Libya

Fiscal Year 2026

Capacity Development Activities

Central Bank Operations

Domestic Liquidity Management under an Exchange Rate Peg (May 4-8)

The Central Bank of Libya (CBL) faces challenges including operationalizing the reunification of the West and East central bank, fiscal dominance, and widening parallel exchange rate market premium. The mission recommended completing without delay CBL's monetary policy framework with an active domestic monetary policy implementation. This includes absorbing excess liquidity by issuing an interest-bearing liquidity absorbing instrument in line with prevailing Islamic finance regulations.

Central Bank Transparency Review (April 6-30 (virtual)-June 21-29 (in-person))

This mission reviewed the Central Bank Transparency Code (CBT) for the Central Bank of Libya (CBL). The review covers all CBT principles, excluding those lying outside the CBL mandate and activities, as well as the principles related to functions that fall outside the scope of CBT reviews given the existence of established international standards. The mission will hold a virtual workshop, conduct a preliminary desk review, hold virtual meetings with the authorities, and hold an in-person, off-site mission in Tunis from June 21 to 29, 2026.

Financial Supervision and Regulation

Diagnostic on technical assistance needs in regulation and supervision (July 24-28)

The Central Bank of Libya (CBL) is committed to enhancing the regulatory and supervisory framework of the Libyan banking sector. This initiative seeks to modernize the banking industry in accordance with international standards and best practices. CBL partners with METAC to support this transformation, commencing with a diagnostic assessment to identify and prioritize the banking sector's technical assistance requirements. The objective is to establish a clear timeline and prioritize delivering short- and medium-term technical assistance.

Workshop On Supervisory Tools and Techniques and Supervisory Review Process (November 30-December 3)

METAC delivered a workshop for the Central Bank of Libya (CBL) aimed at strengthening supervisory capacity through the adoption of a risk-based supervision (RBS) framework. The workshop introduced and deepened understanding of the core components of effective supervision, including the risk assessment system, off site and on-site supervisory processes, and the Supervisory Review Process (SRP). Discussions enhanced participants' knowledge of supervisory best practices aligned with international standards issued by the Basel Committee on Banking Supervision and the Islamic Financial Services Board (IFSB). As a result, CBL supervisors are now better equipped to carry out diagnostic gap analyses and to identify priority areas for the continued development and strengthening of the supervisory framework.

Enhancing Risk Management Regulations for Islamic Banks (February 8-12)

The mission supported the Central Bank of Libya (CBL) in enhancing risk management regulations for Islamic banks, consistent with the Basel Core Principles, the Core Principles for Islamic Finance Regulation, and related IFSB standards. The mission aimed to transition from a high-level framework toward risk-specific regulatory requirements and supervisory tools, building on gaps identified during the 2025 METAC scoping mission.

Governance and Anti-Corruption

Scoping mission on the Governance and Anti-Corruption Capacity Development Needs (April 1-6)

This scoping mission aimed at identifying the governance and anti-corruption capacity development needs the Libyan High Committee for Implementing the Strategic Cooperation Plan to Combat Corruption, which brings together the Libyan Audit Bureau and the National Anti-Corruption Commission. Discussions included the legal and institutional framework, key actors, and a review of current priority capacity development needs. Coordination with other international partners of the High Committee has been virtual.

Public Financial Management

HQ-METAC **|** *Strengthening Budget Preparation (January 25-29)*

The workshop supported the Libyan Ministry of Finance in clarifying the technical prerequisites and sequencing for strengthening budget preparation ahead of potential budget unification. The workshop reviewed the current budget process, assessed progress since the 2024 technical assistance, and discussed practical steps to introduce a more structured budget preparation framework. The mission helped establish a shared understanding of which reforms are feasible under current institutional constraints, and would support the possible unification of the budget cycle.

Real Sector Statistics

Rebasing the national accounts (July 6-10)

METAC conducted a follow-up mission involving seven compilers from the statistical office and six researchers from the Central Bank of Libya to improve the GDP coverage for 2022. The mission trained officials on key concepts to better measure informal activities, discussed recommendations with the Head of National Accounts, and agreed on a workplan to produce a new national accounts benchmark for 2022 by 2027.

Updating Price Statistics (January 25 - 29)

The methodology used by the Bureau of Statistics and Census for Libya (BSCL) to compile the Consumer Price Index (CPI) was assessed and recommendations were made to strengthen its accuracy and relevance.

Revenue Administration

Advancing Legal Reform: Drafting Libya’s Tax Procedures Code (July 18-27)

As part of a three-phase initiative to modernize Libya’s tax administration, the July mission marked the second phase of support to the Libyan Tax Authority (LTA) in developing a comprehensive Tax Procedures Code (TPC). This phase focused on drafting the TPC, building on the diagnostic work completed in Phase 1 during February 2025. The METAC team, working jointly with the IMF's Legal Department (LEG), engaged in desk-based drafting activities to produce a simple yet comprehensive TPC that consolidates and harmonizes administrative provisions across core taxes, including income tax and stamp duty. The draft code reflects international good practices and is tailored to Libya's institutional context, improving procedural clarity and transparency, taxpayer compliance, and administrative efficiency. The draft code will be presented to the Libyan authorities during Phase 3, when it will be reviewed, discussed, and finalized.

Building Risk Management Capacity

A four-day interactive workshop in Jordan brought together tax officials from Iraq and Libya to introduce the foundational principles and strategic importance of the Compliance Risk Management (CRM) framework. Fourteen participants engaged in practical exercises and group work, applying CRM concepts to real-world scenarios and learning to identify, assess, and prioritize compliance risks using international good practices such as VITARA and TADAT.

Assist the General Directorate of Taxes in the Development of a Tax Procedure Code - Phase 3 (November 10-13)

This activity was the final of three planned to support the development of a Tax Procedures Code (TPC) for Libya. During the first activity, discussions were held with the Libya Tax Authority (LTA) to identify the scope and parameters for a TPC. As part of the second activity, a draft TPC was produced by leveraging provisions from income tax and stamp duty laws, along with executive regulations. In this third activity, the TPC draft was finalized through discussions of the various provisions with the LTA, explaining the benefits, and incorporating feedback. The LTA must now circulate the draft internally, consolidate any additional input into a final proposal, and submit it to the Commissioner for approval and onward review by the Ministry of Finance.

Review of functioning of core revenue administration processes (February 3-13)

This activity supported a review of the Libya Tax Authority's (LTA) strategic plans. METAC recommended to bring the LTA into alignment with contemporary practices, comprising reform that (1) transitions manual, paper-based processes to digital operations; (2) introduces a function-based organizational model; (3) replaces administrative assessment with self-assessment; and (4) rationalizes the field office network, reducing levels of autonomy of field offices and promoting strong a headquarters.

Customs Administration Scoping Mission (February 3-8)

An HQ-led customs administration CD mission on Libya was held in Amman, Jordan, with six representatives from the Libyan Customs Authority (LCA). The mission reviewed the local context of LCA and LCA's governance arrangements, management, and operations. It supported the LCA in identifying eleven priority measures to strengthen revenue and compliance in the short- and medium-term.

Review of functioning of core revenue administration processes (April 29-May 15)

This activity supported the Libyan Tax Authority (LTA) to improve its operational planning and monitoring. Identified as a quick-win initiative during a February 2026 joint HQ – METAC mission (Aslett), this activity aims to achieve a short-term impact. The aim is to assist the LTA in defining its operational goals, as well as providing guidance on the necessary resources, monitoring tools, and risk mitigation strategies.