

Is Iraq's Notorious 'Oil for Food Program' to be Repeated in Libya?

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The United States Ambassador to Tripoli, Richard Norland, who is also his country's Envoy to Libya, has been openly pushing forward a [plan](#) to deny the Libyan State the freedom of using the oil revenues in accordance with Libyan sovereignty over its resource. Oil makes roughly [98](#) per cent of the country's foreign currency earnings and the country has plenty of it.

In a [tweet](#) on 28 June, the US embassy has, for the first time, unveiled what it called "efforts" to "establish a Libyan-led mechanism to provide transparency regarding how oil revenues are spent". The idea is not new, but the way it is being presented now is completely unheard of before and remains vague, with very little details.

Basically what is being floated by Ambassador Norland was [agreed](#) to in the first Berlin Conference on Libya in January 2020. As part of stalling the Libyan conflict, the Conference agreed to establish a Libyan-led economic commission of experts to oversee "structural economic reform", creating the economic track of the settlement process facilitated by the United Nations. The aim, then, was to make sure that oil revenues are equally distributed among Libyans through a unified mechanism to avoid any suspension of oil production and exports of the country's lifeline, oil, ultimately de-weaponising oil in the conflict.

But what Mr. Norland's proposal goes far beyond a process to, equally, share oil revenues among Libyans and, if implemented, it will, literally, strip the Libyan State and its relevant sovereign institutions, like the Central Bank and Audit Bureau, of any freedom in handling oil money. Any present or future government will not be free to budget freely as it is supposed to, until the entire conflict is settled.

Critics believe what the US Ambassador is proposing is an amended copy of the notorious "oil for food [program](#)" that was imposed on Iraq in 1995 to deny Iraq the freedom of managing and utilising its oil revenues. The program, part of sanctions against late Saddam

Hussein's government, ultimately became highly corrupt bureaucracy, leading to the deaths of hundreds of thousands of Iraqis, as more of them became poorer and unable to afford food and medicine. Under that mechanism, Iraq was unable to buy its needs without the approval of the program management, which usually investigated every single purchase including baby formula and other basic necessities.

Ambassador Norland's idea, which he dubbed "Mustafeed" beneficiary in Arabic, lacks clarity and very little has been said to clarify it. Yet, it has been the subject of wider debate among Libyans across social media with most comments criticising what they see as serious infringement of Libya's independence and sovereignty. However, in a tweet on 28 June, after meeting the current Prime Minister, Abdul Hamid Dbeibeh, in Tripoli, Richard Norland tweeted "I complimented the PM's engagement on Mustafeed so far," implying that Mr. Dbeibeh is supporting the proposal.

"Mustafeed" refers to a supervisory process in which all oil money is allocated into the budget of Libya through recommendations of a panel made up of the UN, European Union, Egypt, US and Libya as its Chair. Until a political settlement is reached, all oil money, usually used to finance imports of food, medicine and other essentials, will not be spent on any other budgetary items, except essentials. Furthermore the accounts of the Libyan State will be reviewed by a third party—likely to be an independent accounting firm—illegal under current Libyan laws.

The aim is to deny the militias the funding they have been enjoying over the years through their nominal support and sometimes blackmail of the successive governments that came to power in Libya over the last decade.

While this is a noble cause that would limit the financial attrition of the country, it is also a clear attempt to deny the Libyan State its sovereign decision-making over its resources by simply handing it over to foreign powers that are, essentially, the main cause of the country's ills since 2011. Before "Mustafeed" was unveiled, many foreign players in Libya were calling for some kind of sharing of the oil revenue, a step many criticised because it could lead to [partition](#) of the country along its geographical regions: East, West and South—an idea supported by many politicians, particularly in eastern Libya, disguising it as federalist system similar to what Libya used to be in the wake of its independence in 1951.

Many believe the international military intervention in Libya in 2011 was, partly, to dominate and control part of the country's huge oil wealth. Today, as it was then, Libya remains a wealthy nation with proven oil reserves estimated to be more than [48](#) billion barrels, the third in Africa, but the decade-long conflict has diminished its production capacity. Because of the conflict and lack of central government, the country is producing less than half a million barrels/day, when it should be capitalising on higher energy prices through increased production. International oil prices have skyrocketed since the start of the war in Ukraine, but Libya, despite its potential, has not benefited from this windfall.

The "Mustafeed" plan, if implemented, will not be anything but another form of "oil for food program", since the country is still considered as a threat to international peace and security. Dozens of UN Security Council resolutions, since 2011, were adopted under Chapter VII of the UN designating Libya as security threat.

However, "Mustafeed" is very likely to be a difficult political sell for any politician who might be tempted to sign up to the idea. Despite everything that happened in the country, the

majority of Libyans still reject foreign meddling in their affairs.

Foreign interference in Libya has been one of the triggers of the recent wave of public demonstrations that has been taking place across Libya over the last two weeks.

In a wider context, Ambassador Norland also linked “Mustafeed” to the White House initiative of conflict prevention and resolution unveiled by the Biden administration last April. In this case, taking control of Libya’s oil money will certainly limit the potential of waging war among different Libyan protagonists, but will not end the conflict while it will certainly eat away whatever sovereignty Libya has left.

As the political stalemate continues, similar ideas to “Mustafeed” are likely to become part of the debate about how to end the country’s political conflict which is poisoning every aspect of life, but fail to offer a solution.

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