Comprehensive Journal of Science
Volume (10), Issue (39), (March, 2026)
ISSN: 3014-6266

مجلة العلوم الشاملة
المجلد (10) العدد 39 مارس 2026
ردمد: 3014-6266

Structural Imbalances in Public Financial Management in Libya: Challenges and Pathways to Reform

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تاريخ الاستلام:2026/01/03 –تاريخ المراجعة: 2026/01/23– تاريخ القبول: 2026/01/30– تاريخ للنشر: 2026/02/25

ABSTRACT:
This research, will explore the structural imbalances in public financial management in Libya, focusing on the absence of a unified national budget and its implications for the country's economic stability and sustainable development. This study will analyze the historical context of political fragmentation and conflict that has led to significant institutional weaknesses and a lack of transparency, hindering effective financial governance. Through a detailed examination of fragmented fiscal decision-making, This study will highlight how inefficiencies and inconsistencies in financial policies exacerbate governance challenges, including corruption and limited accountability. This study will argue that these issues contribute to economic disparities and vulnerabilities in revenue management, necessitating comprehensive reforms. The research emphasizes the urgent need for integrating financial policies, enhancing governance through transparency and accountability, and strategic spending that addresses developmental priorities. The findings underscore the critical pathways to reform that can foster a stable and sustainable economic environment in Libya.
Keywords: Public Financial Management, Libya, Structural Imbalances, Economic Stability, Governance Reforms.

المسلخص:
يبرز هذا البحث الاختلالات الهيكلية في إدارة المالية العامة في ليبيا، مع التركيز على غياب ميزانية وطنية موحدة وتداعياتها على الاستقرار الاقتصادي والتنمية المستدامة للبلاد. ستحلل هذه الدراسة السياق التاريخي للتجزئة السياسية والصراع الذي أدى إلى نقاط ضعف مؤسسية كبيرة ونقص في الشفافية، مما أعاق الحوكمة المالية الفعالة. من خلال فحص مفصل لقرارات القرارات المالية المجزأة، أبرز كيف أن عدم الكفاءة والتناقضات في السياسات المالية تزيد من تحديات الحوكمة، بما في ذلك الفساد ومحدودية المساءلة. ستجادل هذه الدراسة بأن هذه القضايا تساهم في الفوارق الاقتصادية والهشاشة في إدارة الإيرادات، مما يستلزم إصلاحات شاملة. يؤكد البحث على الحاجة الملحة لدمج السياسات المالية، وتعزيز الحوكمة من خلال الشفافية والمساءلة، والإنفاق الاستراتيجي الذي يعالج أولويات التنمية. وتؤكد النتائج المسارات الحيوية للإصلاح التي يمكن أن تعزز بيئة اقتصادية مستقرة ومستدامة في ليبيا.
الكلمات المفتاحية: الإدارة المالية العامة، ليبيا، الاختلالات الهيكلية، الاستقرار الاقتصادي، إصلاحات الحوكمة.

1. Introduction

Public financial management (PFM) in Libya stands at the crossroads of economic fragility and political turmoil. As a fundamental framework for how governments allocate resources, manage expenditures, and ensure fiscal discipline, PFM is critical for economic stability and sustainable development. However, in Libya, the system has faced decades of challenges that have led to significant structural imbalances. These imbalances stem from a range of interconnected factors, including political fragmentation, institutional weaknesses, and a lack of unified governance. One of the most glaring issues is the absence of a unified national budget, an essential tool for financial management and policy coordination. This introduction seeks to provide an overview of these challenges, emphasizing their implications for Libya's broader political and economic instability.

Public financial management refers to the processes through which governments mobilize revenue, allocate resources, execute expenditures, and manage public debt. In a functional PFM system, these processes are underpinned by principles of transparency, accountability, and efficiency. In Libya, however, the reality is starkly different. Years of political conflict, institutional fragility, and competing power centers have eroded the foundations of sound financial management. The country has faced prolonged periods of political division, with rival governments operating in parallel and vying for legitimacy. This fragmented political environment has directly impacted the coherence and functionality of Libya's financial governance systems.

One of the most pressing issues is the lack of a unified national budget. In most countries, a national budget serves as a blueprint for public spending, outlining priorities and ensuring that resources are allocated effectively. In Libya, the absence of such a unified framework has led to inefficiencies in resource allocation, duplication of efforts, and a lack of strategic focus. Instead of a single cohesive budget, Libya's financial resources are often divided among competing factions, each with its own agenda and priorities. This has undermined the ability of the government to address pressing developmental needs, resulting in suboptimal outcomes for public service delivery and economic growth.

2. Economic and Social Consequences

The structural imbalances in Libya's PFM system are further exacerbated by a lack of institutional capacity. Many of the country's financial institutions lack the tools, expertise, and governance frameworks needed to manage public resources effectively (World Bank, 2025; IMF, 2025). Corruption is another pervasive issue, with reports of misappropriation of funds and lack of accountability in public spending (Lazrg, 2025; Al-Seriti & Ben Youssef, 2022). These challenges have created a vicious cycle, where weak institutions lead to poor financial management, which in turn undermines public trust and further erodes institutional capacity (IMF, 2024; Abu Ghafa, 2023). The structural imbalances in Libya's PFM system cannot be viewed in isolation. They are deeply intertwined with the country's broader political and economic instability. Libya has been in a state of conflict since 2011. The subsequent power vacuum led to the emergence of multiple factions, each seeking control over the country's resources and institutions. This political fragmentation has had a direct impact on financial governance, as rival groups have established parallel institutions and systems (World Bank, 2025; IJSRP, 2025). The consequences of these structural imbalances are far-reaching. Without a unified national budget, it becomes nearly impossible to coordinate policies and ensure that resources are allocated in line with national priorities. This has led to inefficiencies in public spending, with funds often being diverted to serve the interests of specific groups rather than the broader population (Al Zaitouni,, 2023; & Al Zarrouq et al., 2023). Moreover, the lack of transparency and accountability in financial management has created an environment where corruption can thrive, further undermining public trust in the government (Transparency International, 2025; Lazrg, 2025). Addressing these imbalances is critical not only for restoring economic stability but also for laying the groundwork for sustainable development. Economic stability is a prerequisite for political stability, as it provides the resources and opportunities needed to address the underlying causes of conflict. By reforming its PFM system, Libya can create a more equitable and efficient allocation of resources, which in turn can help to reduce inequalities and foster social cohesion (IMF, 2024; World Bank, 2025).

1. **Research Objectives**

The primary objective of this research is to analyze the causes and consequences of structural imbalances in Libya’s public financial management system. This involves examining the historical, political, and economic factors that have contributed to the current state of affairs, as well as assessing the impact of these imbalances on economic stability and development. The research also aims to identify potential pathways for comprehensive reforms, with a focus on improving governance, integrating fiscal policies, and promoting strategic spending.

2. **Research methodology**

To achieve these objectives, the research will take a holistic approach, considering the interplay between political, economic, and institutional factors. This includes examining the role of political fragmentation in undermining financial governance, as well as the impact of institutional weaknesses on the effectiveness of public financial management. The research will also explore the potential benefits of implementing reforms, such as increased transparency, accountability, and efficiency in public spending.

3. **Theoretical Framework**

The central point of this research is that structural imbalances in Libya’s public financial management system hinder economic stability and sustainable development. These imbalances are a direct result of:

- Political fragmentation,
- Institutional weaknesses,
- A lack of unified governance and,
- Inability In prioritizing developmental needs.

Addressing these challenges requires immediate and comprehensive reforms in governance, fiscal policy integration, and strategic spending. By doing so, Libya can create a more stable and sustainable economic environment, which in turn can contribute to broader efforts to achieve political stability and social cohesion.

4. **The Context of Fragmentation**

To understand the current state of Libya’s public financial management system, it is important to consider the historical context. Libya’s economy was heavily centralized, with the government exercising tight control over financial resources. While this system was far from perfect, it did provide a degree of stability and coherence in financial management. However, in 2011 marked the beginning of a period of political and economic fragmentation. This fragmentation was further exacerbated by the proliferation of armed groups, which often operated outside the control of any central authority. As a result, Libya’s financial governance systems became increasingly divided, with rival institutions operating in parallel and competing for legitimacy.

4. 1 The Lack of a Unified National Budget

The absence of a unified national budget represents one of the most visible manifestations of Libya’s political and institutional fragmentation. Without a single framework for public spending, coordinating fiscal policies and ensuring that financial resources are allocated according to national priorities becomes extremely difficult. In practice, this fragmentation has resulted in significant inefficiencies in public financial management, where resources are frequently misallocated or used in ways that do not support long-term development objectives (World Bank, 2023; IMF, 2024). Furthermore, the absence of a consolidated budgetary framework undermines the government’s capacity to conduct strategic planning, as competing authorities often prioritize short-term political objectives rather than sustainable economic development.

The roots of this challenge are closely linked to Libya’s political and historical context. Public financial management in the country has been profoundly affected by years of political instability and institutional fragmentation that have disrupted traditional mechanisms of fiscal governance (UNDP, 2022). The lack of a cohesive budgetary system has therefore had far-reaching consequences, affecting economic stability, fiscal coordination, and the delivery of public services (African Development Bank, 2023).

Before 2011, Libya operated under a highly centralized financial system in which the state exercised direct control over national revenues, particularly those derived from oil exports. These revenues accounted for most of the government income and were allocated across sectors through centralized administrative mechanisms. Although this system lacked transparency and democratic oversight, it nevertheless ensured a certain degree of coordination in financial decision-making (Vandewalle, 2012). However, the political transformation that followed the collapse of the previous regime marked the beginning of a period of profound institutional disruption. The emergence of competing political authorities and rival administrations created multiple centers of decision-making within the state apparatus. As a result, financial governance became increasingly fragmented and difficult to coordinate (Pack & Cook, 2015).

After 2011, Libya experienced prolonged conflict characterized by the presence of multiple governments and armed groups claiming legitimacy. This situation significantly disrupted the country's financial governance structures, as parallel institutions emerged with competing fiscal mandates (World Bank, 2023). For example, the Government of National Accord (GNA) in Tripoli and the House of Representatives (HoR) in Tobruk both asserted authority over national financial institutions and implemented separate budgetary priorities.
The existence of these parallel governance structures created significant obstacles to the development of a unified national budget, as each authority sought to advance its own political and economic interests (IMF, 2024). The role of conflict in intensifying financial disorder has been particularly significant. Prolonged instability has redirected public resources away from development priorities toward security and military expenditures (African Development Bank, 2023).
At the same time, ongoing political tensions have weakened the administrative capacity of key financial institutions, limiting their ability to implement effective financial oversight or coordinate fiscal policies across the country (UNDP, 2022).
Consequently, Libya's public financial management system remains highly fragmented. The absence of a single authority capable of consolidating national revenues and expenditures has severely limited the government's ability to design coherent fiscal policies or implement comprehensive economic planning (World Bank, 2023).

Several factors continue to contribute to the persistence of this problem. Institutional weaknesses within key financial bodies have reduced their capacity to coordinate fiscal policy and enforce budgetary discipline. Limited transparency in financial reporting has further complicated efforts to monitor public spending and ensure accountability (IMF, 2024). In addition, the continued influence of competing political factions has reinforced divisions within state institutions, making consensus on a unified national budget extremely difficult to achieve (Pack & Cook, 2015)

4. 2 The Erosion of Institutional Capacity

One of the most significant consequences of Libya's prolonged political instability is the erosion of institutional capacity. Many of the country's financial institutions lack the technical tools, administrative expertise, and governance frameworks necessary to manage public resources effectively. This institutional weakness has created an environment in which corruption and financial mismanagement can flourish, as effective mechanisms for transparency, monitoring, and accountability in public spending remain limited (World Bank, 2023; Transparency International, 2022).

In addition, one of the primary reasons for Libya's budgetary fragmentation is the weakness of its state institutions. Decades of centralized governance under the previous regime left Libya with institutions that were highly dependent on political authority and lacked the autonomy required to function independently (Vandewalle, 2012). Following the political upheaval of 2011, these institutions were further weakened by ongoing conflict and political divisions. Key financial bodies, including the Ministry of Finance and the Central Bank of Libya, have struggled to assert their authority due to political interference, institutional fragmentation, and limited administrative resources (IMF, 2024).

The absence of strong institutional capacity has made it extremely difficult to establish a unified budgetary framework. For example, the Central Bank of Libya, which is responsible for managing the country's monetary policy and foreign reserves, has at times been divided between rival administrations that each claim legitimacy. This institutional division has generated inconsistencies in financial reporting and significantly hindered efforts to coordinate fiscal policy across the country (World Bank, 2023). Without strong institutions capable of overseeing and enforcing budgetary decisions, Libya remains unable to develop a coherent and integrated public financial management system.

Transparency is a fundamental component of effective institutions, as it ensures accountability and strengthens public trust in government decision-making. However, Libya has long struggled with limited transparency in its financial governance processes. Public financial reporting remains inconsistent, and oversight mechanisms are weak. As a result, corruption and the misuse of public funds have become persistent challenges within the country's financial management system (African Development Bank, 2023; Transparency International, 2022). This lack of accountability has gradually eroded public confidence in the government's ability to manage national resources effectively.

The political rivalry between competing authorities has further complicated efforts to unify fiscal governance. The division between the Government of National Accord (GNA) in Tripoli and the House of Representatives (HoR) in Tobruk illustrates how political fragmentation has hindered the creation of a unified national budget. Both administrations have operated separate fiscal systems and budgetary processes with limited coordination or communication between them (Pack & Cook, 2015). This dual governance structure has resulted in overlapping expenditures, duplication of government functions, and the absence of coherent economic planning.

Moreover, competition for control over oil revenues—which constitute the majority of Libya's public income—has intensified institutional divisions. Rival authorities often seek to secure access to these revenues to strengthen their political influence and finance administrative or security structures. This competition has further deepened fiscal fragmentation and complicated efforts to establish a unified system of public financial management (IMF, 2024; African Development Bank, 2023).

4. 3 Inability To Prioritize Developmental Needs

Another consequence of these structural imbalances is the failure to prioritize developmental needs. In many cases, public funds are allocated based on political considerations rather than economic priorities. This dynamic has led to a situation in which critical sectors such as healthcare and education receive insufficient funding, while resources are often directed toward less productive or politically motivated expenditures (World Bank, 2023; International Monetary Fund, 2024). As a result, Libya has struggled to address some of its most pressing development challenges, including poverty, unemployment, and persistent regional disparities (United Nations Development Programme, 2022).

The lack of transparency and accountability in financial management has further complicated these challenges. Weak governance structures and limited oversight mechanisms have created conditions in which corruption and financial mismanagement can flourish (Transparency International, 2022). This situation has gradually eroded public trust in government institutions, making the implementation of economic and institutional reforms more difficult (African Development Bank, 2023). In addition, the failure to diversify income sources has left Libya heavily dependent on oil revenues. Oil exports continue to account for most of the government income and foreign exchange earnings. While these revenues provide substantial fiscal resources, they also expose the economy to significant risks associated with fluctuations in global oil prices (IMF, 2024). Consequently, economic instability in global energy markets can quickly translate into fiscal imbalances, budget deficits, and disruptions in public spending (World Bank, 2023).

5. Challenges in Financial Stability

Public financial management in Libya faces numerous challenges, with financial stability being a major concern. The country's fiscal framework is significantly affected by structural imbalances, political fragmentation, and heavy reliance on oil revenues. These factors combine to create vulnerabilities that hinder the effectiveness of fiscal policy and weaken the state's ability to ensure sustainable economic development (IMF, 2024; World Bank, 2023). In this context, three key issues significantly undermine financial stability in Libya:

1. economic disparities resulting from the unequal distribution of resources;
2. inefficiencies in revenue management due to over-reliance on oil revenues; and
3. weak expenditure control resulting from inadequate oversight and fiscal discipline.

5. 1 Economic Disparities

Economic disparities constitute one of the most pressing challenges affecting financial stability in Libya. These disparities are closely linked to the unequal distribution of natural resources and persistent regional imbalances. Libya's economic wealth is heavily concentrated in oil-producing regions, particularly in the eastern and southern regions where most oil fields and production facilities are located (African Development Bank, 2023). Consequently, these regions have historically benefited from relatively greater economic opportunities compared to other regions that lack direct access to natural resource wealth. This unequal distribution of resources has contributed to significant development gaps between regions. In many peripheral and rural areas, access to basic public services such as healthcare, education, and employment opportunities remains limited. Infrastructure development is also uneven, with urban centers receiving a disproportionate share of investment compared to remote communities (UNDP, 2022). These disparities not only affect citizens' living standards but also weaken national cohesion by creating perceptions of marginalization among less developed regions.

From a theoretical perspective, economic inequality and regional imbalances can have significant implications for financial stability. Development economics literature indicates that unequal resource allocation can impede economic growth, exacerbate social tensions, and reduce the effectiveness of fiscal policies (Todaro & Smith, 2020). In Libya's case, addressing regional disparities requires policies that promote balanced development and equitable resource allocation. Investments in infrastructure, education, and economic opportunities in developing regions can contribute to strengthening social cohesion and improving long-term economic resilience.

5. 2 Inefficient Revenue Management

The Libyan economy is heavily reliant on oil exports, which account for over 90 percent of government revenue and a substantial share of national income (Central Bank of Libya, 2024; IMF, 2024). While oil wealth provides substantial financial resources, overreliance on a single commodity exposes a country to significant financial risks.

Fluctuations in global oil prices directly impact Libya's public finances. When oil prices fall or production is disrupted due to political instability or security challenges, government revenues decline sharply. This volatility creates difficulties in maintaining stable public spending and often leads to fiscal deficits (World Bank, 2023). Consequently, the government may be forced to reduce expenditures, postpone development projects, or seek alternative sources of financing.

Reliance on oil revenues also contributes to structural weaknesses commonly associated with the "resource curse." Resource-rich economies often face governance challenges, limited economic diversification, and inefficient distribution of public revenues (Auty, 2001). In Libya, the dominance of the oil sector has discouraged investment in other productive sectors such as agriculture, manufacturing, tourism, and renewable energy. As a result, the broader economy remains underdeveloped and highly vulnerable to external shocks (African Development Bank, 2023).

Furthermore, a significant portion of oil revenues has historically been directed toward recurring expenditures, particularly public sector wages and subsidy programs (IMF, 2023). While these expenditures provide short-term social support, they leave limited fiscal space for long-term investments in infrastructure, education, and economic diversification.

5. 3 Libya's Spending System

Fiscal stability in Libya is affected by weak spending controls. Effective fiscal management requires robust mechanisms to monitor public spending and ensure the efficient use of resources. However, Libya's current spending framework is characterized by limited transparency, weak oversight, and poor fiscal discipline (World Bank, 2023).

Subsidy programs represent another major challenge in Libya's spending system. Subsidies on fuel, electricity, and basic commodities constitute a significant share of government spending (IMF, 2023). Although these subsidies are intended to support households and maintain social stability, they often lead to economic distortions and fiscal inefficiencies. For example, fuel subsidies encourage excessive consumption and have contributed to widespread smuggling across Libya's borders (African Development Bank, 2023). As a result, significant public resources are lost without achieving their intended social objectives. This pattern of spending reduces the government's ability to stimulate sustainable economic growth and increases revenue vulnerability during periods of low revenue.

5. 4 Lack of Comprehensive Oversight

One of the major challenges is the lack of comprehensive oversight of public spending. Political fragmentation has led to multiple centers of power, each influencing financial decisions and budget allocations (UNDP, 2022). This situation complicates efforts to monitor government spending and reduces the effectiveness of accountability mechanisms. In some cases, public funds are allocated without clear planning or a proper assessment of economic priorities.

Transparency in budgetary processes also remains limited. Without reliable and publicly available financial data, it becomes difficult to evaluate how public resources are used or to assess the effectiveness of government programs (World Bank, 2023). Weak transparency increases the risk of corruption, mismanagement, and the inefficient use of public funds, further undermining financial stability.

To address these challenges, Libya must prioritize revenue diversification as a key element of its economic strategy. Diversification includes expanding productive activities beyond the oil sector and encouraging the development of alternative income sources. Investment in agriculture, renewable energy, logistics, and tourism can create jobs and enhance economic resilience (African Development Bank, 2023). Furthermore, improving the business environment and encouraging private sector participation will help broaden the country's revenue base and reduce its dependence on oil revenues.

In conclusion, Libya's fiscal stability challenges are deeply rooted in structural economic imbalances, political fragmentation, and institutional weaknesses. Economic disparities, inefficient revenue management, and weak spending controls collectively undermine the effectiveness of the country's fiscal framework. Addressing these challenges requires coordinated reforms that promote equitable development, diversify revenue sources, and strengthen fiscal governance.

6. Comprehensive Reforms for Public financial management

This section discusses the importance of integrating fiscal policies and emphasizes the role of strategic spending in achieving development priorities, reducing disparities, and promoting long-term economic growth. Through these reforms, Libya can aim to establish a more stable and equitable economic environment that supports its recovery and future prosperity.

To achieve economic stability, Libya must focus on integrating its fiscal policies, including unifying fiscal and monetary strategies. The long-standing lack of coordination between fiscal and monetary policies has contributed to economic imbalances in the country. Fiscal policy, which includes government spending and taxation, and monetary policy, which regulates the money supply and interest rates, must work together to stabilize the economy and ensure sustainable growth. Key steps toward integration include:

1. Establishing a unified framework in which fiscal and monetary policies are aligned with national economic objectives. For example, the Central Bank of Libya (CBL) and the Ministry of Finance should cooperate closely to ensure that government spending is aligned with available revenues and the money supply. This cooperation can help reduce fiscal deficits and inflationary pressures, both of which have been significant issues in the Libyan economy. By aligning these policies, the government can also improve resource allocation and ensure that fiscal decisions are based on long-term objectives rather than short-term political interests.
2. Establish clear and transparent communication channels between financial institutions. Transparency in policymaking can boost public and investor confidence, both of which are essential for economic recovery. For example, publishing reports on fiscal and monetary performance and making policy decisions publicly available can create an environment of accountability and reduce opportunities for corruption.
3. Address external factors such as oil price volatility, which significantly impacts its economy. By diversifying its revenue sources and reducing dependence on oil, Libya can create a more resilient economic structure. Diversification strategies should be integrated into fiscal and monetary policies to ensure that revenue fluctuations do not undermine economic stability. For example, investments in non-oil sectors such as agriculture, tourism, and renewable energy can provide alternative sources of income and reduce the economy's vulnerability to external shocks.
4. Effective governance. In Libya, the lack of accountability has allowed corrupt practices to flourish, undermining public trust in government institutions. To address this problem, the government must implement mechanisms to monitor and evaluate public spending. For example, performance-based budgeting can ensure that government programs are evaluated based on their results and effectiveness. By linking funding to outcomes, the government can incentivize efficiency and prioritize initiatives with the greatest impact on development.
5. Building institutional capacity is equally important for effective governance. Weak institutions often fail to implement reforms effectively, leading to delays and inefficiencies. Strengthening institutions requires providing adequate resources, training personnel, and improving infrastructure to support their operations. For example, investing in digital technologies can enhance the efficiency of tax collection, reduce administrative costs, and improve service delivery. Furthermore, strengthening partnerships with international organizations and donor agencies can provide technical assistance and financial support for capacity-building initiatives.
6. Decentralization is another strategy that can promote effective governance in Libya. By transferring decision-making authority to regional and local governments, the central government can ensure that resources are allocated more equitably and that policies are tailored to meet the specific needs of different regions. Decentralization can also

empower communities to participate in the development process, fostering a sense of ownership and accountability. 7. Promoting social inclusion is essential in Libya. Economic disparities and regional imbalances have contributed to social tensions and conflicts. Addressing these issues requires targeted policies that prioritize marginalized communities and ensure equitable access to resources and opportunities. For example, investing in education, healthcare, and infrastructure in disadvantaged areas can help reduce disparities and strengthen social cohesion.

In short, integrating fiscal policies is crucial for achieving economic stability in Libya. Unifying fiscal and monetary strategies, enhancing cooperation among financial institutions, and addressing external economic challenges can help create a more balanced and sustainable economy. These efforts require strong political will and institutional capacity, as well as a commitment to transparency and accountability.

7. Recommendation

Comprehensive reforms in public financial management are essential for addressing the structural imbalances that have long hindered Libya's economic stability and sustainable development. Integrating financial policies, promoting effective governance, and prioritizing strategic spending are key pathways to achieving these goals. These reforms require strong political will, institutional capacity, and a commitment to transparency and accountability. By addressing these challenges, Libya can create a more stable and equitable economic environment that supports its recovery and future prosperity. To pave the way for meaningful reforms in Libya's public financial management, several practical recommendations can be proposed.:

1. First, strengthening institutional frameworks is crucial. This means not only enhancing the capacity of existing institutions but also establishing new entities that can facilitate better financial governance. Training programs, technical assistance, and the establishment of clear guidelines for financial management can help build public institutions' capacity to manage resources effectively.
2. The strengthening of institutional capacity. This includes building the tools, expertise, and governance frameworks needed to manage public resources effectively. By doing so, Libya can create an environment where transparency and accountability are prioritized, reducing the scope for corruption and ensuring that public funds are used for their intended purposes.
3. A comprehensive approach that takes into account the political, economic, and institutional factors at play. One of the key priorities should be the establishment of a unified national budget. This would provide a framework for coordinating policies and ensuring that resources are allocated effectively. It would also help to reduce inefficiencies in public spending and create a more stable economic environment.
4. There is a need to promote strategic spending that prioritizes developmental needs. This includes addressing critical challenges such as poverty, unemployment, and regional disparities. By focusing on these areas, Libya can create a more equitable and sustainable economic environment, which in turn can contribute to broader efforts to achieve political stability and social cohesion.
5. Strategic spending is a vital tool for addressing developmental priorities and promoting long-term economic growth in Libya. By investing in infrastructure, education, healthcare, and regional development, the government can create a more inclusive and sustainable economic environment. These efforts must be guided by a clear vision and supported by strong institutions to ensure their success.
6. Transparency is another cornerstone of effective public financial management. The government must commit to promoting transparency in budget processes, making budget information publicly available, and involving citizens in budget discussions.

This will not only enhance accountability but also build trust between the government and the populace. Initiatives such as public expenditure tracking surveys can provide valuable insights into how funds are allocated and spent, allowing for greater oversight and engagement from civil society.

7. Diversifying revenue sources is essential to reduce dependence on oil revenues, which have historically been the backbone of Libya's economy. This can involve developing sectors such as agriculture, tourism, and manufacturing, thereby creating a more resilient economy that is less vulnerable to fluctuations in global oil prices. By broadening the revenue base, Libya can create a more stable financial environment, which is crucial for long-term development.
8. Finally, the government must prioritize strategic spending that focuses on developmental needs. This involves assessing the current allocation of resources and identifying areas where investment is most needed. By focusing on sectors such as education, healthcare, and infrastructure, the government can address immediate needs while laying the groundwork for future growth.

9. Conclusion

In examining the public financial management landscape in Libya, it becomes glaringly evident that the absence of a unified national budget stands as a significant barrier to achieving economic stability. The findings of this research highlight that Libya's fragmented financial policies, which stem from years of political fragmentation and conflict, result in inefficiencies that undermine the nation's fiscal health. The lack of a coherent and unified budget means that resources are not allocated effectively, and financial planning is severely compromised. This disjointed approach leads to a lack of accountability and transparency in financial governance, which are critical elements for fostering trust and efficient service delivery within the government.

Moreover, governance challenges in Libya, such as corruption and limited institutional capacity, leave many areas of the country underserved and vulnerable. As the country continues to grapple with economic instability, the need for comprehensive reforms becomes more pressing. The current financial management system is not just inefficient; it is fundamentally flawed, lacking the coherence and strategic direction needed to promote economic growth and sustainability. Moreover, the political climate in Libya, characterized by competing factions and a lack of central authority, further complicates the situation. For reforms to be effective, there needs to be a commitment from all political players to work towards a common goal of economic stability.

The challenges facing Libya's public financial management are significant, but they are not insurmountable. By implementing comprehensive reforms that focus on creating a unified national budget, strengthening institutions, promoting transparency, and fostering cooperation among political factions, Libya can work towards achieving economic stability. The path forward may be fraught with challenges, but the potential for a more stable and prosperous Libya is within reach, provided that the necessary reforms are prioritized and pursued with commitment and determination.

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