

The role of monetary policy in achieving economic diversification in Libya

Introduction by:

Omran Shaaban Al-Hadi Haroun

Assistant Lecturer, Faculty of Economics and Political Science University of Nalut, Department of Economics - Libya

Haronomran2@gmail.com



كلية الاقتصاد وإدارة الأعمال
الجامعة الإسلامية بنينسوتا

Abstract:

Monetary policy plays a vital role in achieving economic development in any country .From this standpoint ,the study aimed to analyze the role of monetary policy in achieving economic diversification in Libya .The study used the inductive approach based on the descriptive tool and the analytical tool ,as the descriptive tool was used to present the concepts ,dimensions ,indicators and theories related to monetary policy and economic diversification .The ARDL test model was also used to measure the effectiveness of monetary policy in achieving economic diversification in Libya .The study concluded that economic diversification requires working to develop a balanced approach to development ,carrying out harmonious and integrated reforms ,investing in human resources ,institutions and infrastructure ,and working to provide a good business climate. There is also a significant and negative impact of the monetary base variable on economic diversification measured by the percentage of non-oil sectors 'contribution to Libya's gross domestic product during the period ,(1990-2023) and this result differs from economic theory and literature.

- **Keywords** : Monetary policy ,economic policy ,economic diversification ,Libyan economy

1- Introduction-:

Monetary policy plays a pivotal role in achieving economic development and diversification in Libya ,as monetary policy is the cornerstone in designing the overall economic policy ,according to the economist) MishKin. F, 1995 p.(3.

Monetary policy has received great attention from many other economists ,due to the important role it plays in economic activity ,and its impact on many economic variables ,as it addresses many economic problems such as inflation ,unemployment ,and the instability of the national currency value.

This is because monetary policy intervenes with its various tools to control the money supply with the level of economic activity ,as it works to influence the size of the money supply using certain tools to suit the conditions experienced by the country ,which leads to achieving economic

stability and other economic goals ,including the goals formulated by economist Nicholas Kaldor, Known as the magic square ,which is represented in achieving economic growth ,diversification, and stability in the price level ,in addition to achieving balance in the balance of payments and trade)Oliver PiceK. (2017,

The importance of monetary policy lies in the fact that changing the money supply affects monetary stability ,which in turn leads to increased economic growth rates) Mustafa, Reem ,and Ladgham,Fathi ,2022 ,p.(254 .

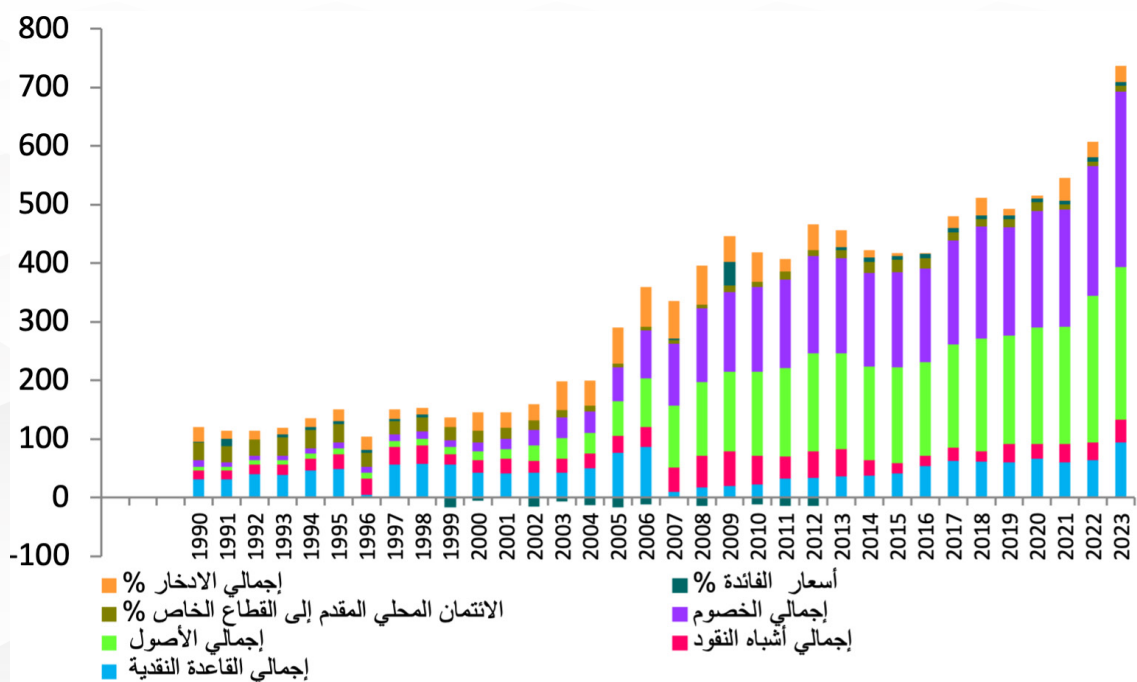
Also successful monetary policy is one of the most important ways and means that encourage investment and economic development .Because the Libyan economy is a rentier economy par excellence ,as it depends mainly on oil revenues ,it is therefore necessary to work on developing economic and monetary plans and policies that aim to achieve diversification and economic development by encouraging local and foreign investments in various economic sectors ,supporting small and micro-enterprises ,and striving to develop all economic sectors and other measures that the Libyan administration must take.

In light of the above ,the Libyan state seeks to achieve a set of economic goals through monetary policy ,the most important of which are achieving economic growth and diversification, encouraging investments and eliminating some economic problems such as inflation ,by using monetary policy tools such as controlling exchange rates ,which enables the Central Bank to control liquidity and borrowing rates ,growth of the money supply and price stability ,which leads to full employment and optimal use of financial resources in an efficient manner with the aim of achieving economic development .Monetary policy and the banking sector in Libya have undergone many radical changes and transformations throughout the study period ,between contractionary policies at times and expansionary policies at times .This is due to the political ,economic and social changes that Libya has witnessed since the nineties until .2023 These changes have been reflected in the tools of Libyan monetary policy.

Exchange rates in the Libyan economy have witnessed a state of fluctuation ,as they have risen significantly in recent decades ,despite the instability of the situation and the political and

economic turmoil that occurred with the events of the Libyan revolution in 2011. The exchange rate rose from 3.45 dollars to the dinar in 1990 to 4.8 dinars to the dollar in 2023. Interest rates ranged between 2 and 5% during the study period (1990-2023). In addition, the money supply in the Libyan economy has also witnessed a state of fluctuation and oscillation, as it has gone through different stages between clear periods of escalation and periods of stability, instability, fluctuation and excessive issuance of money. Central Bank of Libya, Economic Bulletin for several different years. (In the context of the above, we find that the monetary policy adopted by the Libyan administration throughout the study period 1990-2023) AD (is characterized by ineffectiveness as a result of several factors, the most important of which are the control of the public sector over economic activity, the spread of corruption, political, economic and social instability after the 2011 revolution, and other factors that led to the ineffectiveness of monetary policy in Libya. Accordingly, we will present through the following graphic form the most important economic indicators that are linked to the performance of the monetary policies adopted by Libya throughout the study period- 1990-2023).

Figure No . (1) . The most important indicators for measuring the performance of monetary policy in Libya during the period(1990-2023)



- Source : Prepared by the researcher based on the Central Bank of Libya ,Monetary and Financial Policy Reports for the years ,2022/2023 and the World Bank database and statistics.

It is clear from the previous graph that the monetary policy adopted by the Libyan administration throughout the study period (1990-2023) was characterized by ineffectiveness ,which led to fluctuations and instability in most economic indicators related to monetary policy ,such as savings. The following graph shows these indicators in more detail.

Based on the above ,this study aims to estimate the effectiveness of monetary policy in achieving development and diversification in the Libyan economy during the period.1990-2023

2- Literature Review:-

A study conducted by JOHN B .TAYLOR in May, 2005 ,examined the effects of the Monetary Policy In Emerging Market Countries with Implications For Egypt .This paper find that Egypt has recently shifted to a monetary policy framework that focuses on price stability .so Taylor particularly applauds the recent developments in monetary policy and the current reform efforts to put Egypt on a path of sustainable growth with lower inflation .At the same time ,he points out the need for more reform efforts ,especially in areas of financial sector reform ,deficit reduction ,and privatization of state-owned enterprises .It also successful emerging markets made the transition from using the exchange rate as a nominal anchor to inflation targeting.

Mohamed Omar M .Fargani) November,(2013, Thesis this for to investigates different aspects of the relationship between economic growth and mainstream macroeconomic variables, using time series data ,and The time series data is used to attempt to incorporate the major characteristics of the Libyan economy for the period 1962 to 2009 into a macroeconomic model .the study found this that in order to achieve high and stable economic growth and protect the economy from the negative effects of oil price fluctuations ,the Libyan government should continue its quest for

more efficient and effective non-oil export promotion policies as well for diversification strategies aimed at weaning the economy from its dependence on the oil sector.

In February, 2020 The World Bank prepared a report on to take stock of developments in the financial sector of Libya, the based to a fact-finding mission to Tripoli, Libya, in January, 2019 discussions with leading participants in the financial sector, and desk research. also The report is based on the limited information available about Libyan financial sector and is not intended to be a comprehensive assessment. this report find that the reforming/stabilizing the monetary regime is a precondition to any progress in financial intermediation but can only be accomplished following the unification of CBL with its Eastern branch.

Abdul Majeed Al-Hadi Al-Rutimi) January, (2020 a study that analyzed the reality of monetary and financial policies in the Libyan economy by shedding light on these policies, through the use of statistics and economic indicators, the possibility of their application in light of what the economy is going through, which reflects the details of each policy and its tools, and the Libyan crises from 2011 to 2019. This study concluded that the effectiveness of financial and monetary policy tools is weak due to the lack of coordination between policies in practicing their work within the economy, in addition to the challenges facing each policy, represented by the rise in prices as a result of the deterioration of the value of the Libyan dinar against foreign currencies, the decline in the total oil revenues for security and war reasons, and the high degree of economic exposure to the outside world, through the difference between exports and imports, and the spread of financial and administrative corruption that has affected most of the state's agencies and institutions.

Adel Enpaya, (2021) conducted a study to The Impact of the Independence of central Bank of Libya on the performance of the monetary policy, The study used the descriptive and analytical approach to demonstrate the role of central bank independence in achieving monetary policy objectives. The study concluded that there is a need to respect the independence of the Central Bank of Libya in order to continue reform efforts in line with economic conditions. Should as The Central Bank of Libya must also adopt a flexible monetary policy that can adapt to political and economic changes in order to maintain the stability of the general level of prices, especially preserving the

value of the Libyan dinar.

In November,2021,Omar M.H ,Heri. Y , and Andryan. S ,Conducted a study on the analyse the effect of changes in interest rates against inflation ,to analyse the effect of money supply to inflation ,to analyze the effect of rupiah exchange rate on inflation .In this study the authors used a quantitative approach .This research is a secondary and quantitative data study using sample data on interest rates ,the money supply and the exchange rate in Indonesia and Libya in.2005-2019 The study found that the There is significant influence between Money supply on Inflation ,in both Indonesia and Libya .There is no significant influence between Exchange rate on Inflation in Indonesia and Libya.

A study conducted by Amal Bourhrous ,(2021/2022) examined effects the Rebuilding Libya's Economy On New And Sustainable Grounds , The study analyzed the data from the period of2011 to . 2021 The study found that the Libyan policy-maKers need to complete the reunification of economic institutions as a prerequisite for reconstruction ,should be The banking sector needs to be further developed ,Digital solutions are Key to facilitate access to financial services for individuals and businesses ,In addition Libyan policy-maKers need to develop the digital infrastructure and integrate information and communication technology) ICT (in education and training.

Ahmed Alhadi Alharari) June, (2024 In this study ,investigated Legal and economic aspects of the independence of the Central Bank with application to the Central Bank of Libya ,study used The descriptive approach ,as it relied on books ,scientific research ,academic theses ,and economic bulletins on statistics and data related to the Libyan Bank and Libyan monetary policy .The study shows that The Central Bank of Libya faces many major challenges due to global developments, which has complicated further reforms to Keep pace with these global developments .In addition, to ensure the independence of the Central Bank of Libya in the long term ,it is necessary to work on strengthening governance in the Central Bank and increasing transparency and accountability.

Dr .Al-Hussein Al-Hadi Abdullah) March ,(2024 a research study aimed at proving the existence of a relationship between monetary policies and the components of the gross domestic product ,which in turn is reflected in economic activity in Libya and the extent of the success of

monetary policies and their tools in influencing and increasing economic activity .The study used the inductive deductive analysis method ,and concluded the importance of the influence of the relationship between money supply and gross domestic product ,and that monetary policies play an important role in achieving harmony between all other economic sectors that make up the national economy .The Central Bank of Libya must also have effective policies to control the value of the local currency) the Libyan dinar (against foreign currencies ,so that monetary policies are also effective on foreign investments.

In ,2024 Issued African Development Bank Country Focus Report 2024 Driving Libya's Transformation :The Reform of the Global Financial Architecture ,using analyzed the data and economic literature. The Report found that the Libya needs financial support for its reconstruction and development efforts .External funding could provide support for the country in terms of capacity building ,project finance and unlocking opportunities for the private sector.The benefits to Libya could also be enhanced by increasing SDR allocations to boost national reserves ;by improving access to the finance necessary to support private sector growth and to international financial assistance and technical support to facilitate reforms and enhance the overall investment climate; and by enhancing emergency financing to deal with exogenous shocks.

3 -Data and Methodology:-

The study relied on the inductive approach based on the descriptive tool and the analytical tool ,as the descriptive tool was used to present the concepts ,dimensions ,indicators and theories related to monetary policy and economic diversification ,as well as using the analytical tool to analyze the role of monetary policy in achieving economic diversification in Libya during the period .(1990-2023)

The study also relies on the standard approach when measuring the impact of monetary policy in achieving economic diversification in Libya during the period .(1990-2023) The study also used the autoregressive model with distributed intervals ,which is characterized by avoiding the

problem of false regression that arises due to the instability of time series data .This model is also distinguished from others - such as the error correction model - in that it can be applied in the event of different degrees of integration of the time series under study ,in addition to estimating the parameters of the relationship between variables in the short and long term and gives good results in the case of small samples .Data sources for the study variables in Libya were obtained from several sources ,the most important of which are data and statistics from the following international bodies and institutions) United Nations ,World Bank ,International Monetary Fund (as well as local data such as the Central Bank of Libya and the Ministry of Finance.

4 -Study objectives:-

The study mainly aimed to analyze the role of monetary policies and measure the effectiveness of these economic policies in achieving economic diversification in Libya during the period .(1990-2023)

5 -Empirical Analysis:-

1/5 (**Estimating the impact of monetary policy on achieving economic diversification measured by the non-oil sectors 'contribution to GDP indicator during the period:)1990-2023)**

A (**Estimating the model parameters for the long and short terms and the error correction parameter**:-

After ensuring the existence of a long-term equilibrium relationship between the dependent variable and the explanatory variables ,the parameters of the) ARDL (model for the long and short terms and the error correction parameter are estimated ,based on the number of lag periods specified according to the lag period test criteria for all variables .At this stage ,the)) Hendry method is relied upon from one year to a specific one ,which contains an estimation that includes the use of time series for the variables included in the model along with the error correction parameter) ECt,(as shown in the following two tables.

Table No .(1) .Results of the long-term ARDL model estimations for the second model ,which is concerned with estimating the impact of monetary policy on achieving economic diversification ,as measured by the indicator of the percentage of contribution of non-oil sectors to the gross domestic product during the period1990-)(2023

Variable	Coefficient	Error .Std	Statistic-t	Prob
X3	0.00062-	05-4.65E	13.3942-	0
X4	12.8557-	3.235679	3.97311-	0.0005
X5	1.6351	0.676521	2.416926	0.0233
R2=0.64	16.53568=FStatistic		2.292525 = .E.S	
60 =	0.000002 =(Statistic-F)Prob		2.275022=W.D	

Source .Prepared by the researcher ,using Eviews10 program.

Looking at the previous table ,it is clear that the variables that were chosen based on economic theory and literature ,and that explain the change in economic diversification measured by the percentage of contribution of non-oil sectors to the GDP ,had a negative and significant sign. From the results of estimating the table above ,the error correction equation will take the following form:

$$\text{Coint Eq} = Y1 * 0.0006 -) - X3 * 12.8557 - X4 * 1.6351 + X5 ($$

Table .(2) Results of the ARDL model estimates in the short term ,to measure the impact of monetary policy on achieving economic diversification as measured by the indicator of the percentage of contribution of non-oil sectors to the gross domestic product during the period. (1990-2023)

Variable	Coefficient	Error .Std	Statistic-t	Prob
C	41.27177	8.73328	4.725803	0.0001
((1-)Y1)D	0.716033	0.115592	6.194468	0
(X3)D	05-1.30E-	05-6.56E	0.19843-	0.8443
*(1-)CointEq	0.31068-	0.065578	4.7376-	0.0001

-Source .Prepared by the researcher ,using the Eviews10 program.

Looking at the previous table ,it is clear that the error term coefficient has a negative value of , (0.31068) and is significant at a level of less than ,1% indicating a correction from the short term to the long term at a speed of up to 31.06% each year for the variables under study.

2 (5/Evaluation of the estimated model economically and quantitatively:

This section aims to evaluate the estimated model based on two foundations :the first is the economic foundation ,to determine the extent of consistency of the ARDL model estimates with what is decided by economic theory and literature ,and the second is the standard foundation ,to identify the reliability of the measurement ,based on some diagnostic tests ,and these foundations can be identified as follows:

1 (5/2/Economic evaluation of the estimated model:

The results of estimating the) ARDL (model in Tables (1) and (2) indicate the following:

- A) The X3 coefficient indicates the existence of a significant and negative effect of the monetary base variable on economic diversification measured by the percentage of the contribution of non-oil sectors to the GDP in Libya during the period (1990-2023) in the long term ,and this result differs from the economic theory and literature .It can be explained by the presence of many challenges ,including:
- Inefficient use of money supply :If monetary policies do not direct investments towards non-oil sectors ,money supply may be used inefficiently ,leading to weak economic growth in those sectors .Corruption can also divert money into unproductive channels ,hindering growth in non-oil sectors.
 - High levels of inflation :Increased money supply may lead to higher inflation ,putting pressure on non-oil sectors and making them less competitive .Also ,higher prices resulting from increased money supply may lead to a decrease in consumers 'purchasing power ,which negatively affects demand in non-oil sectors.

B) The X4 coefficient indicates that there is a significant and negative impact of the lending interest rate variable on economic diversification measured by the percentage of non-oil sectors 'contribution to GDP in Libya during the period (1990-2023) in the long run ,and this result is consistent with economic theory and literature .This result can be explained by the fact that high interest rates lead to a shortage of financing available to non-oil sectors ,which hinders their ability to grow and expand .Also ,when interest rates rise, borrowing costs increase ,making it difficult for small and medium-sized enterprises ,which often represent non-oil sectors ,to obtain the financing necessary for growth and expansion .On the demand side ,high interest rates may negatively affect the purchasing power of individuals ,which reduces demand for goods and services in non-oil sectors ,which reduces opportunities for growth and renewal.

C) The X5 coefficient indicates that there is a significant and negative effect of the real exchange rate variable on economic diversification measured by the percentage of the contribution of non-oil sectors to the GDP in Libya during the period (1990-2023) in the long run ,and this result is not consistent with economic theory and literature .This result can be explained by the following:

- The high cost of imports ,especially the cost of raw materials .If the real exchange rate is high ,the cost of importing raw materials and equipment needed for non-oil sectors may rise ,which hinders the competitiveness of these sectors.
- The existence of negative effects on investments ,especially the economic risks associated with exchange rate fluctuations ,which may make investors hesitate to invest their money in non-oil sectors .In light of the high exchange rates and their continuous fluctuations ,companies prefer to direct their investments towards sectors that guarantee quick returns instead of non-oil sectors that require long-term investment.

D) It is clear that the error correction parameter took a negative sign ,and it is statistically significant at a significance level of less than , (1%) which means that the long-term imbalance is corrected at a speed equivalent to (31.06%) every year .The estimates of the short-term parameters also show that they were insignificant ,and this is due to the fact that the impact of monetary policies on the growth of non-oil sectors often takes time to appear ,which means that the impact may not be noticeable in the short term ,especially investment trends ,which may take a long time.

2 (5/2/Standard evaluation of the estimated model:

After estimating the model's parameters for the long and short term ,and in order to ensure the quality of the estimated model before adopting it ,a number of diagnostic tests are conducted, or what are called the estimated model suitability tests ,the most important of which are) Al-Shorbagy ,2009 ,p: (159 .

A) Heteroskedasticity Test of Random Error Variance for Regression Model To verify that there is no problem of heterogeneity of random error variance for the estimated regression model ,there are many tests ,the most important of which is Heteroskedasticity Test :Breusch-Pagan-Godfrey ,and by conducting this test ,which is shown in the following table ,it was found that the value of) Obs *R-squared (reached about , (5.344408)and the value of) Prob .Chi-Square ((6) reached about . (0.5005) This result means accepting the null hypothesis ,which says that there is homogeneity of the variance of the random error term ,and rejecting the alternative hypothesis ,which says that there is no heterogeneity of the variance of the random error term.

Table No .(3) .Heteroskedasticity test for the second model

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.835411	Prob. F(6,25)	0.5542
Obs*R-squared	5.344408	Prob. Chi-Square(6)	0.5005
Scaled explained SS	4.626221	Prob. Chi-Square(6)	0.5926

- Source :Prepared by the researcher based on the Eviews10 package.

Testing the absence of autocorrelation for the regression model) Autocorrelation: (

To verify the absence of autocorrelation for the estimated regression model ,there are many tests ,the most important of which is the) Breusch-Godfrey Serial Correlation LM Test ,(and by conducting this test ,which is shown in the following table ,it was found that the value of) F-statistic (reached about (1.331919) and) Prob) .F (reached about .(0.2836) This result means accepting the null hypothesis ,which says that there is no autocorrelation ,and rejecting the alternative hypothesis ,i.e .there is no autocorrelation.

Table No .(4) .Testing the absence of autocorrelation for the regression model) Autocorrelation :(The second model

Breusch-Godfrey Serial Correlation LM Test:

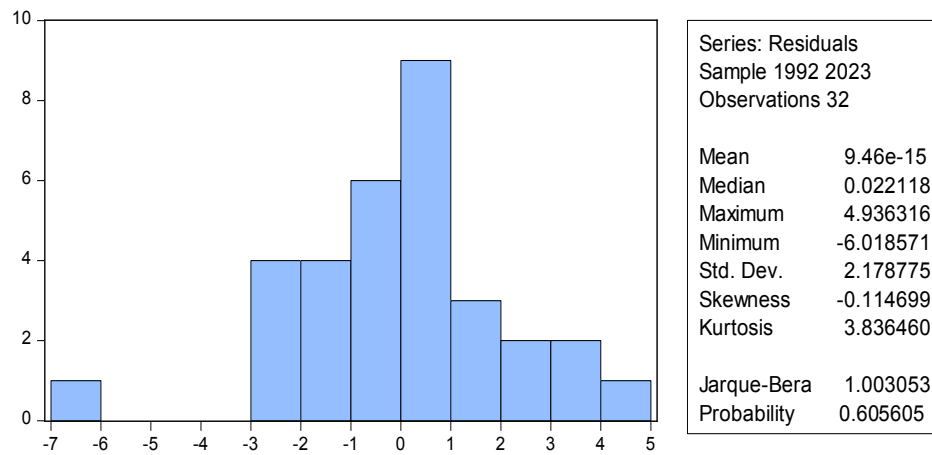
F-statistic	1.331919	Prob. F(2,23)	0.2836
Obs*R-squared	3.321516	Prob. Chi-Square(2)	0.1900

- Source :Prepared by the researcher based on the Eviews10 package.

Testing the normal distribution of random errors) Jarque Bera) JB: ((

The value of the Jarque-Bera) JB (statistic reached about ,(1.003053) with a probability value of about ,(0.605605) and these values indicate the acceptance of the null hypothesis that states that random errors are normally distributed in the estimated model ,as shown in the following figure ,which shows the normal distribution of the residuals of the estimated model.

Figure No .(1) .The normal distribution of the residuals of the estimated model :the second model

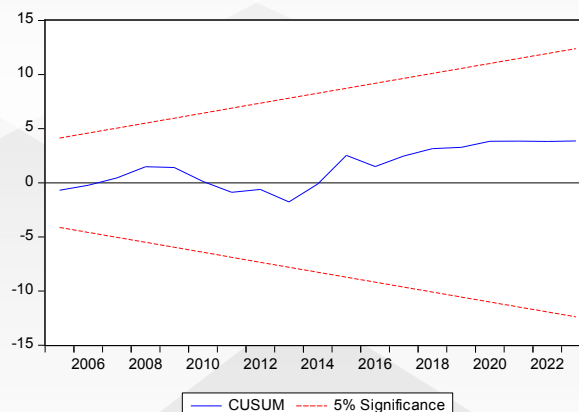


- Source :Prepared by the researcher based on the Eviews10 packAge.

Structural stability test for the estimated) ARDL (model

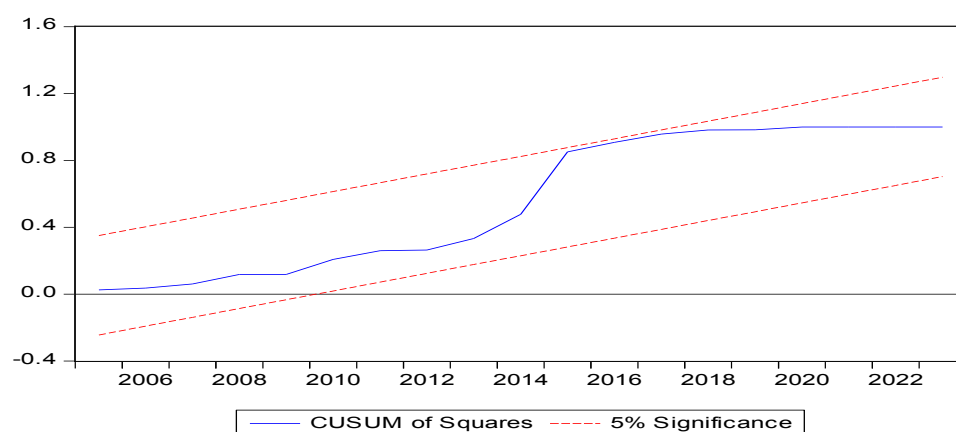
The structural stability test for the short -and long-term coefficients is that the data used in this study are free of any structural changes over time .To achieve this ,two tests are used :the cumulative sum of residuals) CUSUM (test and the cumulative sum of squares of residuals) CUSUM-SQ (test .The structural stability of the coefficients estimated by the UECM formula for the ARDL model is achieved if the statistical curve between) CUSUM (and) CUSUMSQ (is confined within the critical limits at a significant level of .5% Then ,these coefficients are unstable if the graph of the statistics of the two mentioned tests moves outside the limits at the level ,as shown in the following two figures:

Figure No .(2) .Results of the structural stability test for the model according to the) CUSUM (statistic :The second model



- Source :Prepared by the researcher based on the Eviews10 packAge.

According to Figure No .(3) .Results of the structural stability test of the model and the CUSUMSQ statistic :The second model



- Source : Prepared by the researcher based on the Eview10 packAge.

Considering the two previous figures ,it is noted that the estimated coefficients of the used)ARDL (model are structurally stable across the period under study ,which confirms the existence of stability between the study variables and consistency in the model between the results of error correction in the short and long term ,as the graphical form of the statistics of the two mentioned tests for this model fell within the critical limits at a significance level of 5%

Based on the above ,the results of the test of the heterogeneity of the variance of the random error for the regression model ,the test of the absence of autocorrelation for the regression model, the test of the normal distribution of random errors ,and the test of the structural stability of the estimated) ARDL (model confirm the reliability of the results obtained from the second model ,which is concerned with estimating the impact of monetary policy on achieving economic diversification in Libya during the period.(1990-2023)

6 -Conclusion and Recommendations:-

Monetary policy is one of the forms of policies adopted by the state with the aim of achieving economic stability in order to combat the various economic imbalances that accompanied economic development .Monetary policy represents the monetary aspect of general economic policy.

Therefore ,the monetary policy adopted by Libya during the study period (1990-2023) aimed to achieve economic stability .However ,the Libyan monetary policy went through different stages after that ,affected by the economic and political changes that the Libyan economy went through, which led to a structural change in Libyan monetary policies .From this standpoint ,the study reached a set of results and recommendations ,represented in the following:

- A)** Achieving economic diversification in Libya is considered one of the mechanisms of structural transformation to achieve balanced and comprehensive economic development in Libya.
- B)** The main reason and biggest challenge for not achieving economic diversification in Libya is the primary reliance on oil ,which constitutes a single growth model .Therefore ,achieving economic diversification in Libya requires working to develop all economic sectors simultaneously.
- C)** The study concluded ,with regard to measuring the impact of monetary policy on economic diversification measured by the percentage of contribution of non-oil sectors to the gross domestic product ,that there is a significant and negative impact of the monetary policy variable) monetary base) ,(interest rate on lending) ,(real exchange rate (on economic diversification ,and the error correction parameter for this model was statistically significant and negative with a correction value of (31.06%) each year.
- D)** The estimated parameters of the ARDL model in the long and short term ,for the second model ,which is concerned with determining the impact of monetary policy on achieving economic diversification measured by the contribution of the non-oil sectors to the GDP ,indicate the following:
- . There is a significant and negative impact of the monetary base variable on economic diversification measured by the contribution of the non-oil sectors to the GDP in Libya during the period ,(1990-2023) and this result differs from the economic theory and literature.
 - . There is a significant and negative impact of the interest rate variable on lending on economic diversification measured by the contribution of the non-oil sectors to the GDP in Libya during the period (1990-2023) in the long term, and this result is consistent with the economic theory and literature.
 - . There is a significant and negative impact of the real exchange rate variable

on economic diversification measured by the percentage of the contribution of non-oil sectors to the gross domestic product in Libya during the period (1990-2023) in the long term, and this result is not consistent with economic theory and literature.

Economic diversification is the main driver for achieving economic development for any country. The Libyan administration has sought throughout the study period (1990-2023) to adopt economic policies that enable it to achieve economic diversification. However, despite this, it has not succeeded in achieving this for several reasons, the most important of which is the lack of a clear policy to achieve economic diversification. Accordingly, the researcher sought to present a set of proposals that could help economic policy makers to enhance the role of monetary policy in achieving economic diversification. These proposals are as follows:

- A.** Working to provide and adopt training programs that contribute to the development of human cadres and qualify them to contribute to the development of the banking sector.
- B.** Commitment to applying international standards in terms of efficiency and risks in order for the banking system to engage in effective banking commission.
- C.** Working to provide all banking data and information.
- D.** Implementing the banking control system and unifying the Central Bank, applying governance and financial transparency, and carrying out some privatization and merger operations for banking units.
- E.** Carrying out monetary reforms through stabilizing the exchange rate and monitoring imports, providing and improving the collection of financial sector data, and following a policy of hedging against oil price fluctuations.

- References-:

- 1) Al-Shorbagy ,Magdy ,(2009) ,The Impact of Economic Growth on Employment in the Egyptian Economy ,North African Economics Journal ,Globalization and North African Economics Laboratory ,Hassiba Ben Bouali University ,Chlef ,Issue ,(6) Algeria.
- 2) Abdul Majeed Al-Hadi Al-Rutimi) January ,(2020 The Reality of Monetary and Fiscal Policy in the Libyan Economy ,an Analytical Study for the Period2012-2019 AD ,Journal of Human and Society Studies ,Issue No.10 .
- 3) Adel Enpayya ,(2021) The Impact of the Independence of central Bank of Libya on the performance of the monetary policy , Sebha University Scientific Journal, for Research and Applied Sciences.
- 4) Amal Bourhrous, (2021/2022) Rebuilding Libya's Economy On New And Sustainable Grounds ,the European Union ,Eur mesco policy Brief ,No.113
- 5) Ahmed Alhadi Alharari) June,(2024 Legal and economic aspects of the independence of the Central Bank with application to the Central Bank of Libya,Journal of Legal and Economic Research ,Faculty of Law - Mansoura University,Volume ,14 Issue.88
- 6) Al-Hussein Al-Hadi Abdullah) March ,(2024 The role of monetary policies in increasing economic activity in Libya during the period ,(1995-2019) AI-Satel Scientific Peer-reviewed Journal ,Issue.37
- 7) BEAJ,(2021):the Effect of Interest Rates ,Money Supply and Exchange Rate on Inflation in Indonesia and Libya ,Authors):Omar Mohammed Husayn Amhimmid,Heri Yanto,Andryan Setyadharma,(Business and Economic Analysis Journal,Vol) , (2) 1 November.(2021 ,
- 8) Central Bank of Libya ,Economic Bulletin for several different years2011-) ,(2014-2017-2020-2022-2023-2024access date ,5/1/2024 :available at: <https://cbl.gov.ly>.
- 9) Country Focus Report 2024 Driving Libya's Transformation :The Reform of the

- Global Financial Architecture ,African Development Bank.2024,
- 10) John B .Taylor In) May, (2005 ,Monetary Policy In Emerging Market Countries with Implications For Egypt,Distinguished Lecture Series ,23 A Publication Of The Egyptian Center For Economic Studies.
 - 11) Libya Financial Sector Review ,World Bank Group, Report February.2020
 - 12) MishKin , F.(1995) .Symposium on the monetary transmission mechanism .Journal of economic persectives.(4)9 ,
 - 13) Mohamed Omar M .Fargani) November ,(2013, An Empirical Analysis of Economic Growth in Libya ,Thesis submitted to the University of Western Sydney For the degree of Doctor of Philosophy.
 - 14) Mustafa ,Reem / Ladgham ,Fathihi ,(9/30/2022) An econometric study of the impact of monetary policy on economic growth in Algeria using the ARDL model, Journal of Finance and Business Economics ,Vol ,7 .No ,2 .September,2022 University of Martyr Hama LaKhdar El Oued ,Algeria.
 - 15) Oliver PiceK ,The magic square of economic policy measured by a macrocosmic performance index ,Department of economics ,the new school of social research ,working paper No ,(2) New York ,USA ,January.2017 ,



الجامعة الإسلامية بمنيوتا
Islamic University of Minnesota
المركز الرئيسي IUM

كلية الاقتصاد وإدارة الأعمال
الجامعة الإسلامية بمنيوتا



mag@ium.edu.so