



وحدة المعلومات المالية الليبية
Libyan Financial Information Unit

Challenges facing the Libyan Financial Information Unit in Combating Corruption and Money Laundering

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The legislative framework for combating corruption in Libya:

Libya ratified the United Nations Convention against Corruption on February 24, 2005, and it has become enforceable.

At the local level: there is a set of legislation that prevents and combats corruption, the most important of which are:-

- Economic Penal Code No. 2 of 1979
- Money Laundering Law No. 2 of 2005
- Abuse of Position Law No. 22 of 85
- Mediation and Nepotism Law No. 5 of 1985
- Purification Law No. 10 of 1994
- Law 5 of 2010 ratifying the Anti-Corruption
- Convention Terrorism Law No. 3 of 2014
- Law No. 1 2005 regarding banks
- Law No. 46 of 2012 as amended



The regulatory framework for combating corruption is represented by the establishment of several relevant competent authorities, which are represented in the following:



The National Committee for Combating Money Laundering and Terrorist Financing

It was established by decision of the Board of Directors of the Central Bank of Libya No. 21/2005 in accordance with Law No. 2/2005 and reconstituted in accordance with Law No. 1013/2017 as follows:

- **Chairman of the Committee:** Governor of the Central Bank of Libya
- **Representatives of the Central Bank are** (Director of the Libyan Financial Information Unit - Director of the Banking and Monetary Control Department, Director of the Legal Department)
- **Representatives of other government agencies:**
Ministry of Interior - Ministry of Justice - Ministry of Finance - Ministry of Economy - Ministry of Foreign Affairs - Audit Bureau - Public Prosecutor's Office - Customs Authority - Tax Authority - Land Registry Authority - Insurance Supervision Authority - Libyan Capital Market - Libyan Intelligence Service - Internal Public Security Service - Anti-Corruption Commission - Civil Society Commission)
- **Observer members** (observer member from the Government of National Unity - observer member from the Libyan Counter-Terrorism Center)

Among the most important functions of the National Committee to Combating Money Laundering and Terrorist Financing are specified by Law 1013 of 2017 in Article (3), including:

- Developing and implementing a national strategy to combat money laundering and terrorist financing through coordinating specialized processes and monitoring their implementation
- Ensuring the existence of efficient mechanisms for local cooperation and coordination among the relevant authorities to develop and implement policies and initiatives to combat money laundering, terrorist financing, and the proliferation of weapons of mass destruction.
- Assessing the risks of money laundering and terrorist financing at the national level
- Coordinating with the competent authorities in developing and qualifying cadres working in the field of combating money laundering and terrorist financing
- Coordinating with the relevant authorities regarding international, regional and bilateral agreements related to combating money laundering and terrorist financing and proposing the necessary mechanisms for their implementation. Providing recommendations regarding the development of instructions and controls issued by the regulatory authorities in the country.
- Evaluating the effectiveness of money laundering and terrorist financing and monitoring the implementation by the competent authorities of the policies and decisions taken in this regard.

The Libyan Financial Information Unit

- ❑ The Information Unit was initially established in the Banking and Monetary Control Department pursuant to the Governor of the Central Bank of Libya's Decision No. 40 of 2002 issued on 05/28/2002.
- ❑ **01/12/2005 Law No. 2/2005** regarding combating money laundering was issued to give it legal status as a national center to confront money laundering operations.
- ❑ **12/16/2008 The Unit was reorganized**, as the National Anti-Money Laundering Committee Resolution No. (1) of 2008 was issued to organize the main financial information unit at the Bank of Libya, and thus the name "main" was added to it to distinguish it from the sub-units of the institutions, in addition to changing the subordination of the unit to be under the supervision of the National Committee. To combat money laundering, it is technically affiliated with the financial information subunits of banks and financial institutions
- ❑ **10/24/2017 The Money Laundering and Terrorist Financing Law No. 1013 of 2017 was issued**, whereby the unit was re-established and reconstituted in accordance with Article 5, Establishment and Composition of the Unit, which stipulated firstly: "An independent unit shall be established pursuant to the provisions of this law called the "Libyan Financial Information Unit," which shall have a legal personality. It submits periodic reports on its activities to the National Committee for Combating Money Laundering and Terrorist Financing



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Tasks and powers of the Financial Information Unit:

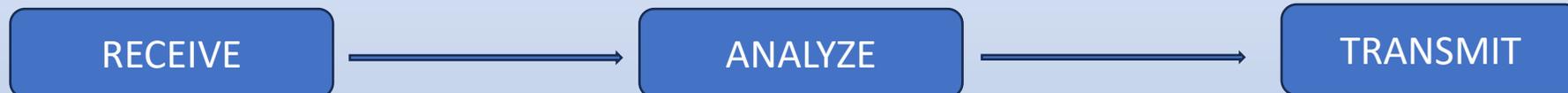
The law specifies the unit's tasks and powers as follows:

It acts as the National Center to receive reports

Receiving and analyzing notifications (STR) received from financial institutions, non-financial institutions, designated professions, and regulatory and supervisory authorities regarding operations that are suspected to include money laundering, terrorist financing, or any of the predicate crimes associated with them,

and referring the analysis of the notifications (STR) to the relevant authorities of suspicious transactions and any other information related to money laundering, the predicate crimes associated with it, and terrorist financing crimes,

and it analyzes them and refers their results to the Competent Authorities (Law Enforcement Agencies), meaning its mission is to carry out what is called a parallel financial investigation.”



The Situation In Libya :



Administrative, political and financial corruption in Libya is considered one of the most important obstacles to building the Libyan economy and a major reason for the failure of the reform attempts that the state has pursued for a long time.

In 2017, Transparency International ranked Libya as the ninth most corrupt country in the world and gave it 17 points out of 100 in integrity and transparency.

- Manifestations of mediation and favoritism (especially in empowering relatives with jobs and contracts)
- Collusion and bribery
- Exploiting one's position for private interests,
- Speculation in foreign exchange
- Fraud and monopoly

are all considered among the most important results of the spread of corruption and its spread in all state institutions, both security and social, including the regulatory agencies themselves. The increase in bribery, nepotism, embezzlement, abuse of influence, and manipulation of government project contracts leads to the deprivation of segments of society of their economic and social rights, the waste of state gains, the loss of huge public funds by depleting the state's general revenues, and the distortion of real development paths as a result of the loss of development balance and the weakness of important investments to support the National Economy.

The Real Causes of Corruption in State Sectors in General are due to:

1. The political division taking place in the Libyan state and the insecurity, in addition to the exploitation of a large segment of officials and employees of this division and violation of applicable laws and legislation by controlling the joints of the state and sovereign functions, the spread of administrative corruption in various forms of mediation and nepotism, as well as the spread of financial corruption in all sectors of the state, from Through fictitious contracts and credits, disbursing rewards to people who do not deserve them, and other financial and documentary violations.
2. The presence of an appropriate environment for financial corruption, which Transparency International has defined as every act that involves the misuse of public office to achieve a private interest for oneself or others.
3. The Libyan economy was severely damaged as a result of the banking sector's violations, including money laundering, currency smuggling, fake credits, and other violations represented by weak implementation of regulations and laws and the absence of transparency systems.

Challenges Faced by Libyan Financial Information Unit:

- **Weak Legal Framework:** The country lacks a comprehensive and robust legal framework to combat corruption and money laundering. Strengthening and harmonizing legislation is crucial to address these issues.
- **Lack of Law Enforcement Capacity:** The Libyan law enforcement agencies often lack the capacity, training, and resources to effectively investigate and prosecute cases of corruption and money laundering.
- **Conflict and Security Concerns:** Ongoing conflicts and security concerns in Libya hinder the ability to establish effective oversight mechanisms and conduct investigations into financial crimes.
- **Lack of International Cooperation:** International cooperation is essential in addressing cross-border financial crimes. Libya faces challenges in collaborating with other nations due to its political and security situation.

Challenges faced by the Libyan Financial Information Unit:

- **Informal Economy:** The prevalence of an informal economy makes it difficult to track and regulate financial transactions, creating opportunities for money laundering.
- **Corruption at Multiple Levels:** Corruption is pervasive, occurring at various levels of government, including local and national authorities, exacerbating the problem.
- **Capacity Building:** Developing the expertise and capacity of government agencies, financial institutions, and regulatory bodies to combat corruption and money laundering is a significant challenge.
- **Public Awareness:** Raising awareness among the public about the detrimental effects of corruption and money laundering is crucial but challenging in a fragmented environment.
- **Financial Institutions:** Ensuring that financial institutions implement adequate Know Your Customer (KYC) and Anti-Money Laundering (AML) measures is a constant challenge
- **The need for Whistleblower Protection:** this measure shall protect whistleblowers who report corruption

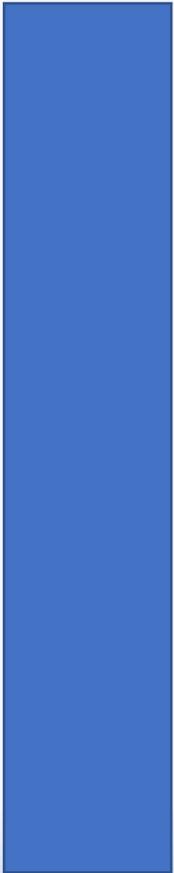
MEASURES TAKEN BY THE LIBYAN STATE

- Libya has taken several actions to combat corruption, though the effectiveness of these measures has been challenged due to ongoing political instability. Some of the key actions include:
- Legislative Reforms: Libya has made efforts to strengthen its legal framework by enacting anti-corruption laws and regulations. These include measures to promote transparency and accountability in public institutions.
- Establishment of Anti-Corruption Bodies: The country has created institutions such as the Libyan Anti-Corruption Commission to investigate and prosecute cases of corruption. However, their effectiveness is limited by a lack of resources and political interference.
- International Cooperation: Libya has engaged with international organizations and neighboring countries to seek assistance in tracking and recovering assets stolen through corruption. Collaboration with organizations like the UN and the Arab League is ongoing.
- Public Awareness: Efforts have been made to raise public awareness about the detrimental effects of corruption and the importance of reporting it. Civil society organizations play a role in this regard.



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In conclusion, the **Libyan Financial Information Unit** faces numerous obstacles in its fight against corruption, rooted in political instability, limited resources, legal shortcomings, and security concerns. Addressing these challenges is crucial to promoting transparency and accountability in the country's financial systems



Thank you for Listening