



## **Conference Report**

Exploring the Implications  
of Oil and Gas Infrastructure  
Security in Libya



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# Conference Report

## Exploring the Implications of Oil and Gas Infrastructure Security in Libya

— Emadeddin Badi, Samuel Küng, Roberta Maggi, and Jean-Michel Rousseau

## Acknowledgements

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1 The TFNA is the pool funding mechanism under which DCAF’s North Africa programmes are implemented. It is currently funded by France, Germany, Luxemburg, the Netherlands and Switzerland. More information can be found at <https://dcaf.ch/trust-fund-north-africa>.

## Key dynamics of security provision for Libya's oil and gas infrastructure

The question of oil and gas revenue distribution – which represents almost all of the country's public revenues – has been, and remains, a key driver of the Libyan conflict since 2011. The current tensions between the Central Bank of Libya (CBL) and the National Oil Corporation (NOC) over the modalities of oil and gas revenue distribution are part of long-running grievances and disagreements over Libya's economic ecosystem. In multiple instances, territorial control of oil and gas infrastructure has become weaponized by various forces, putting the very economic survival of the country's governance structures at risk. Efficient and accountable security for oil and gas infrastructure is thus key to building sustainable peace in Libya and a crucial component of security sector reform.

The security of oil and gas infrastructure has historically contributed to ensuring the collaboration of local communities by recruiting local youth into protection forces. These forces, notably the Petroleum Facilities Guard (PFG), have, in certain cases, become politicized to advance personal agendas. More recently, a number of foreign private security and military companies (PMSCs) have set up positions on oil installations, bypassing local protection schemes. The prospect of a permanent PMSC presence has led to concerns that Libyan authorities may face increased pressure to accept foreign political agendas. With the recent ceasefire agreement signed in October 2020, oil production and exports have resumed and, for the most part, foreign PMSCs have withdrawn from the main installations and are stationed in the vicinity. In parallel, recent developments following the ceasefire have led to an agreement on the unification of the PFG, the details of which have yet to be decided.

It is against this backdrop that the conference considered issues relating to the security of oil and gas infrastructure, namely PMSCs and PFG governance, as well as the role of local governance in addressing security and human rights risks.

## Key governance challenges for the security of oil and gas infrastructure<sup>2</sup>

The oil and gas sector in Libya continues to apply a 'traditional' approach to managing health, safety, and environment (HSE) risks rather than a 'corporate social responsibility' approach, or one that explicitly considers security and human rights risks. The NOC has numerous international partners; each of its subsidiaries (operating companies) has developed its own HSE procedures, and each subsidiary ensures the direct security of its installations and coordinates perimeter security with the PFG. This challenging situation has been compounded by the fact that, after 2011, the NOC announced that it could no longer finance the PFG from its own budget and requested that the government reassume responsibility for funding and overseeing the PFG.

The PFG was created under Gaddafi in 1999 as a neutral force to protect Libya's oil infrastructure from acts of sabotage and blockades. As early as July 2013, however, PFG forces began weaponizing Libya's oil infrastructure through blockades, while the force became increasingly hybridized<sup>3</sup> as it integrated a growing number of armed groups into its ranks.<sup>4</sup> The year 2016 saw a further shift in trends. Whereas competition between local communities

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2 The conference, held on 2 December 2020, can be viewed on DCAF's YouTube channel at: [https://www.youtube.com/watch?v=OeVcaSr\\_QLC&t=2338s](https://www.youtube.com/watch?v=OeVcaSr_QLC&t=2338s)

3 The concept of hybridity 'essentially refers to the "civilianization" of security provision, particularly in cases where intermediaries compensate for the weaknesses of a legally constituted state. In practice, the state's formal security institutions operate alongside a diverse array of non- or quasi-state armed actors. While some of these "informal" armed actors directly challenge the state, others work alongside or cooperate with it – creating, in turn, a "hybrid" environment'. For more on hybridity in Libya, see: Badi, Emadeddin, Exploring Armed Groups in Libya: Perspectives on Security Sector Reform in a Hybrid Environment (Geneva: DCAF, 2020).

4 For a timeline of the conflict in Libya, see: <https://www.reportinglibya.org/>



for access to a steady source of income had previously been a significant factor behind partial blockades, such as those carried out by the PFG, in 2016 Field Marshall Khalifa Haftar brought about a politicization of the control of oil fields to further his personal agenda. He has since orchestrated several large-scale shutdowns, causing catastrophic losses in state revenue – one of the primary causes of rifts between competing authorities across the country.

Since the ousting of Muammar Gaddafi in 2011, reliance on PMSCs has become an important feature of infrastructure protection in the Libyan extractive sector. Consequently, PMSCs, particularly their vehicles and employees, have become more visible. If actors active in the oil and gas sector wish to contract private security services, they are required to employ a local security company – a Libyan entity registered as a company via the Ministry of Interior with the appropriate licences to engage and operate. Decree 248/2012<sup>5</sup> formally bans foreign PMSCs from operating in Libya. Many larger international PMSCs have therefore created local branches or teamed up with local companies. While there is a lack of comprehensive data on PMSCs and the range of services they provide in Libya, their role has raised concerns about respect for international human rights law (IHRL) and international humanitarian law (IHL). The lack of a proper legal and policy framework or a dedicated authority for regulating their activities exacerbates these concerns, as does the fact that the ban on foreign PMSCs operating in Libya does not appear to be enforced in practice.

The conference also highlighted that while the NOC is not a governmental institution as such, many national stakeholders expect it to provide community services, resulting in a blurred mandate. Consequently, despite Mustafa Sanalla's intentions to keep the oil and gas sector insulated from the conflict, the NOC has had to become increasingly involved in the country's political landscape. Its role at the heart of economic reforms inevitably put it at odds with the CBL over the issue of revenue distribution. While the two parties have tentatively agreed to form a committee to jointly address some of these issues, the situation is a reckoning for political forces in Libya, as the country's primary source of power and leverage becomes institutionally contested.

Against this backdrop, the restructuring of the PFG is understandably at the centre of reform considerations. While some recommend dissolving the PFG and rebuilding it from the ground up, the broader question of whether such a force should fall under the Ministry of Defence or the NOC remains unresolved. Such a process would also consider the degree of militarization of the force in the future. Moreover, while the provision of human resources by local constituencies for the newly reformed PFG could create employment opportunities, thus helping to resolve grievances expressed by members of these communities, the current polarization of Libya's political climate raises the question of whether this would increase the risk of further weaponizing Libya's oil infrastructure with sustained blockades and shutdowns.

In addition to the above considerations, and within the context of the weaponization of oil and gas infrastructure, the conference discussed the long-term dispute between the CBL and the NOC – compounded by ongoing governance crises on a national scale. As the uneven distribution of oil revenue progressively eroded relationships with local communities, growing inequalities exacerbated grievances among communities across the southern Cyrenaica and Fezzan regions – home to most of Libya's oil fields.

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5 For more information on Decree No. 248 of 2012 on prohibiting the entry of foreign security companies into Libya, see: <https://security-legislation.ly/node/34753>

In this context, discussions on the protection of oil and gas infrastructure cannot be dissociated from the well-being of surrounding communities – who, more often than not, fail to see the revenue generated on their territory leading to an improvement in living conditions or services provided at the local level. While these issues pre-date the 2011 revolution and the subsequent weaponization of oil revenue within the context of the civil war<sup>6</sup>, the lack of a clear response from central authorities in Tripoli paved the way for these grievances to be co-opted, within specific PFG units, by Field Marshal Khalifa Haftar's Libyan Arab Armed Forces (LAAF). In this context, blockades have been used to further political leverage, whether on a national or international scale; the latter was, for instance, the motivation behind Haftar's January 2020 blockade, which, despite being branded as resulting from local grievances, took place two days before the Berlin Conference. Such blockades continue to be a reality faced by Libya's economy: on multiple occasions in January 2021, eastern-based members of the PFG announced the closure of various installations over unpaid salaries – a situation that is unlikely to be resolved unless the country's rival administrations agree on a sustainable mechanism to disburse oil revenues. This issue is all the more salient when considering that the most serious challenge to sustaining oil production has come from infrastructure sabotage involving members of the PFG.

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<sup>6</sup> In late 2008, the 'Fezzan Anger Movement', comprised primarily of young people across the Fezzan region, organized numerous sit-ins around Sharara oil field. These demonstrations gathered support across Fezzan – transcending ethnic and tribal divides – and hinged on grievances ranging from poor living conditions to the lack of local employment on the Fezzan's oil fields. Such protests are still prominent, and the movement continued to stage demonstrations around the Sharara oil field even in the aftermath of the revolution. The year-long shutdown orchestrated by eastern-based PFG Commander Jathran in 2013, who drew on local grievances to sustain this effort, also reflects this trend.

## International norms and good practices for the security of oil and gas infrastructure

The term 'private military and security companies' (PMSCs) encompasses all companies that provide military or security services or both, irrespective of how they describe themselves. Military services provided by companies include (but are not limited to) material and technical support to armed forces; strategic planning, intelligence, investigative, or training activities with military implications; satellite surveillance; and other related activities. Security activities include (but are not limited to) guarding and protecting persons and objects (whether armed or unarmed), and any kind of training activities with a security function.<sup>7</sup>

International norms and good practices focusing on the regulation of PMSCs – namely, the Montreux Document and the International Code of Conduct for Private Security Providers<sup>8</sup> – are based on experiences involving situations of armed conflict and complex environments. They clarify the regulatory duties of states and the corporate responsibility of PMSCs, particularly in armed conflict and complex environments, and underline that PMSCs do not operate in a legal vacuum in such settings. They provide valuable insights on how to operationalize a way forward in the Libyan context.

In addition, the Voluntary Principles on Security and Human Rights (VPs) give businesses that rely on public and/or private security providers to secure their business operations a roadmap to respect human rights in their operations. Furthermore, local working groups bring together businesses, governments, and civil society to solve security challenges.

For more information, visit the websites of the [Montreux Document Forum - montreux-document.org](http://montreux-document.org) - and [DCAF's Business and Security Division - businessandsecurity.dcaf.ch](http://businessandsecurity.dcaf.ch).

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7 This Conference Report uses the Montreux Document's definition of PMSC. Article 47 of Protocol I Additional to the 1949 Geneva Conventions, which determines the legal distinction between 'PMSCs' and 'mercenaries' in international law, describes a mercenary as someone who: (1) is especially recruited in order to fight in an armed conflict; (2) in fact takes a direct part in hostilities; (3) is motivated essentially by the desire of private gain; (4) is neither a national of a party to the conflict nor a resident of territory controlled by a party to the conflict; (5) is not a member of the armed forces of a party to the conflict; (6) has not been sent by a State which is not a party to the armed conflict on official duty as a member of its armed forces.

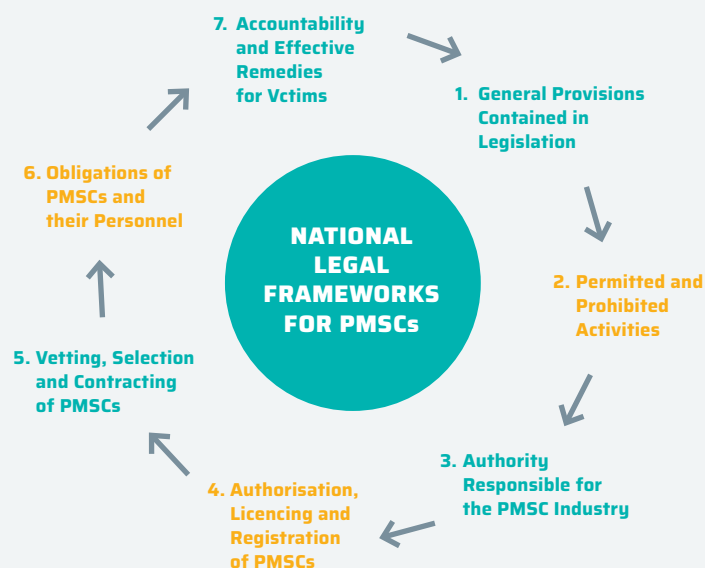
8 Adopted in 2008, the Montreux Document is the result of a joint initiative launched by Switzerland and the International Committee of the Red Cross (ICRC). It is the first document of international significance to reaffirm the existing obligations of states under international law, in particular IHL and IHRL, relating to the activities of PMSCs. Without adopting a position regarding the legitimacy of PMSCs, the Montreux Document recalls existing international legal obligations and offers a set of good practices to guide states to take national measures to implement their obligations. It is not a legally binding treaty and does not create new legal obligations. It is important to note that the Document applies not only to the territorial state (where PMSCs are operating) but also to the home state (where PMSCs are based) and the contracting state (in cases where the PMSC is hired by a state).

Drawing on the provisions of the Montreux Document, the International Code of Conduct for Private Security Service Providers (ICoC) addresses private security companies directly. It requires its signatory companies to 'commit to the responsible provision of Security Services so as to support the rule of law, respect the human rights of all persons, and protect the interests of their clients'. The ICoC applies primarily to security services delivered in 'complex environments', however, the standards and recommendations are relevant in non-complex environments. Its governing body, the ICoC Association (ICoCA), is a multi-stakeholder initiative with three equal pillars representing states, PMSCs and civil society organizations.



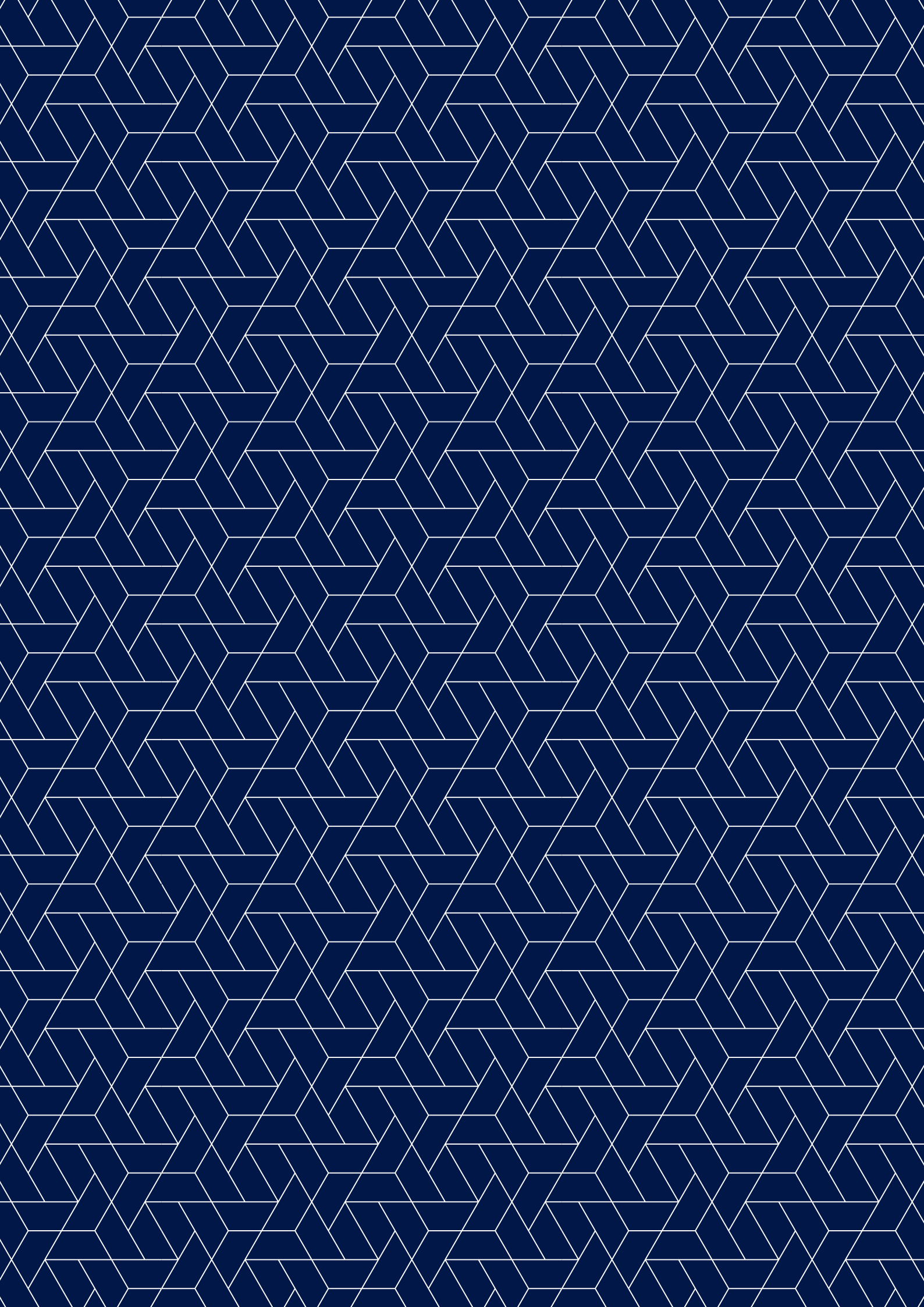
## Recommendations

- Strengthening the good governance of oil and gas infrastructure security in Libya – namely, via reforms to PFG and PMSC governance – should be part of ongoing discussions on security sector reform to ensure the issue is addressed comprehensively early on. Such efforts should focus on both the national and local levels as communities are directly affected by the work of the security actors guarding facilities.
- The Montreux Document was drafted for conflict situations comparable to the Libyan context. Libya could therefore consider supporting the Montreux Document as a sign of political will to strengthen the regulation of PMSCs operating on its territory. In addition, membership of the Montreux Document Forum would provide Libya with access to a continuous dialogue on lessons learned, good practices, and challenges related to the regulation of PMSCs.
- Countries contracting or hosting PMSCs operating in Libya should also support the Montreux Document and implement its norms and good practices through their national regulation of PMSCs.
- The Libyan government should create a proper legal framework to ensure adequate regulation of PMSCs operating in the country. The framework should define the types of services that PMSCs can perform and address the activities of foreign PMSCs. The regulation should also incorporate relevant international norms and good practices contained in the Montreux Document and the International Code of Conduct.



- The extractive sector (International Oil Companies, or “IOCs”, and local companies, including the NOC) should use its economic leverage, owing to its procurement processes, to ensure the PMSCs it contracts are operating at a high standard. In line with their responsibilities under the UN Guiding Principles on Business and Human Rights, the extractive sector (IOCs and local companies, including the NOC) should make sure its procurement of PMSCs is fully in line with not only national regulation, but also international norms and good practices. This could notably include only, or preferentially, hiring companies that are certified by the International Code of Conduct Association (ICoCA).

- Multi-stakeholder working groups based on the VPs and bringing together public and private security actors, national and local authorities, the extractive sector (IOCs and local companies, including the NOC), communities and civil society have shown significant potential for conflict prevention and peacebuilding in similar contexts. Significantly at the local level (e.g. in the Fezzan), such multi-stakeholder efforts would aim to prevent security and human rights incidents, while providing a forum for mediation and facilitation to negotiate solutions, including legal redress, where incidents arise. This could also prevent local grievances from being instrumentalized to orchestrate protracted blockades.
- In light of the recurrent blockades enforced by PFG-affiliated units, an overhaul of the PFG should not only seek to permanently resolve the administrative and oversight deficiencies that led to the blockades (e.g. disbursement of salaries), but also to enhance trust and transparency between NOC leadership and the PFG.
- Given the security and human rights challenges mentioned throughout the conference, the PFG should be encouraged to draw on international norms and good practices for extractive protection units, notably with regards to vetting and training personnel, operational standards, including the use of force policies, and accountability mechanisms.



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