011, Libya has experienced recurrent instability with only partial respite after the 2020 ceasefire, leaving resilience low and governance risks high.

Direction and what to watch out for in 2026

In 2026, watch whether Libya's political actors reach consensus on a political agreement including a legal framework to advance elections and the UNSMIL facilitated Structured Dialogue delivers credible, Libyan-owned outcomes that help bridge political divisions and build confidence in institutional pathways to help unify and strengthen institutions

The persistent political and institutional divisions, characterized by competing interests, the absence of a unified government, and the lack of a unified national budget, continue to undermine accountable state institutions and the democratic transition. These challenges are compounded by the absence of an agreed constitutional framework and implementable electoral laws, which together contribute to continued delays in credible national elections and a sustainable democratic transition. Moreover, the growing pattern of reciprocal unilateral actions by competing institutions has further weakened the rule of law and restricted civic space. Limited decentralization and service delivery, weak justice institutions, and ongoing human rights violations continue to reinforce public distrust.

Yet, new signals, such as increased women's candidacies in municipal elections, suggest that localized political openings may become important entry points for future governance reform. In parallel, the continuation of a Libyan-led and owned political process, facilitated by UNSMIL and supported internationally through the International Follow-up Committee on Libya (IFCL), also known as the Berlin Process, offers additional entry points for dialogue, confidence-building, and gradual institutional convergence, even as national-level challenges persist. Additionally, recent unilateral actions and judicial risks have contributed to heightened tensions, increased fragmentation, and are consequently impacting progress in the political process toward greater unification.

II. Sustainable Economic Development

Key risks

Growth remains highly elastic to oil output and increasingly vulnerable to political division and fiscal fragmentation pressures. A significant share of revenue continues to finance parallel spending, wages, subsidies, and crowding out development spending. Persistent corruption, weak oversight, and fragmented financial governance further undermine fiscal discipline, distort resource allocation, and erode investor and public confidence, thereby compounding risks to macroeconomic stability.

Key signals

Recent growth in non-hydrocarbon activities is mainly linked to public spending effects and selective regulatory measures rather than underlying private-sector transformation, leaving diversification prospects highly contingent on governance and budget unification.

Key trends

Over the past decade, economic risk has been shaped by a narrow export base, repeated shocks, and persistent labor-market challenges, with output volatility remaining a defining feature of Libya's macroeconomic landscape. Inflation is rising, with food costs up ~9.5 per cent between January 2025 and January 2026, with significant price fluctuations in between, sharply reducing household purchasing power.

Direction and what to watch out for in 2026

In 2026, monitor the implementation of the Unified Development Programme between the West and the East and whether fiscal governance improves, particularly the adoption of a unified budget, exchange rate stabilization, and spending rationalization, as these shifts will shape Libya's macro-stability amid volatile oil revenues.

Non-hydrocarbon growth has increased but remains largely driven by public spending rather than productivity or private-sector dynamism. Wages and subsidies absorb nearly 79 per cent of state expenditure in 2025, leaving little space for development. Inflation shocks, an unstable foreign-exchange regime, and rising domestic public debt—estimated at 115 per cent of GDP in 2024—are compounding pressures. While foreign assets, reported at USD 99 billion in 2025, may provide a temporary buffer, this position is not sustainable without institutional reform. The Unified Development Programme (UDP) agreement of November 2025 presents an entry point and could help establish a framework for nationwide development spending with enhanced oversight, if fully implemented.
These trends reinforce concerns over weak governance, fragmented oversight, corruption and systemic revenue leakages. Arbitrage networks, and illicit rents further drain sovereign resources and undermine macroeconomic control. Armed groups and cross-border criminal networks extract rents from fuel diversion, smuggling, foreign-exchange manipulation, and capture of state institutions. Recent UNODC and OHCHR reports document Libya's role as a transit hub for drug and human trafficking. Absent corrective action, these pressures point to a narrowing time horizon—measured in years rather than decades—before economic stress translates into systemic instability.

III. Social and Human Capital Development

Key risks

Fragmented governance and the absence of a unified executive with a national budget and a national development plan continue to undermine equitable access to basic services across the country. These systemic constraints translate into persistent inequalities by wealth andineffective and incoherent social protection coverage. Maternal education shapes child survival, care-seeking, and immunization completion, while very low financial protection (≈3% insured) continues to disrupt service continuity.

Key signals

High rates of facility-based childbirth and skilled birth attendance, together with household connectivity, provide a strong foundation for improving service quality, expanding digital delivery, and strengthening continuity of care, such as vaccination.

Key trends

Service gaps have persisted through cycles of instability, with some population groups facing entrenched structural barriers that constrain human capital outcomes over time.

Direction and what to watch out for in 2026

In 2026, pay close attention to whether service quality and coverage improve, especially immunization completion, digital inclusion for women, and continuity of health and education services, since these will drive human capital recovery.

In social development, some indicators, such as school enrolment ([for both boys and girls at 90%]) and skilled birth attendance, remain high, but progress is offset by widening inequalities and corruption affecting women, youth, and migrants, as evidenced by the recent schoolbooks scandal that led to the arrest of the education minister. What has newly emerged is a growing digital divide, particularly for women, which risks compounding educational and economic inequalities. Social protection reforms have expanded benefits, yet major exclusion gaps persist, especially for non-nationals. Opportunities lie in shifting from high coverage to improved quality, particularly in immunization completion, women's digital inclusion, and continuity of services in municipalities.

IV. Climate Change, Environment, and Water

Key risks

Libya faces increasing exposure to climate-related risks, particularly water scarcity, rising temperatures, and environmental stress, which are compounded by infrastructure constraints and institutional capacity gaps.

Key signals

Growing policy attention to water security, disaster risk reduction, and renewable energy, alongside early modernization of meteorological and early-warning functions, suggests emerging capacity for anticipatory action.

Key trends

Rising temperatures, increasing precipitation variability, and continued stress on groundwater resources continue to reinforce long-term vulnerabilities.

Direction and what to watch out for in 2026

In 2026, progress in implementing national climate, adaptation, and water strategies, as well as investments in early-warning systems, will signal whether Libya is strengthening its capacity to manage climate and environmental risks.

Climate and water risks have escalated more quickly than governance systems can manage. Rising temperatures, salinizing aquifers, energy grid strain, and sea-level rise are increasingly intersecting with institutional fragmentation. Meanwhile, water scarcity is emerging as a driver of local conflict and mobility, not only an environmental concern. These combined climate and conflict pressures have distinct and often disproportionate impacts on women and girls, whose roles, mobility, security, and access to resources are shaped by gendered inequalities. Renewable energy and adaptation frameworks offer new openings, including for women's labour force participation, but implementation capacity remains thin. Close attention is required to whether early-warning system modernization and the National Adaptation Plan commitments translate into funded, operational action.

V. Situation of Internally Displaced Persons (IDPs), Migrants and Persons of Concern

Key risks

Protracted displacement and continued inflows of migrants and persons of concern sustain humanitarian and protection needs, even though conditions in some cases, particularly for IDPs have gradually improved.

Key signals

A shift beyond HDP-nexus planning, including a durable solutions pathway for IDPs, indicates efforts to better align relief, recovery, and services restoration.

Key trends

Continued inflows of migrants, including a significant Sudanese refugee population fleeing the armed conflict in Sudan has contributed to record-high migrant totals in Libya, leading to increased pressure on services and protection systems. In addition, exposure to climate-related shocks among vulnerable populations has remained recurrent, keeping resilience low and creating recurrent needs across regions and population groups.

Direction and what to watch out for in 2026

In 2026, monitoring trends in migration flows, and climate-related events will be critical to assess whether humanitarian needs continue to decline or whether new shocks reverse the progress toward the humanitarian-development transition.

Pockets of humanitarian needs still exist across some population groups, particularly among migrants and persons of concern, despite gradual improvements for some internally displaced persons. According to IOM, as of Jan 2026, Libya hosts 106,371 IDPs, of which 80,951 individuals (76%) are on pathways to durable solutions and have no immediate humanitarian needs, while the remaining 25,420 individuals (24%) are in protracted displacement and require assistance ranging from humanitarian, development, and legal.

By December 2025, IOM reported 939,638 migrants from 44 countries, including Sudanese refugees, which is the highest number recorded since the beginning of IOM Displacement Tracking Matrix (DTM)'s data collection in Libya.

According to the UNHCR Registration Factsheet from January 2026, there are 108,966 refugees and asylum-seekers in Libya, who are officially registered with UNHCR

Accordingly, in 2025, the number of migrants intercepted and returned to Libya by the Libyan Coast Guard also recorded the highest (27,116 migrants) – representing an increase of approximately 24.6% compared to 2024, as reported by IOM.

In addition, the exposure to climate-related shocks, particularly among children and migrants, has increased due to weak infrastructure and insufficient preparedness. Attention should be paid to the impact of climate-related hazards on vulnerable populations, and whether national institutions can lead on initiatives tailored to the needs of diverse population groups and coordinated response and recovery.

VI. Conclusion and Recommendations

The 2025 horizon-scanning analysis highlights the increasingly interconnected nature of political uncertainty, macro-economic vulnerability, climate and water stress, and human capital disparities in Libya. Together with the continued presence of smuggling and trafficking networks, these dynamics point to a need for more focused, risk-informed engagement in 2026, prioritizing prevention, resilience, and institutional coherence over broad expansion of activities.

1 Stabilizing the political operating environment through institutional coherence

In 2026, collective engagement should prioritize reducing institutional fragmentation and legal uncertainty, recognizing that prolonged political division is increasingly interacting with economic and social pressures. Strategic focus should remain on supporting a Libyan-owned and Libyan-led political process facilitated by UNSMIL and supported by the IFCL, aimed at restoring institutional coherence through an agreed electoral pathway and strengthening governance arrangements while promoting institutional unification towards a peaceful transition and long-term stability. This should include efforts to strengthen transparency, the rule of law, enhance dialogue and dispute-resolution mechanisms, and foster confidence-building across institutions.

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2 Strengthening economic resilience through fiscal coordination and governance

Given persistent exposure to oil-price volatility, fragmented fiscal arrangements, currency and subsidy pressures, fiscal stability and coordination should be a critical economic focus in 2026. Priority actions include the implementation of the Unified Development Programme, supporting the development of a credible budget framework, and strengthening expenditure controls to improve fiscal discipline.

At the same time, targeted efforts to reduce leakages linked to informal and illicit economic activities, to improve procurement transparency, and to reinforce independent oversight are essential to safeguarding public resources and restoring fiscal credibility. Improving transparency and addressing corruption and weak financial governance remain central to macroeconomic stability, as these factors undermine revenue management, distorting spending priorities and deterring private investment. Beyond the broad objective to strengthen diversification support, 2026 should focus on shock-resilient economic activities, including local value chains, women- and youth-led enterprises, where tangible resilience gains are achievable.

3 Protecting continuity and quality of essential services in high-risk areas

Rather than expanding coverage, 2026 efforts should focus on protecting service continuity and quality in municipalities exposed to repeated shocks. Priority areas include improving immunization completion, strengthening inclusive social protection mechanisms, including through the recently launched unified social registry, and safeguarding education and basic services for displaced and vulnerable populations. Advancing digital inclusion for women and youth remains key as a resilience enabler.

4 Managing climate and water risks as a stability and resilience challenge

Climate hazards and water stress are increasingly acting as risk multipliers, interacting with weak governance and infrastructure, as shown during the 2023 Derna floods. In 2026, engagement should prioritize anticipatory action and risk reduction, rather than large-scale infrastructure ambitions. This includes strengthening early-warning systems, municipal preparedness, and coordination around national climate and water strategies, with particular attention to flood-prone and water-stressed areas. These efforts should remain responsive to the needs of youth, women, persons with disabilities, and people on the move.

5 Adapting humanitarian approaches to evolving climate and mobility-related risks

Pockets of remaining humanitarian needs in Libya are increasingly shaped by the ongoing influx of the Sudanese population, continuous migrant inflows, and climate-related infrastructure failures. In 2026, humanitarian action should focus on adaptive approaches that combine immediate protection with recovery, service restoration, and particularly in emerging risk clusters, such as flood-prone municipalities, and overstretched urban areas due to continuous inflow of people on the move. Systematic inclusion of all IDPs in durable solutions pathways at the local level should remain a core objective.

6 Strengthening risk analysis to anticipate and, when feasible, address future crises

Given growing interdependencies between political, economic, climate, and social risks, a limited set of high-impact investments in risk analysis should be prioritized. Strengthening integrated data systems, drawing on improved administrative systems, climate information, and integrated socio-economic monitoring, can support earlier detection of emerging shocks and more adaptive, evidence-based responses.

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