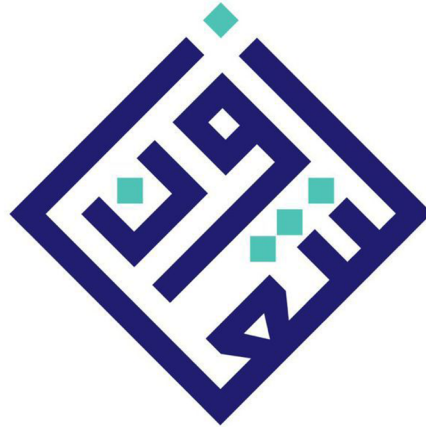


# Empowering Local Economies : Private Sector Mapping & Collaboration Frameworks

Baseline Diagnostics and Partnership Blueprints  
across 15 Libyan Municipalities



this Project is executed by



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# Executive Summary

# Executive Summary

This report is a result of exploratory assessment on the non-oil private sector across fifteen municipalities in Libya under the Linataawan Phase II framework. It provides a roadmap for identifying local economic drivers and assessing the feasibility of structured tripartite collaboration between private sector actors, municipal authorities, and civil society organizations (CSOs). Beyond descriptive mapping, the assessment evaluates whether private sector dynamics can be mobilized to strengthen essential service delivery and enhance local economic stability, positioning economic engagement as a potential catalyst for institutional resilience.

Given the absence of standardized official data on Libya's private sector, the study/assessment applied a qualitative mixed-methods approach designed to ensure triangulation and inter-municipality comparability. The methodology combined desk research drawing on international macroeconomic sources, including the World Bank and IOM, with semi-structured Key Informant Interviews conducted through purposive sampling. Firm-level mapping was undertaken to identify active economic actors and assess collaboration readiness.

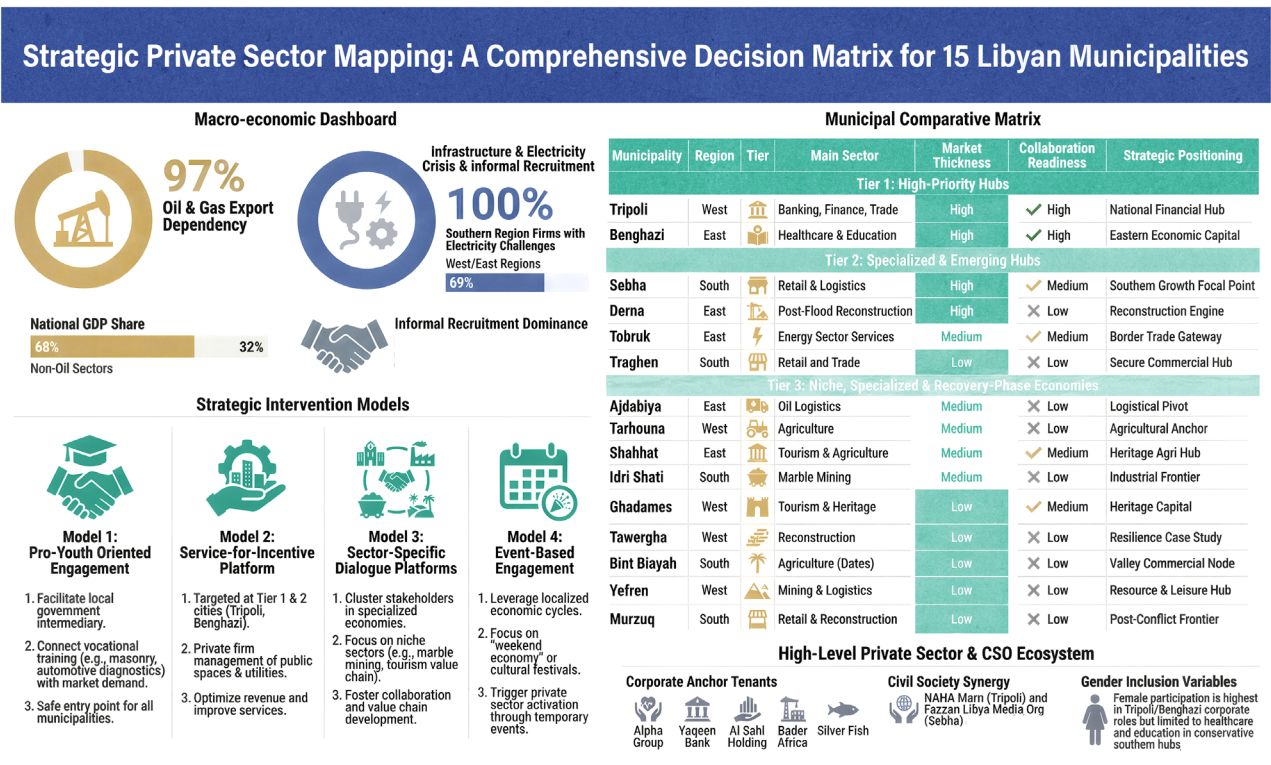
At the national level, the assessment identifies a structural discrepancy between formal legal requirements and actual business practice. Although Libyan law mandates a minimum of two partners for company formation, many enterprises operate under de facto single-owner control, reflecting personality-driven governance models. Informality remains a defining feature of the private sector landscape. While formalization is increasing in select urban retail sectors, partly driven by Municipal Guard enforcement and mandatory point-of-sale systems, agribusinesses and small-scale startups remain predominantly informal, limiting access to finance and structured growth pathways. Recruitment practices are overwhelmingly informal and heavily reliant on personal networks, reinforcing exclusionary patterns and documented preferences for male employees across multiple sectors. Private firms operate under sustained macroeconomic pressure, including exchange rate volatility linked to oil dependency, a severe cash liquidity crisis, and systemic electricity disruptions.

Across the fifteen municipalities, three distinct regional economic clusters emerge. The Southern region—comprising Traghan, Idri Shati, Murzuq, Sebha, and Bint Biayah—is characterized by structurally thin markets, high transport frictions, infrastructure deficits, and human capital outmigration. Economic activity is constrained by liquidity shortages and unreliable service delivery. The Eastern region—Derna, Shahhat, Tobruk, Benghazi, and Ajdabiya—demonstrates reconstruction-driven growth in select municipalities, particularly Derna and Benghazi; however, independent firms express concern regarding perceived market capture by politically affiliated entities. The Western region—Yefren, Ghadames, Tarhouna, Tripoli, and Tawergha—is anchored by Tripoli as the primary administrative and financial hub, while peripheral municipalities experience reverse migration dynamics and elevated security-related operational costs. Taken together, the regional analysis highlights a structurally uneven private sector landscape in which the East demonstrates the highest sectoral diversification and reconstruction-driven expansion, the South reflects a resilience-based logistics and trade economy constrained by structural isolation, and the West exhibits strong economic concentration around Tripoli with peripheral municipalities displaying narrower and more fragile local markets.

Despite economic variation across regions, collaboration maturity remains consistently low. Engagement between municipalities and private sector actors is predominantly transactional and limited to short-term service contracts, including cleaning, catering, and basic procurement services. There is no documented evidence of sustained, institutionalized public-private partnership frameworks. Municipal reluctance to disclose procurement information—often linked to concerns over corruption investigations—further constrains transparency and limits the development of structured engagement mechanisms. Tier 1 municipalities, particularly Tripoli and Benghazi, demonstrate comparatively higher readiness due to prior contracting experience in areas such as IT services, media engagement, and public space maintenance. Even in these contexts, engagement remains largely operational rather than strategic.

For Linataawan to achieve durable impact, interventions must function as structured trust-building mechanisms. CSOs are well positioned to act as intermediaries capable of reducing institutional hesitation, aligning municipal service needs with private sector capacity, and gradually transitioning relationships from transactional contracting to structured partnership. Engagement must remain politically neutral, operationally feasible, and aligned with documented local economic strengths.

Four complementary collaboration models emerge from the assessment, designed to reflect varying levels of institutional readiness across municipalities. The Pro-Youth Oriented Engagement model represents the safest entry point, focusing on vocational training and youth employment in a politically neutral framework. The Service-for-Incentive Platform targets commercially dense municipalities such as Tripoli, Benghazi, and Sebha, enabling structured private management of public facilities under transparent revenue-sharing arrangements. Two additional mechanisms—Sector-Specific Dialogue Platforms and Event-Based Engagement initiatives implemented through non-funded CSOs—provide lower-risk coordination mechanisms for municipalities where institutional trust and market maturity remain limited.

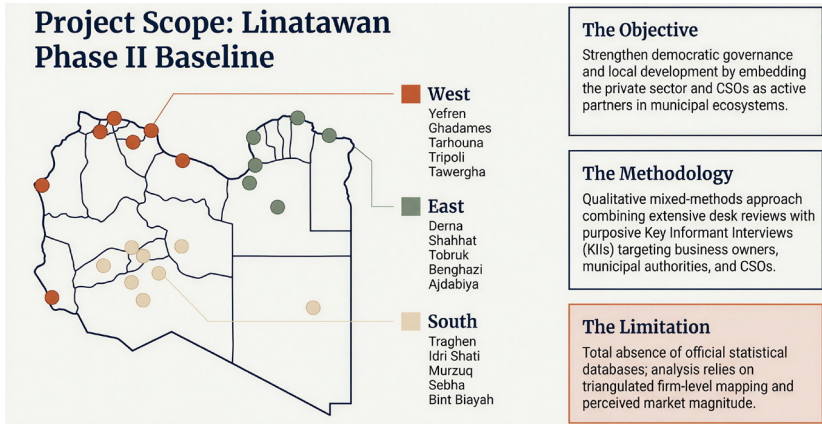


# Introduction



# Introduction

## 2.1 Project Context – Linataawan Phase II



The Linataawan Phase II Project (1 December 2024 – 31 March 2026) is a European Union-funded governance initiative implemented by a consortium comprising the British Council, ACTED, and VNG International. The project builds upon the foundations established in Phase I and seeks to

advance democratic governance, institutional accountability, and inclusive local development in Libya.

Within Libya's fragmented institutional landscape, local governance structures operate under varied administrative and political realities. In this context, the project aims to strengthen the role of civil society organizations (CSOs), positioning them as structured and credible partners in municipal decision-making and development planning processes.

Economic participation forms a critical dimension of this governance agenda. Strengthening the interface between municipalities, CSOs, and private sector actors is viewed not solely as an economic objective, but as a pathway toward enhanced institutional trust, improved service delivery, and localized economic stabilization.

## 2.2 Objectives of the Assignment

This assignment is situated within the Political and Economic Analysis component of Linataawan Phase II. Its primary objective is to provide a structured, evidence-based assessment of the non-oil private sector across 15 municipalities and to evaluate the feasibility of structured collaboration between private firms, municipal authorities, and CSOs.

### Specifically, the engagement seeks to:

- Map the structure, maturity, and sectoral composition of local private sector ecosystems;
- Diagnose systemic constraints affecting business viability and employment absorption;
- Assess the depth and quality of existing municipal–private–CSO interactions;
- Translate analytical findings into practical collaboration models aligned with programmatic objectives.

The assignment therefore serves both analytical and operational purposes: it generates a comprehensive economic baseline while informing the design of pilot initiatives and structured dialogue platforms under the project.

## 2.3 Scope of Work:

In accordance with the Terms of Reference, this report comprises five interrelated research themes:

### **Private Sector Actor Mapping**

Identification and profiling of private sector entities across 15 municipalities, with attention to firm size, sectoral concentration, gender inclusiveness, and economic contribution.

### **Local Economic Diagnostic**

Assessment of structural and systemic challenges affecting private sector performance, including infrastructure reliability, liquidity shortages, exchange rate volatility, regulatory friction, and informality dynamics.

### **Collaboration Assessment**


Evaluation of the current level and nature of interaction between municipal authorities, private firms, and CSOs, distinguishing between transactional service contracting and structured strategic engagement.

### **Partnership Framework Development**

Design of practical collaboration models tailored to local realities, with a particular emphasis on promoting economic inclusion for women and youth.

### **Decision-Support Deliverables**

Production of municipality-level profiles, structured stakeholder mappings, and a comparative analytical matrix to guide pilot design and dialogue platform implementation.



# Methodology and Analytical Framework

# Methodology and Analytical Framework

## 3.1 Methodological Rationale

The study was conducted in an environment characterized by the absence of standardized and official data on the Libyan private sector. As a result, traditional quantitative methodologies were neither feasible nor reliable.

**To ensure analytical rigor under these constraints, the study adopted a qualitative mixed-methods approach designed to:**

- Enable structured triangulation across multiple data sources;
- Ensure cross-municipality comparability despite diverse economic contexts;
- Maintain transparency regarding data limitations;
- Produce defensible, programmatically actionable insights.

The methodology was structured into three sequential phases: secondary research, primary field research, and analytical synthesis.

## 3.2 Phase I – Secondary Research and Baseline Assessment

The engagement commenced with desk review to establish a macroeconomic and institutional baseline.

**Sources reviewed included:**

- International macroeconomic assessments (World Bank, IOM);
- Previous economic and governance analyses;
- Municipal development plans where accessible;
- Government statements and public communications;
- Digital footprints of local businesses, including publicly available information on social media platforms.

**This phase served to:**

- Identify persistent structural distortions affecting private sector growth;
- Map preliminary stakeholder categories;
- Establish contextual parameters for field-level inquiry;
- Highlight systemic constraints, including exchange rate volatility, liquidity shortages, and infrastructure unreliability.

## 3.3 Phase II – Primary Research (Key Informant Interviews – KIIs)

Primary data collection was conducted through semi-structured Key Informant Interviews (KIIs), using purposive sampling to capture a quasi-representative cross-section of economic actors.

### 3.3.1 Stakeholder Categories Engaged

#### Interviews were conducted with:

- Private sector representatives, ranging from informal startups to larger firms;
- Municipal officials and economic development personnel;
- Civil society organizations engaged in livelihoods and local development initiatives;
- Community-level intermediaries where relevant.

### 3.3.2 Analytical Pillars of Inquiry

#### The KIIs were structured around four analytical pillars:

##### Business Formalization

- Registration processes and compliance mechanisms;
- Barriers preventing informal entities from formalizing;
- Administrative and regulatory challenges.

##### Sectoral Composition and Supply Chains

- Identification of dominant economic sectors per municipality;
- Mapping of upstream and downstream value chain actors;
- Identification of entry points for MSMEs.

##### Operational Environment

- Access to finance and liquidity constraints;
- Infrastructure reliability, including electricity disruptions;
- Exposure to exchange rate volatility;
- Transport and logistics frictions.

##### Ecosystem Interaction

- Nature of municipal contracting practices;
- Engagement between private firms and CSOs;
- Incentives and barriers to structured collaboration.

In municipalities such as Yefren, heightened security monitoring necessitated a cautious and low-profile engagement approach to ensure respondent safety and candid participation.

## 3.4 Phase III – Firm Mapping and Strategic Selection Criteria

To transition from analytical assessment to pilot-ready engagement, a structured firm mapping exercise was conducted. Firms were identified and prioritized according to the following criteria:

- Active Market Status: Demonstrated participation in a primary local economic sector;
- Institutional Readiness: Prior experience engaging with international NGOs or structured initiatives;
- Strategic Alignment: Indications of interest in engaging with CSOs for reputational or strategic positioning purposes.

Where feasible, firms were cross-verified through direct contact, local professional networks, and secondary validation. Additional data collection included CSO surveys to assess:

- Existing relationships with municipalities;
- Project implementation capacity;
- Interest in structured engagement initiatives, including public-facing activities.

## 3.5 Analytical Framework

Data collected across the three phases was synthesized using a multi-dimensional analytical framework structured around four core dimensions:

### A. Market Structure and Scale

Assessment of business density, maturity, and employment absorption potential.

### B. Supply Chain Integration

Identification of sectoral linkages and potential entry points for MSME expansion.

### C. Gender and Inclusion Lens

Examination of participation patterns and constraints affecting women-led enterprises, particularly those operating informally or in home-based settings.

### D. Collaboration Ecosystem Maturity

Evaluation of whether municipal–private engagement extends beyond transactional contracting toward structured partnership.

This framework ensured methodological consistency across highly diverse municipal economies—from reconstruction-driven contexts to structurally thin southern markets.

## 3.6 Methodological Constraints and Risk Mitigation

**The findings of this study are presented with explicit acknowledgment of structural limitations:**

### Data Scarcity

The absence of official statistical databases required reliance on qualitative perception and triangulated anecdotal evidence.

### Security and Surveillance Sensitivities

In certain municipalities, intense monitoring created reluctance among potential interviewees. Engagement strategies were adjusted accordingly to preserve respondent confidence.

### Gender Participation Barriers

Women-led enterprises were more difficult to identify due to their concentration in informal and home-based activities.

### Participation Bias

Some business owners declined participation when informed that the engagement did not provide direct financial incentives. This was mitigated through expanded outreach and trust-building through professional networks. Despite these constraints, the structured triangulation approach and standardized analytical framework ensure that findings are defensible and sufficiently robust for programmatic decision-making.

# National Private Sector Context



# National Private Sector Context

## 4.1 Macro-Economic Environment

Libya's economy is overwhelmingly dominated by hydrocarbons. Oil (and gas) account for roughly 97% of exports and the vast majority of government revenue (around 60% of GDP)<sup>1</sup>. As a result, growth is highly volatile: Libya saw 10% GDP growth in 2023 but only 2% in 2024, driven by swings in oil output<sup>2</sup>. The IMF projects medium-term growth to settle near 2% as oil moderates (with higher non-oil growth of 5–6%)<sup>3</sup>. The budget and current account are similarly oil-dependent: budget revenues were about 61% of GDP in 2022, of which nearly 97% came from hydrocarbons. Non-oil sectors and private activity remain small. For example, total credit to the private sector is only 17% of GDP<sup>4</sup> (among the lowest in the region), and Libya imports roughly half of all consumption goods (nearly 61% of GDP in the mid-2010s) despite its resource wealth<sup>5</sup>.

### **Oil dependence:**

Hydrocarbon revenues drive 60% of GDP, causing boom-bust cycles in growth and government finances<sup>6</sup>.

### **Growth volatility:**

After surging 10% in 2023, GDP slowed to 2% in 2024 (per IMF data) as oil production was cut back. Non-oil GDP growth is modest (5–6% projected)<sup>7</sup>.

### **Fiscal and external balances:**

The budget moved from surplus (2023) to a deficit in 2024. Libya's external accounts similarly swing with oil prices. A heavy import dependence (imports often exceed 60% of GDP) and foreign exchange shortages are perennial problems<sup>8</sup>.

### **Finance sector:**

Banking is weakly developed: only about 17% of GDP is outstanding in private loans<sup>9</sup>, reflecting scarce capital and tight collateral requirements. High interest rates and FX restrictions further constrain firms.

## 4.2 National Private-Sector Policies and Strategies

In recent years the Libyan government has launched several initiatives to bolster non-oil industries and entrepreneurship. In April 2025, the Ministry of Economy and Trade announced a “2025 Economic Diversification Strategy” explicitly targeting the private sector, investment environment and non-oil exports<sup>10</sup>. Key officials explained that the plan aims to “strengthen non-oil sectors, empower the private sector, and increase exports” by broadening income sources and integrating Libya into global trade<sup>11</sup>. This builds on a longer-term Vision (sometimes called “Vision 2040”) which also emphasizes SMEs, agriculture, tourism, free zones, and cross-border trade as pillars of diversification<sup>12</sup>.

**Investment promotion:**

The government (via its Investment Authority) has approved dozens of new private-sector investment projects. For example, in 2025 th Ministry of Econoy and Trade green-lit 20 new projects “to support the private sector” as part of a broader plan to create a more favorable investment climate<sup>13</sup>. The Public Investment and Privatization Board (GAIPPA) actively solicits foreign partners. It has announced 18 new projects open to investment in 2022<sup>14</sup>.

**Export support:**

A National Free Zone and Transit Trade Strategy was finalized in late 2024 to create special economic zones and logistics hubs for exports (backed by the EU). The state’s Export Development Authority (LEDA) has subsidized projects like olive oil storage to help domestic producers meet export standards. In January 2026, LEDA also rolled out a digital “Unified Export Window” at the Ras Ajdir (Tunisia) border, enabling firms to file export permits online and generating real-time export statistics<sup>15</sup>. Overall, export promotion is framed as a way to diversify away from oil<sup>16</sup>.

**Economic reforms:**

Libya has engaged in public-private dialogues (often with OECD or EU facilitation) to identify needed reforms (banking sector, agriculture, etc.). For instance, recent OECD-facilitated councils have highlighted reforms like improving trade logistics and passing a PPP law to attract investment. The government is under pressure to improve business licensing, customs processes and banking regulations. So far, some steps (e.g. one-stop digital chambers portal) are underway, but many reforms (like a PPP framework) remain pending.

## 4.3 Institutional Framework

The private sector interfaces with a web of ministries, agencies and councils. The lead agency is the Ministry of Economy & Trade (Tripoli), which oversees investment policies, trade, and industry planning. It works closely with bodies like the “General Authority for Investment Promotion and Privatization” (GAIPPA) – essentially the state investment commission – which reviews and authorizes projects<sup>17</sup>. Other relevant ministries include Industry (manufacturing), Finance (budget and taxation) and Planning (National Planning Board). Key institutions include:

**Export Development Authority (LEDA):**

Oversees export promotion programs (e.g. olive oil support) and trade facilitation.

**Central Bank of Libya (CBL):**

Manages monetary policy and foreign currency. Recent CBL directives (e.g. digital payment system) affect business financing.

**Customs Authority:**

Implements trade regulations; currently undergoing modernization efforts.

**Libyan Investment Authority (LIA):**

A sovereign wealth fund that nominally invests in Libyan projects, though its domestic role has been limited.

**Council of Ministers / Economic Councils:**

The National Economic and Social Development Board (NESDB) acts as an advisory think-tank under the PM's office. It conducts economic studies and proposes policies (e.g. holding business surveys, managing data platforms)<sup>18</sup>. The NESDB explicitly "provides initiatives [and] proposes economic and social policies" to guide government strategy<sup>19</sup>.

**General Information Authority (GIA):**

Under the Council of Ministers, GIA now runs the "Libya Trade Network" – a digital commerce platform linked to the Ministry of Economy<sup>20</sup>. The Trade Network's mandate includes building a national trade database, advancing e-commerce technology, and issuing public price bulletins. GIA also hosts a new "Digital Lab" (innovation hub) to coordinate ICT and e-government projects across ministries<sup>21</sup>.

Overall, public agencies on investment, trade and innovation are increasingly active, often with donor backing, but capacity and coherence remain challenges.

## 4.4 Legal and Policy Framework

Libya's legal environment is a patchwork of older codes and recent decrees. Key laws include the 2010 Commercial Code and Investment Law (Law No.5/2010) which set basic rules for companies and investment. Notably, the 2010 Commercial Law obliges every domestic firm to join a local chamber of commerce<sup>22</sup>. Other recent legislation includes a 2016 Concessions law and a 2021 Public Procurement law, but implementation is uneven. For example, a draft Public-Private Partnership (PPP) law has long been promised but remains stalled.

**Important features of the regulatory regime:****Company and investment rules:**

Libya allows most foreign investments but with restrictions (often requiring a local partner or minimum local capital). Tax incentives are limited. The labor code and contract laws are inherited from the 1980s/90s and have not been fully overhauled.

**Contract enforcement and dispute resolution:**

Libya has a commercial arbitration law (2010) and courts, but enforcement is weak. Firms often rely on chamber mediation or informal agreement.

**Regulatory burden:**

Business licensing and permits are known to be cumbersome. Surveys indicate that customs and trade regulations and licensing are major obstacles<sup>23</sup>. Opaque practices and bureaucracy remain endemic, with private enterprises reporting unpredictable rule changes and high “red tape” costs.

**Zones and free-trade laws:**

New laws are under development for special economic zones (free zones law) and transit trade, but these are only now being formulated (e.g. the 2024 Free Zone Strategy).

In summary, Libya’s legal framework provides a skeleton for business (company law, investment law, tax code) but lacks many modern, streamlined regulations. Mandatory chamber membership<sup>24</sup> ensures broad company registration, but other reforms (e.g. PPP law) lag behind policy goals<sup>25</sup>.

## 4.5 Export Promotion and Trade Facilitation

The government actively seeks to encourage exports as a diversification tool. The Libyan Export Development Authority (formerly Export Promotion Centre) designs initiatives to help firms reach foreign markets. Recently, LEDA funded quality upgrades (e.g. subsidized storage tanks) for olive oil producers<sup>26</sup>. It has also upgraded border procedures: for example, in Jan 2026 LEDA inaugurated a “Unified Export Window” at Ras Ajdir (Tunisian border) that lets exporters submit customs and clearance documents online, replacing a 15-year-old paper system<sup>27</sup>. This digital portal also generates the country’s first comprehensive export statistics by commodity and port.

**Other measures include:****Trade agreements and fairs:**

Libya is not a WTO member but has regional trade ties. It participates in the Arab League FTA and COMESA (African trade bloc). Chambers and ministries organize trade fairs (e.g. annual Tripoli Fair) and export missions to neighboring countries.

**Free zones and transit trade:**

The new national strategy (December 2024) envisions modern free zones at ports and border crossings to handle cargo and re-export goods. This strategy aims to turn Libya into a transit hub between Africa, Europe and the Middle East.

**Customs reform:**

The government has begun simplifying customs paperwork and reducing duties on raw inputs. In 2019 it abolished some import restrictions (e.g. required importer registry). Still, traders report obstacles in obtaining official import financing and in security (smuggling, etc.)<sup>28</sup>.

Overall, while pro-export institutions exist, the impact is still small: most Libyan businesses remain domestic-market oriented (see below). Exporters cite limited finance (especially foreign currency) and logistical hurdles as ongoing barriers.

## 4.6 Business Development and Incubation Services

Formal Business Development Services (BDS) are relatively scarce in Libya. The gap is partially filled by international programs and local initiatives:

**Incubators and accelerators:**

The first purpose-built incubators have come through donor-funded projects. In November 2025, Tripoli's municipal government opened a startup incubator (with UNDP support) under the "1,000 Entrepreneurs" initiative<sup>29</sup>. The EU-funded Libya Startup program (implemented by SPARK and partners) has launched several incubators (e.g. Asarya in Benghazi, Silphium Labs in Al Bayda) as part of its startup network<sup>30</sup>. SPARK reports it has set up 4 incubators, provided seed grants (€500K total), and trained over 215 entrepreneurs<sup>31</sup>. These centers offer mentorship, office space and training.

**Training and consulting:**

EU and UN projects supply business training. For instance, SPARK ran workshops on incubation management for Libyan partners (entrepreneurship curriculum, etc.). Local NGOs (e.g. the "Libyan Technology Foundation" founded in 2020) hold ICT and entrepreneurship workshops for youth<sup>32</sup>. The ILO and other agencies occasionally run SME training, but no large domestic training institutes exist specifically for business development.

**Private sector advisors:**

A few consulting firms and accountants operate in Tripoli and Benghazi, but business owners often find them costly or unreliable. There are no significant national BDS networks like in some countries.

In summary, most SME assistance is through donor/NGO programs. Libyans themselves cite a lack of local advisory services as a shortfall. The newly formed Entrepreneurship and Innovation Support Fund (announced 2025) is intended to finance startups, but details are still emerging.

## 4.7 Labor Force Characteristics

Libya has a young population and educated workforce, but employment is uneven. Approximately 1.1 million Libyans are aged 15–24 (about 15% of the population), and youth unemployment is extremely high. UNICEF (2023) reports a youth unemployment rate of 51.4% for ages 15–2433; only 24% of youth are working while 72% are jobless by their own account. University enrollment is substantial (around one-third of young adults), yet graduates struggle to find jobs outside the public sector.

**Gender imbalance:** Nearly all working Libyans hold public or government-related jobs, especially women. Female labor force participation is only about 26%, and most employed women work in education or health (civil service jobs)<sup>34</sup>. Men face similar issues: one World Bank study noted roughly 85% of Libyan workers are in the public sector (the highest share in the region). Many Libyans, particularly educated youth, prefer public-sector jobs for stability, leaving the private sector understaffed.

Informality is pervasive. Migrant workers – who historically made-up large fractions of low-skilled labor – largely lost formal status after 2014. A 2017 IOM survey found that 76% of migrants in Libya held only casual or intermittent jobs, reflecting the precarious nature of work here<sup>35</sup>. Many Libyan small-business owners also operate informally. Language and technical skills gaps are common: young Libyans often lack the English and ICT skills demanded by modern firms<sup>36</sup>. On balance, while Libya’s labor pool is relatively well-educated, most of its talent remains tied to the state or is unemployed, and private employers face a shortage of skilled applicants.

## 4.8 Research and Innovation (R&D) Capacity

Libya invests very little in research and development. There is no major civilian R&D institution. The principal state R&D entity is the Applied Research and Development Organization (ARDO) under the Defense Ministry, which focuses on military technology (chemistry, aerospace, electronics)<sup>37</sup>. Civilian R&D is mainly done at universities; only recently has the government begun targeted initiatives. For example, a new Marine Technology College opened (Derna) for coastal/blue economy research<sup>38</sup>. Donor-funded projects support technology adoption: UNDP and partners have run workshops on AI and blockchain for public-sector planning<sup>39</sup>.

The General Information Authority’s Digital Lab is another nascent effort – it is a cross-institutional hub (with EU backing) to coordinate innovation and e-government across ministries<sup>40</sup>. However, Libya has no venture capital or significant private R&D. In practice, most innovation comes from grassroots (e.g. young entrepreneurs in tech), with NGOs and universities filling the gap. Outside of defense and a handful of niche fields, Libya’s R&D infrastructure is very limited.

## 4.9 Business Networks and Associations

**Formal business networks are few. The strongest private-sector network is the chamber system (see below). Aside from chambers:**

- The Libya Trade Network (administered by GIA/Ministry of Economy) is a government-led e-commerce platform rather than a private association. It serves as a hub for trade data and e-transactions<sup>41</sup>.
- Some bilateral or thematic councils exist (e.g. Libya-Egypt or Libya-France business councils), often driven by diplomats or big companies, but they are not institutionalized.
- Sectoral associations (for example, a Libyan Chamber of Maritime Economy) occasionally form around specific industries, but none have widespread influence.
- There are volunteer networks like the “Libyan Businesswomen Network” or diaspora entrepreneur groups, but these operate ad hoc.

In effect, Libya lacks a robust private business association structure beyond the official chambers. Government and donors have started informal “Public-Private Dialogue” forums to gather private input (e.g. on banking sector issues<sup>42</sup>), but a self-sustaining industry-wide association does not yet exist.

## 4.10 Chambers of Commerce, Industry and Agriculture

Libya has local chambers in most major cities and one national union. By law (Commercial Law 2010) all Libyan businesses must join their local Chamber of Commerce, Industry and Agriculture<sup>43</sup>. There is a “General Union of Chambers” (headquartered in Tripoli) that brings together about 15 local chambers. For example, chambers exist in Tripoli, Misrata, Benghazi, Zliten, and (as of 2026) Surman<sup>44</sup>.

Chambers serve multiple roles: they register and certify businesses, collect membership dues, arbitrate commercial disputes, and organize trade fairs or sector committees. They also act as consultative bodies for the government: the Union is mandated to advise on private sector matters and participate in reform discussions<sup>45</sup>. In practice, chamber officials regularly meet with ministers (e.g. the Economy Minister’s 2025 visit to Zliten Chamber<sup>46</sup>) and help relay business concerns.

Chambers have begun digitizing their services. In early 2026 the Union launched a unified online portal for all chambers, a “qualitative leap” meant to streamline business registration and e-services<sup>47</sup>. This portal connects each local chamber to customs, the trade network and ministries, improving transparency and cutting red tape. Chamber newsletters and websites now occasionally publish data: for instance, the Libya Trade Network and chambers started issuing daily price bulletins of basic commodities for businesses<sup>48</sup>.

Because membership is compulsory<sup>49</sup>, chambers effectively have near-complete coverage of the formal private sector. However, they lack the resources of similar organizations in richer countries. Their budgets are modest, and they depend on government support (the Tripoli government chairs the Union). Nonetheless, chambers remain one of the few reliable sources of business information in Libya, maintaining member directories and local market reports.

## 4.11 Characteristics of Libyan MSMEs

Reliable statistics on Libya's MSMEs are limited, but multiple sources paint a clear picture: micro and small enterprises dominate. Nearly all private firms are family-run shops or small workshops. One analysis bluntly notes: "Libya's private sector is mostly made up of owners of shops and craftsmen" with "virtually no middle-class or medium-sized companies"<sup>50</sup>. In practice, the overwhelming majority of firms have under 50 employees. (The World Bank's enterprise data suggest 85% of firms are in this category, far higher than in neighboring countries.) By contrast, firms with hundreds of workers are vanishingly rare.

MSMEs are mainly in commerce, construction and light industry: small grocery stores, clothing shops, small manufacturers (e.g. cement block or food processing plants), and personal services. Agriculture is mostly subsistence; a few large farms and fisheries exist, but many rural producers remain informal. Geography matters: most businesses are in the coastal West (Tripoli, Misrata, Zliten) or East (Benghazi, Al Bayda). The vast southern desert region has far fewer enterprises due to sparse population and insecurity.

### Other traits of Libyan MSMEs:

#### Informality:

Many micro-entrepreneurs never fully formalize their businesses. An estimated 74% of private businesses reportedly avoid formal registration, meaning they pay no taxes and operate outside regulations. Business owners often stay as sole proprietors to limit liability (and taxes)<sup>51</sup>.

#### Limited scale:

Few SMEs have modern equipment or supply chains. Capital is usually family savings or informal loans. Only 46% of firms import inputs<sup>52</sup>, and just 17% ever sell to the government<sup>53</sup>. In fact, 88% of Libyan companies serve only the local consumer market – just a handful engage in any export or inter-firm trade.

#### Low productivity:

With little access to credit and technology, most MSMEs have low output and narrow markets. A World Bank report found over 70% of firms were unprofitable, underscoring their fragility (and informal status)<sup>54</sup>.

**Access to finance:**

Banks have minimal MSME lending. Recent efforts (by the Central Bank and Ministry of Finance) to provide credit lines or loan guarantees for SMEs are only beginning.

Overall, Libyan MSMEs comprise virtually all business entities (by headcount), but they remain at subsistence-level. Their small size and limited scope mean they currently contribute only a few percent of GDP beyond absorbing labor and selling basic goods.

## 4.12 Challenges facing the private sector

**Libyan businesses navigate a very difficult environment. Major challenges include:**

**Political and security instability:**

Frequent policy changes and the legacy of conflict create uncertainty. The IMF warns that a return to open conflict or political unrest would “disrupt oil production” and stall economic recovery<sup>55</sup>. Even absent outright war, security issues (militia checkpoints, armed robbery, smuggling) raise costs for transport and trade<sup>56</sup>.

**Macro-financial constraints:**

Chronic foreign exchange shortages limit imports of inputs and machinery. Many firms report that obtaining letters of credit from the central bank is burdensome, forcing them into black markets with higher rates. The liquidity crisis and exchange rate variations have eroded profitability<sup>57</sup>. As noted, private credit is scarce (17% GDP<sup>58</sup>) and interest rates can exceed 15–17%, choking investment.

**Infrastructure and logistics:**

Utilities are unreliable (power outages and water cuts are frequent), increasing business costs. Roads and port facilities are underdeveloped or under-maintained. For example, firms frequently cite inadequate customs infrastructure and slow clearance times as major obstacles. High transport costs (fuel smuggling and security premiums) raise input prices<sup>59</sup>.

**Regulatory and institutional weakness:**

Despite new strategies, the regulatory framework is incomplete. The absence of a functional PPP law means many projects remain publicly driven<sup>60</sup>. Overlapping authorities and opaque procedures breed corruption: firms routinely point to bribes, favoritism and unpredictable inspections. One survey found that regulatory uncertainty and the informal sector competition are among the top 5 constraints worsening since 2013<sup>61</sup>. Labor laws remain rigid, discouraging formal hiring.

**Market limitations:**

With a small domestic market (7m population) and barriers to exports, revenue opportunities are limited. Demand outside oil services is sluggish. Public-sector wage payments have artificially boosted local consumption, but when the state delays salaries or cuts spending, private firms suffer. In short, private demand is weak.

**Human capital mismatch:**

Many entrepreneurs cite a lack of skilled labor. Young Libyans often lack vocational or English skills, so firms must train workers from scratch<sup>62</sup>. Meanwhile, brain drain persists – the best and brightest often emigrate or take public jobs.

**Finance and trust issues:**

Deep-seated distrust hinders credit. Secured lending is rare. Many SMEs cannot show audited accounts or collateral (especially if they've been informal) and therefore cannot borrow. Without credit and with few grant programs, business expansion is almost entirely self-financed.

In aggregate, the combination of security risk, macroeconomic fragility, weak institutions and lack of supporting infrastructure makes Libya one of the toughest environments for private enterprise. As donors and Libyan officials note, unless governance and rule-of-law improve, it will be hard for the private sector to take off.

## 4.13 Regional Political Economy Variations

While the assessment mapped private sector dynamics at the municipal level, the analysis reveals clear regional economic patterns that shape the operating environment of firms and the feasibility of structured collaboration between municipalities, civil society organizations (CSOs), and the private sector. These patterns reflect variations in market size, infrastructure availability, governance dynamics, and geographic positioning. Across the fifteen municipalities covered in the study, three regional economic clusters emerge: the Southern region, the Eastern region, and the Western region.

### Southern Region - Thin Markets and Logistics-Driven Economies

The Southern region—comprising Traghan, Idri Shati, Murzuq, Sebha, and Bint Biayah—operates within structurally constrained market conditions characterized by small consumer bases, limited infrastructure, and high transportation costs. Economic activity in the region is therefore concentrated in retail trade, transport services, small-scale logistics, and basic service provision. Sebha functions as the primary regional economic hub due to its role as a commercial and transit center connecting northern Libya with cross-border trade routes. In contrast, smaller municipalities operate within localized micro-economies that depend heavily on public sector salaries, remittances, and the circulation of goods imported from larger urban centers.

Despite these constraints, the Southern private sector demonstrates notable adaptive resilience. Local firms frequently diversify activities across sectors—including retail, vehicle maintenance, hospitality, and small-scale trading—to mitigate market volatility. However, structural limitations remain significant. Businesses face persistent challenges related to limited access to finance, high input costs, electricity disruptions, and difficulties in attracting and retaining skilled labor. As a result, economic expansion in the region remains modest and largely informal, with most enterprises operating at a small scale and focusing on short-term survival rather than long-term investment.

## Eastern Region - Reconstruction-Driven Growth and Emerging Diversification

The Eastern region—covering Derna, Shahhat, Tobruk, Benghazi, and Ajdabiya—demonstrates the highest degree of sectoral diversification among the assessed municipalities. Benghazi functions as the principal economic center, hosting a range of private sector activities including construction, healthcare services, education, retail trade, and logistics. Reconstruction initiatives following years of conflict and the 2023 Derna flood have stimulated significant economic activity, particularly in construction, engineering services, and supply chains linked to rebuilding infrastructure.

Ajdabiya plays an important role as a logistics gateway connecting coastal cities with oil fields and inland regions, while Tobruk benefits from its strategic coastal position and cross-border trade connections. Shahhat's economy combines agriculture and tourism potential linked to the Jabal al-Akhdar region.

Despite these growth opportunities, businesses in the Eastern region report concerns regarding market concentration and perceived political influence in economic opportunities. Some firms indicated that contracts and investment opportunities may favor actors with political or security affiliations, potentially limiting the ability of smaller or independent firms to scale their operations. Nevertheless, compared with other regions, the Eastern municipalities demonstrate relatively stronger private sector dynamism and greater readiness for structured engagement with local authorities.

## Western Region - Centralized Economic Activity Around Tripoli

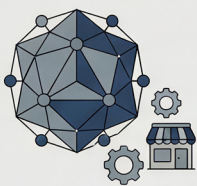
The Western region—comprising Yefren, Ghadames, Tarhouna, Tripoli, and Tawergha—exhibits a highly centralized economic structure dominated by Tripoli. As the administrative and financial capital of Libya, Tripoli concentrates government institutions, banking services, import channels, and major commercial activities. This concentration generates strong economic gravity, attracting talent, investment, and business services from surrounding municipalities.

Peripheral municipalities in the Western region tend to operate within narrower economic niches. Tarhouna’s economy relies largely on agriculture and local trade; Ghadames combines heritage tourism potential with cross-border commercial activity; Yefren integrates extractive resource logistics with a small-scale tourism and services economy; and Tawergha remains primarily focused on reconstruction-related services following years of displacement and conflict. At the same time, businesses across the Western region report security-related operational costs, capital flight, and administrative fragmentation as factors affecting investment decisions. While Tripoli offers the country’s largest market and strongest commercial ecosystem, economic opportunities remain unevenly distributed across the region.

## Comparative Regional Insights

Taken together, the regional analysis highlights a structurally uneven private sector landscape across Libya. The Eastern region demonstrates the most diversified economic structure, driven in part by reconstruction activity and the concentration of services in Benghazi. The Southern region reflects a resilience-based economic system anchored in logistics, trade, and small-scale services but constrained by geographic isolation and infrastructure deficits. The Western region presents the country’s largest concentration of economic activity due to Tripoli’s dominance, while surrounding municipalities operate within narrower and more fragile economic ecosystems. These regional dynamics have important implications for the design of Linataawan Phase II interventions. Strategies aimed at fostering collaboration between municipalities, CSOs, and private sector actors must therefore remain region-sensitive, recognizing differences in market maturity, institutional capacity, and sectoral opportunities across Libya’s local economies.

### National Economic Foundations



**80%+**  
**Public Sector Dominance**

The economy is oil-driven, resulting in a private sector largely restricted to retail and trade.



**Systemic Financial Bottlenecks**

Formal banks remain risk-averse and collateral-driven, forcing businesses to rely on personal networks.



**Non-Strategic Municipal Engagement**

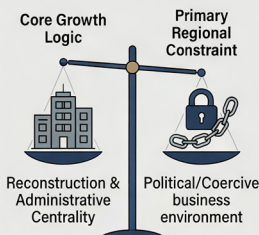
Municipal-private collaboration is mostly limited to simple service contracting rather than strategic partnerships.

### Regional Comparative Profiles



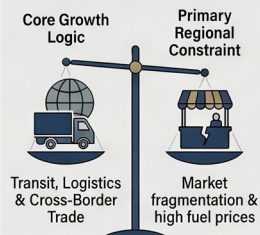
**East: High-Growth Diversification**

Growth is driven by reconstruction booms in Benghazi and Derna, despite high political filtering.



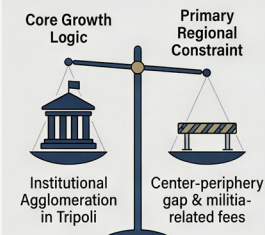
**South: Resilience in Logistics**

A survival economy focused on cross-border trade, burdened by thin markets and high costs.



**West: Centralized Concentration**

Tripoli captures the majority of talent and capital, leaving peripheral towns structurally dependent.





# Municipality-Level Private Sector Profiles – A Comparative Analysis

# Municipality-Level Private Sector Profiles – A Comparative Analysis<sup>63</sup>

This section provides a high-level comparative synthesis of the findings related to private sector profile per municipality. By benchmarking the 15 municipalities against core economic and institutional indicators, the analysis identifies broader regional patterns to support Linataawan’s strategic clustering of interventions.

## 5.1 Market Thickness

Market “thickness”—defined by consumer density and liquidity—varies significantly across Libya’s three regions.

### **High Thickness (Coastal Anchors).**

Tripoli and Benghazi represent the only deep markets in the country, sustained by administrative centralization and higher concentrations of public-sector salaries. Sebha functions as the southern high-thickness focal point due to its role as a regional trade hub.

### **Low Thickness (Thin Markets).**

Several southern municipalities (e.g., Murzuq and Traghen) face structurally thin markets where low population density and high transport frictions limit commercial turnover. In the West, Yefren also exhibits low market thickness, as its local economy is primarily derivative and dependent on periodic weekend visitor demand.

## 5.2 Sector Diversification Patterns

A consistent pattern emerges across the typology: diversification is concentrated in Tier 1 cities, while most other municipalities remain exposed to sector-specific shocks.

### **Diversified Hubs.**

Only Tripoli and Benghazi demonstrate meaningful diversification across multiple sectors such as finance, healthcare, retail, and construction—supporting more resilient local economies.

### **Specialized / Monoculture Hubs.**

Many municipalities are shaped by one or two dominant sectors, increasing vulnerability to market disruptions. Tarhouna is defined by strong specialization in certain agricultural products. Idri Shati has shifted toward an extractive monoculture centered on marble mining. Yefren is heavily over-leveraged in mining logistics, with a substantial share of youth investment tied to heavy machinery and construction-linked demand cycles.

## 5.3 Employment Absorption

Employment absorption varies less by formal job creation mechanisms and more by the dominant economic “engine” active in each municipality.

### **High Absorption (Reconstruction-Driven).**

Derna shows the highest short-term labor demand due to the reconstruction boom, which is actively drawing labor away from traditional sectors such as agriculture and fishing. Benghazi also demonstrates high absorption, particularly linked to expanding private education and healthcare services.

### **Low Absorption (Returnee Economies).**

Tawergha exhibits low formal employment absorption. Economic activity is largely informal and oriented toward self-directed household rehabilitation rather than stable wage employment.

## 5.4 Gender Inclusion

Gender inclusion is most pronounced where service sectors are larger and where women’s work is more socially accepted and operationally feasible.

## Inclusion Dynamics: The Labor Market Gender Gap

# 35.3%

Female Youth Unemployment  
(vs 23.6% for males).

### The Barriers

**Mobility Restrictions:** Social expectations regarding male chaperones limit women's spatial agency.

**Masculine Gatekeeping:** Informal buyer networks and supply chains operate in socio-culturally inaccessible spaces, locking women out of procurement intelligence.

### The Bright Spots



**Healthcare:**

Benghazi stands out with a significant number of women employed in private clinics and diagnostic centers.



**Education:**

A thriving private school ecosystem in Benghazi and Tripoli actively employs female talent.



**Catering & Handicrafts:**

Tourism-linked municipalities (Ghadames, Yefren) support women-led home-based enterprises.

## 5.5 Infrastructure and Finance

Across all municipalities, firms consistently cite infrastructure unreliability and constrained access to finance as binding constraints. However, the severity and the form these constraints take vary sharply by region.

### 5.5.1 Energy Deficit (Infrastructure Reliability)

Electricity shortages constitute one of the most significant operational constraints affecting private sector activity across Libya. However, the nature and severity of energy disruptions vary by region. In the Southern municipalities, electricity supply is characterized by chronic and prolonged outages, often lasting several hours or days. All interviewed firms in the Southern region reported that power cuts significantly affect productivity and increase operational costs due to heavy reliance on private generators and fuel procurement. In contrast, Tripoli and other Western coastal municipalities experience scheduled load shedding, where electricity supply is rationed through planned outages to stabilize the national grid. While these interruptions occur more frequently in densely populated urban centers such as Tripoli, they tend to be shorter in duration than those experienced in the South. Consequently, while Tripoli experiences frequent operational disruptions due to scheduled load shedding, Southern municipalities face more severe structural energy deficits, resulting in higher long-term operational costs and greater constraints on business continuity.

## 5.5.2 Financial Inclusion (Access to Capital)

The assessment identifies a structurally uneven access to microfinance: microfinance availability is geographically restricted to firms based in Tripoli, Misrata, or Benghazi, leaving businesses in most other municipalities dependent on personal savings or informal loans. This constraint restricts firm expansion, limits working capital flexibility, and contributes to informality persistence—particularly among startups and smaller enterprises

## 5.6 Political and Security Risk Exposure

Political and security risk is not uniform across Libya; it is experienced through different channels across the three regions and directly shapes business confidence, cost structures, and market participation.

### Western Region (Fragmented Security and Cost Volatility)

Businesses face operational cost volatility driven by fragmented security control and unpredictable protection-related fees. Yefren is specifically characterized by an “intense security surveillance” environment, which affects both economic activity and the feasibility of open stakeholder engagement.

### Eastern Region (Perceived Market Capture)

In the East, the primary risk articulated is “market capture”, with a growing perception that politically affiliated businesses dominate public procurement. This is reported to crowd out independent firms and reduce confidence in fair access to municipal contracting opportunities.

### Southern Region (Smuggling Networks and Informal Trade Distortions)

In the South, risks are linked to unregulated cross-border trade dynamics and the diversion of subsidized fuel into smuggling networks. These distortions shape local price structures, undermine predictability, and contribute to informality and weak regulatory enforcement.

## 5.7 Collaboration Intensity

Across all 15 municipalities, collaboration between the private sector, municipalities, and CSOs remains largely underdeveloped. The dominant pattern is not strategic partnership but short-term service contracting—where it exists at all.

### 5.7.1 Transactional Engagement as the Default

The prevailing form of interaction is limited to transactional contracting for basic services, including cleaning, catering, and stationery procurement. These engagements are typically short-term, operationally driven, and not embedded in longer-term partnership frameworks.

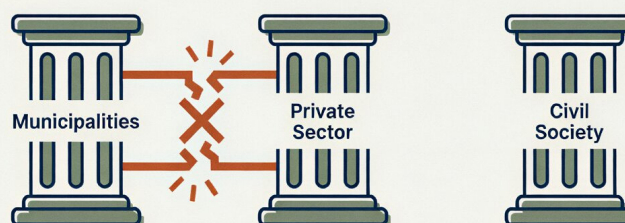
## 5.7.2 Zero Collaboration in Select Municipalities

Several municipalities—including Tarhouna, Ghadames, and Shahhat—currently demonstrate little to no structured engagement between municipal authorities and private sector actors. Where interaction occurs, it is typically informal or limited to isolated service transactions rather than institutionalized collaboration mechanisms. However, the absence of structured engagement should not be interpreted as a lack of potential. On the contrary, these municipalities represent appropriate entry points for low-risk pilot engagement models, particularly dialogue platforms and event-based initiatives that can help initiate trust-building and institutional interaction between stakeholders.

## 5.7.3 Higher Potential in Tier 1 Cities.

Tripoli and Benghazi demonstrate the strongest readiness for more advanced collaboration models, supported by prior experience contracting private firms for more sophisticated services such as IT support, media services, and public space maintenance. These cities therefore represent the most viable entry points for piloting structured collaboration mechanisms under Linataawan.

### Collaboration Assessment: The Trust Deficit



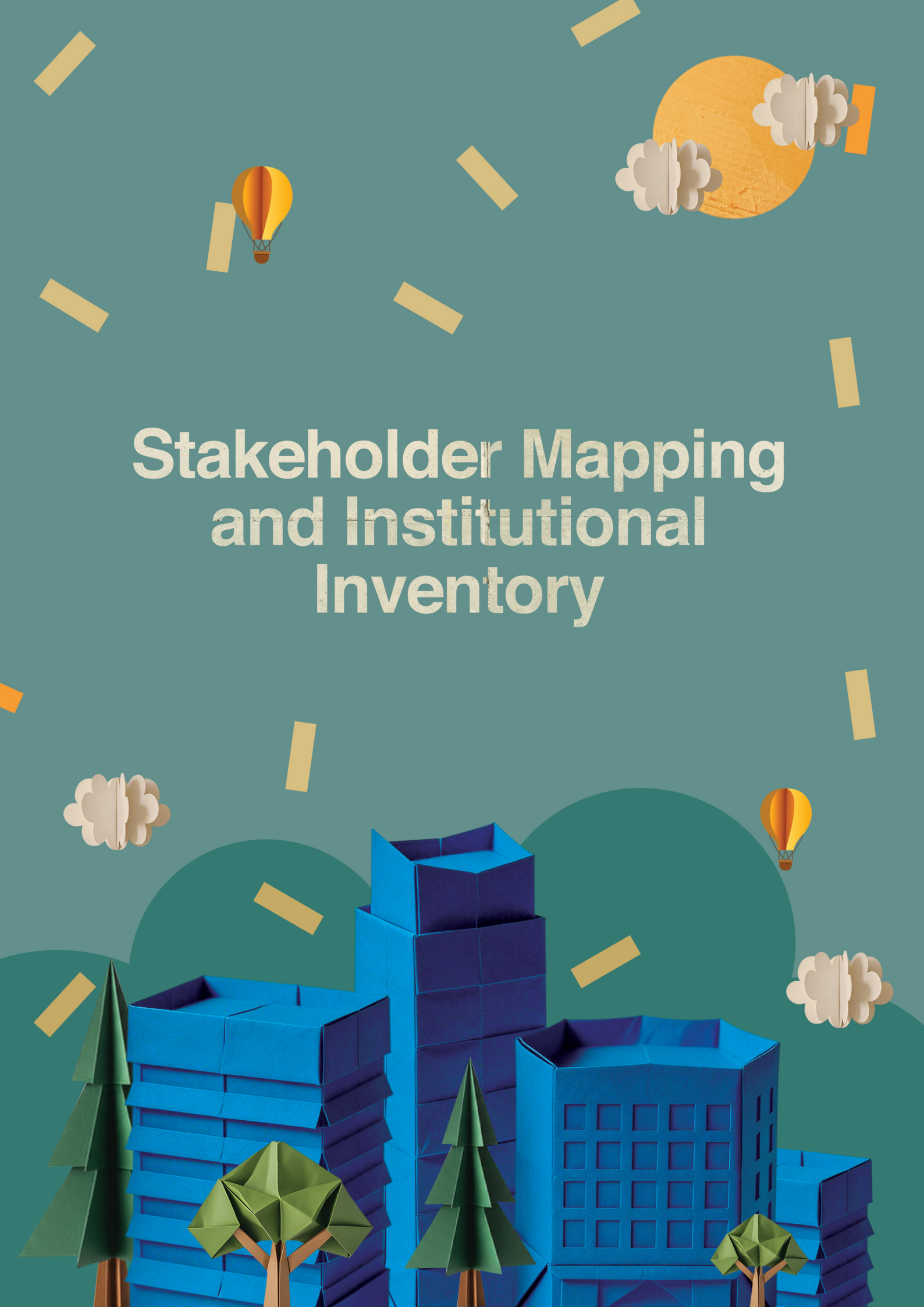
#### The Baseline Reality

- **Zero Strategic Partnership:** Across all 15 municipalities, current engagement is strictly transactional. Municipalities only contract for basic needs (cleaning, catering, office supplies, stationery).
- **Total Absence in Select Cities:** Tarhouna, Ghadames, and Shahhat report absolutely zero documented collaboration between municipalities and private firms.

#### The Root Causes

- **Municipal Poverty:** Most municipalities lack the operational budgets to contract private firms at scale.
- **Fear of Public Scrutiny:** Rapid Dinar depreciation casts private retailers as 'crisis profiteers'. Municipalities hesitate to legitimize them.
- **Corruption Paranoia:** Municipalities actively hide procurement leads and company names, terrified that engagement will trigger corruption investigations.

# Stakeholder Mapping and Institutional Inventory



# Stakeholder Mapping and Institutional Inventory

This section consolidates the stakeholder landscape identified across the 15 municipalities. The objective is not merely to list actors, but to categorize them according to institutional relevance, sectoral influence, and collaboration potential. The mapping supports Linataawan's transition from diagnostic analysis to structured pilot engagement.

## 6.1 Private Sector Actors by Municipality

Private sector actors were identified across three broad categories:

### **Core Economic Drivers**

Firms operating within dominant local sectors (e.g., construction in Derna, healthcare in Benghazi, logistics in Ajdabiya, retail in Sebha).

### **Service-Based SMEs**

Small and medium enterprises providing ancillary services such as catering, maintenance, logistics, retail, and supply chain support.

### **Micro and Informal Enterprises**





Family-owned businesses, home-based enterprises, and informal traders—particularly prevalent in Southern municipalities and tourism-linked economies.

Across municipalities, firm density varies considerably. Tripoli and Benghazi demonstrate the highest concentration of structured enterprises, while Murzuq and Bint Biayah reflect limited market depth. The limited presence of structured business associations across municipalities reinforces the strategic importance of CSOs as intermediary platforms capable of convening fragmented economic actors and facilitating sector-specific dialogue.

## 6.2 Sector Distribution Across Municipalities

Sectoral distribution aligns closely with geographic and political economy patterns:

### Private Sector Actor Mapping: Dominant Economic Engines

 <p><b>Reconstruction &amp; Healthcare Ecosystems</b> Dema (Post-flood construction boom led by the LRDF), Benghazi (Medical hub of the East, major real estate development).</p>	 <p><b>Logistics &amp; Oil Support</b> Ajdabiya (Gateway to interior oil fields), Tobruk (Border logistics, Marsa al-Hariga oil terminal).</p>
 <p><b>Retail &amp; Wholesale Trade Hubs</b> Sebha (Fezzan regional hub, cross-border transit), Traghan, Tripoli (Administrative and financial center).</p>	 <p><b>Heritage Tourism &amp; Agriculture</b> Ghadames (UNESCO site weekend tourism), Shahhat (Cyrene ruins, honey/livestock), Tarhuna (Agriculture monopoly on onions/potatoes), Yefren (Weekend leisure for diaspora).</p>

#### Insight:

The prevailing management practice across all sectors is heavily personality-driven and informal, relying almost exclusively on word-of-mouth referrals for recruitment.

## 6.3 Business Associations and Networks

Section 4.10 above identifies a range of “Chambers of Commerce” and intermediary organizations that could play the role of intermediaries/facilitators/entry points for future partnerships, data collection and provision, advisory services, and recipients of technical support for private sector enterprises, specifically those that are officially registered members of the chambers.

## 6.4 Municipal Economic Actors

**Municipal authorities typically interact with private firms through:**

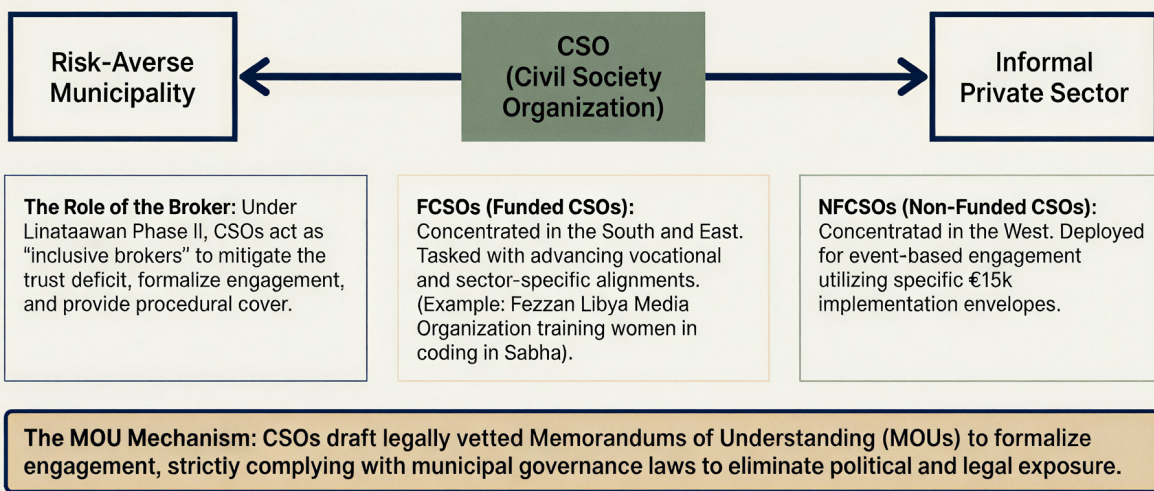
- Basic procurement processes;
- Short-term service contracts;
- Infrastructure maintenance agreements.

In several municipalities, procurement transparency is constrained by reluctance to disclose information due to corruption investigation concerns. In this context of procurement sensitivity and transparency reluctance, CSOs serve as institutional buffers. Through legally vetted MOUs and structured cooperation diagnostics, they reduce perceived corruption risk and provide procedural cover for municipal engagement with private firms.

## 6.5 Civil Society Organizations (CSOs) Engaged in Economic Development

CSOs under Linataawan Phase II operate not merely as project implementers but as structured institutional intermediaries. Within Libya’s fragmented governance environment, CSOs function as “inclusive brokers,” mitigating the trust deficit between municipal authorities and private sector actors. Their role extends beyond service delivery to formalization, institutional troubleshooting, and structured tripartite alignment.

### The ‘Connective Tissue’: CSOs as Institutional Brokers



This alignment transforms CSOs from generic “community actors” into sector-linked operational partners. With targeted just-in-time and just-what’s needed trainings, these CSOs could play the role of trainers, facilitators, convenors, catalysts for local economic development, a role that is essential to build successful collaboration networks for local development, and that could be neither played by private sector nor by local government organizations at this moment in their organizational history.



# Opportunities and Challenges Synthesis Private Sector


# Opportunities and Challenges Synthesis – Private Sector

This section consolidates cross-cutting private sector constraints and opportunity clusters identified across the 15 municipalities. The objective is to move from descriptive diagnostics to structured strategic positioning.

Strengths/Opportunities	Weaknesses/Challenges
<p><b>National</b></p> <ul style="list-style-type: none"> <li>• Investment Promotion Authority</li> <li>• Export Development Authority</li> <li>• Economic Reforms</li> <li>• Libyan investment Authority</li> <li>• General Information Authority</li> <li>• Free Zones</li> <li>• Customs Reform</li> <li>• Entrepreneurs and Innovation Support Fund</li> <li>• Business Networks and Associations</li> <li>• Chambers of Commerce, Industry, and Agriculture</li> <li>• Nascent CSO Sector</li> </ul> <p><b>Region Specific</b></p> <ul style="list-style-type: none"> <li>• Reconstruction-Linked Ecosystems (Derna, Benghazi)</li> <li>• Service-Sector Expansion (Tripoli, Benghazi, Sebha)</li> <li>• Tourism and Heritage Micro-Economics (Ghadames, Sahhat, Yefren)</li> <li>• Oil and Logistics Value Chains (Ajdabiya, Tobruk)</li> <li>• Retail and Trade Hubs (Sebha, Traghen)</li> </ul>	<p><b>National</b></p> <ul style="list-style-type: none"> <li>• Political and Security Instability</li> <li>• Macro-financial Constraints</li> <li>• Regulatory and Institutional Weaknesses</li> <li>• Oil Dependency</li> <li>• Growth Volatility</li> <li>• Human Capital Mismatch</li> <li>• Fiscal and External Imbalances</li> <li>• Regulatory Burden</li> <li>• High youth unemployment</li> <li>• Gender Imbalance</li> <li>• Absence of R&amp;D</li> <li>• Dominance of Micro-Small Enterprises (85%)</li> <li>• Low Productivity</li> <li>• Liquidity Constraints</li> <li>• Infrastructure (Un)-Reliability</li> <li>• Exchange Rate Volatility</li> <li>• Informality</li> <li>• Institutional Trust Deficits</li> <li>• Weak Municipal Capacity</li> </ul> <p><b>Region Specific</b></p> <ul style="list-style-type: none"> <li>• Reconstruction Distortions (Derna)</li> <li>• Single-Sector Dependence (Idri Shati, Ajdabiya)</li> <li>• Market Thinness (Murzuq, Bint Biayah)</li> <li>• Environmental Constraints (Yefren, Traghen)</li> <li>• Border Informality (Tobruk)</li> </ul>

The above show a nascent private sector, at the local and national level, starting to grow on the margins of a dominant public sector the latter of which is highly dependent on oil exports. More than 85% of enterprises are micro and small, providing retail services to direct consumers. Hydrocarbons exports constitute 60% of GDP and 97% of all the national exports, not leaving much to the majority of MSMEs. While there is no clear number of the percentage of formal/non-formal MSMEs, further in-depth studies of the data at the Ministry of Economy and trade and the Chambers of Commerce can reveal more precise data. The analysis of the Key Informant Interviews also reveals issues related to challenged municipal capacity to instigate local economic development and the absence of nationally/locally tested models of collaboration between the private sector, the municipal administration, and the civil society organizations to instigate social and economic development at the local municipal level.

With the difficulty, challenges, and timeframe to get the center to design and roll-out private sector support policies and institutional frameworks, it is useful to look into opportunities to plan, organize, and stimulate private sector at the local level, with support from existing formal and even informal institutional players. Taking economic growth through private sector capacitating to the local level, to complement national efforts, could prove more effective in addressing differences and nuances among Libyan regions/municipalities and hence plan in a more inclusive and smarter way.



# Collaboration for Local Socio/Economic Development

# Collaboration for Local Socio/Economic Development

## 8.1 Libya Realities and International Benchmarks

### 8.1.1 Historical Local Economic Development Initiatives

Libya has had very few formal “Local Economic Development Plans” (LEDPs) at municipal level. After 2011 Libya’s law enshrined decentralization, but in practice municipalities lacked the legal framework and funds to craft independent economic plans<sup>64</sup>. Most local development efforts have been driven by national or international programs. For example, recent GIZ projects encourage municipalities to pursue local economic development by supporting micro-enterprises and partnering with businesses<sup>65</sup>. Likewise, the EU-backed “Public Administration Facility” (PAF III, 2019–2022) funded dozens of municipal pilot projects in governance and local economic development (e.g. youth training, women’s businesses)<sup>66</sup>. These were not top-down LEDPs but small grants to test ideas. No comprehensive city- or region-wide LED plan has been formally adopted by a Libyan municipality.

### 8.1.2 Public–Private Collaboration Models

Historically, formal PPPs have been rare in Libya, especially at the local level. Most collaboration between towns and private firms has been ad hoc – for example, municipalities contracting out services or allowing local vendors in public markets. However, some emerging models can be seen in public services. In waste management, for instance, Libyan cities are explicitly seeking private partners: a high-level Libyan delegation (Tripoli, Misrata, etc.) recently studied Egypt’s model to improve solid waste systems, underlining the need for “structured private sector engagement” in municipal waste services<sup>67</sup>. Another area is energy: Libya’s municipal lighting or water services may involve private suppliers, but formal PPP schemes (with long-term contracts and shared financing) are not yet standard practice.

By contrast, global benchmarks at local level often feature “city deals” or cooperative planning. Many countries use “co-production” models (e.g. joint planning committees), local business councils, or municipal development corporations. In Europe, for example, cities routinely engage private investors in infrastructure through well-defined PPP laws and frameworks. Libya, however, lacks an enabling PPP law (the one passed in 2022 is still being implemented), and general trust between government and business<sup>68</sup>.

In this sense, Libya’s collaborative practice is far behind: instead of formal partnerships with risk-sharing contracts, local authorities usually rely on donor-funded initiatives (e.g. GIZ or UNDP programs) to link with SMEs. The Libya Rebuild project notes that weak legal frameworks and mutual distrust make genuine public–private partnerships difficult<sup>69</sup>.

### 8.1.3 Comparison to Global Models

Globally, effective local PPP models often involve clear legal frameworks, transparent procurement, and joint governance structures. For example, many cities set up “urban development corporations” jointly owned by city and investors, or “business improvement districts” funded by local levies. Libya has none of these institutional tools at present. The closest parallel is donor-driven “public–private dialogues” (PPD) at the national level (e.g. OECD–EU dialogues on banking, telecoms and agriculture), but locally similar platforms do not yet exist. Some Gulf or Mediterranean cities use municipal bonds or concession contracts. Libya has no domestic bond market and rarely issues long-term concessions (except historically, e.g. water concessions under Gaddafi). In summary, Libya’s historical model is mainly bottom-up pilot projects and informal agreements, whereas global best practice favors structured, transparent partnerships with clear legal backing.

### 8.1.4 Potential Partnership Modules

Based on global examples, Libyan municipalities could adopt several new collaboration methods:

#### **Municipal–Private Task Forces:**

Creating joint committees of city officials and local business leaders to plan economic initiatives (like infrastructure projects or tourism development). This is less formal than a PPP but can coordinate city services with private needs.

#### **Public–Private Service Contracts:**

Outsourcing specific services (e.g. solid waste collection, street cleaning, public markets) to local firms under clear contracts. The recent focus on waste management suggests this model is gaining traction<sup>70</sup>.

#### **City Deals or Local Development Zones:**

Designating areas (industrial zones, tech parks, artisanal markets) where the municipality provides infrastructure (roads, power) and in return local entrepreneurs develop and run the businesses. This mirrors global “special economic zones” but at city level. Libya’s 2024 Free Zones strategy<sup>71</sup> hints at this, though implementation has been slow.

### **Enterprise Support Hubs:**

Municipalities could set up one-stop “business centers” (possibly in partnership with donors) that register new businesses, provide mentoring and link entrepreneurs to banks. This has been piloted in Tripoli under donor projects, and aligns with global LED practices.

### **Performance-based contracts:**

For example, a city could contract a private firm to build and maintain a public facility (e.g. a slaughterhouse or solar plant) in exchange for user fees. Such PPPs require new laws, but the idea is that the municipality pays the firm only if it meets agreed service levels.

In all cases, ensuring transparency and citizen participation will be key. One global trend is participatory budgeting, where citizens and businesses help decide a share of municipal spending. There have been pilot experiences with participatory policy-making in Libya<sup>72</sup>, which could be scaled up: for instance, a local development fund where community members vet and co-fund projects with the municipality.

## **8.2 Risk Mapping for Public-Private Collaboration for Local Development**

**Future short to medium term collaboration for local development must account for:**

**Political perception risks in municipalities reporting “market capture”;**

- Informality barriers limiting formal contracting pathways;
- Security-related sensitivities affecting open stakeholder dialogue;
- Liquidity constraints restricting private co-investment capacity, especially at the MSME’s level.

**Hence, future pilot design for Collaboration must emphasize:**

- Low-risk entry points;
- Incremental trust-building;
- Clear, limited-scope collaboration mechanisms;
- Sector alignment with existing economic strengths.

## 8.3 Suggested Practical Collaboration Models for Municipal–Private Sector Engagement

Building on the municipal diagnostics, stakeholder mapping, institutional analysis, and risk assessment conducted across the fifteen target municipalities, this section presents four practical collaboration models designed to facilitate structured engagement between municipalities and private sector actors, facilitated by civil society organizations (CSOs).

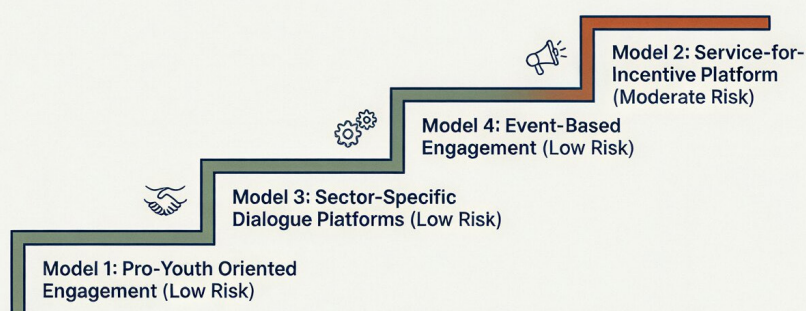
These models respond directly to the structural realities observed throughout the assessment: limited municipal operational capacity, low trust levels between economic actors and public authorities, and the absence of established public-private dialogue platforms. Rather than assuming the existence of mature Public-Private Partnership (PPP) environments, the models prioritize gradual trust-building, institutional feasibility, and risk mitigation.

Each model therefore represents a practical mechanism for initiating collaboration under different municipal conditions, ranging from low-risk dialogue platforms to more advanced revenue-sharing arrangements where market conditions permit. To facilitate strategic decision-making regarding pilot interventions, the four collaboration models are summarized in the comparative matrix below. The matrix highlights relative risk levels, institutional suitability, budget exposure, and political sensitivity associated with each model and each type of municipalities:

Model	Risk Level	Suitable Tier	Budget Exposure	Political Sensitivity
Model 1: Pro-Youth Oriented Engagement	Low Risk	All municipalities (priority for Tier 2 and Tier 3 contexts)	Low (leverages existing municipal infrastructure and training facilities)	Low (politically neutral and socially accepted topic)
Model 2: Service-for-Incentive Platform	Moderate	Tier 1 municipalities (large urban hubs)	High (linked to private sector investment and revenue-sharing arrangements)	Moderate (requires transparency regarding financial flows and revenue management)
Model 3: Sector-Specific Dialogue Platforms	Low	Municipalities with identifiable sector clusters	Low (dialogue-based coordination mechanism)	Moderate (addresses structural trust gaps between economic actors and local authorities)
Model 4: Event-Based Engagement (NFC SO)	Low	Western municipalities hosting non-funded CSOs	Medium (fixed €15,000 implementation envelope)	Low (designed to avoid procurement sensitivities and institutional hesitation)

The four collaboration models presented in this section are not intended to operate independently but rather as a sequenced engagement framework aligned with municipal institutional maturity and market structure. In municipalities where trust between local authorities and private actors is limited, low-risk entry points such as Pro-Youth engagement and event-based platforms provide an initial mechanism for dialogue and relationship-building. These interventions allow stakeholders to interact in politically neutral environments while avoiding sensitive procurement or financial arrangements. As coordination improves and trust gradually increases, municipalities may transition toward sector-specific dialogue platforms aimed at addressing operational constraints within key local industries. More advanced collaboration arrangements—such as the Service-for-Incentive platform—are recommended only in municipalities demonstrating higher levels of administrative capacity, market density, and private investment readiness. This sequenced approach ensures that engagement evolves from low-risk trust-building initiatives to structured economic partnerships, allowing collaboration to expand progressively while minimizing institutional resistance.

## The Blueprint: Practical Collaboration Frameworks



### Strategic Premise

The private sector cannot yet function as an autonomous development engine in Libya. Interventions must be carefully sequenced, low-risk, and insulated from political distortions to transition local actors from transactional silos to functional partnerships.

## 8.4 Rationale Summary

Each model responds to specific structural realities identified during the municipal assessment.

### Model 1 – Pro-Youth Engagement

Designed as the safest entry point for collaboration. Youth unemployment represents a politically neutral issue that allows municipalities, CSOs, and private sector actors to cooperate without triggering sensitivities related to procurement or financial oversight.

### Model 2 – Service-for-Incentive Platform

Suitable only in municipalities with relatively mature market ecosystems. This model relies on private investment capacity and requires transparent revenue-sharing mechanisms between municipalities and private firms.

### **Model 3 – Sector Dialogue Platforms**

Targets municipalities characterized by strong sector concentration. Dialogue platforms allow stakeholders to collectively address sector-specific bottlenecks such as supply chain disruptions, workforce shortages, or infrastructure constraints.

### **Model 4 – Event-Based Engagement**

Utilizes the dedicated NFCSO implementation budget to organize high-visibility community events designed to normalize institutional interaction between municipalities and local economic actors.

## **8.4.1 Model 1: Pro-Youth Oriented Engagement**

The Pro-Youth Oriented Engagement model is designed as the safest entry point for collaboration between municipalities, private sector actors, and civil society organizations. Youth unemployment is widely recognized as a critical socioeconomic challenge across Libya and provides a politically neutral platform for cooperation that does not trigger sensitivities related to procurement, financial oversight, or revenue management. Under this model, municipalities provide access to existing public spaces such as community centers, training halls, or municipal facilities where vocational training sessions, career orientation workshops, and mentorship programs can be organized. These activities create a practical interface between young job seekers and local businesses facing skill shortages.

Private sector actors contribute through practical training, short internships, or technical sessions that expose participants to real workplace requirements. Civil society organizations play a coordinating role by organizing outreach, facilitating training activities, and ensuring inclusive participation. Because the model relies primarily on existing municipal infrastructure and voluntary private sector engagement, it represents a low-risk mechanism for initiating collaboration while addressing a visible development priority.

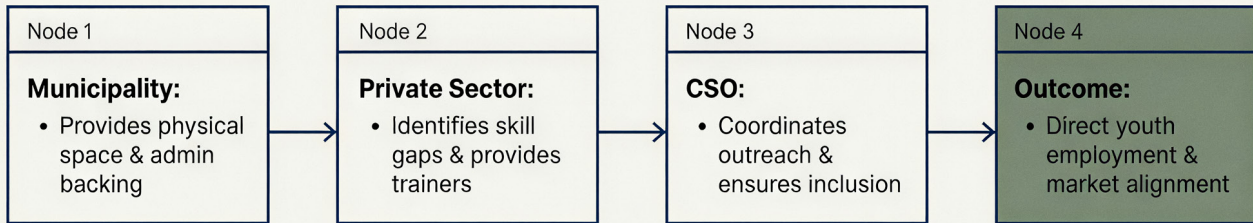
#### **Suitable CSOs**

Al Nawah Forum (Tobruk); Engineering Organization (Tarhuna); Abrar Foundation (Ajdabiya); Libyan Debate Club (Benghazi)

#### **Suitable Municipalities**

Tarhuna; Tobruk; Ajdabiya; Benghazi; Derna; Tripoli

## Model 1: Pro-Youth Oriented Engagement



Key Parameters			
<b>Risk Level:</b> Low (Politically neutral, risk-free entry point).	<b>Target Tier:</b> Priority for Tier 2 and Tier 3 municipalities.	<b>Budget Exposure:</b> Low (Leverages existing municipal infrastructure).	<b>In Practice:</b> Abrar Foundation (Ajdabiya) facilitating technical vocational training in car diagnostics to feed directly into the oil-logistics service sector.

### 8.4.2 Model 2: Service-for-Incentive Platform

The Service-for-Incentive platform represents a more advanced collaboration model in which private sector actors participate directly in the management or maintenance of municipal assets in exchange for operational incentives or revenue-sharing arrangements. Within this framework, municipalities may authorize private companies to operate or maintain specific public facilities—such as parks, recreational spaces, or service infrastructure—while allowing the operator to generate revenue through service provision. A portion of the generated revenue is then allocated to the municipality to support local public services.

Because this model involves financial flows and operational responsibilities, it requires a higher level of administrative capacity and transparency. It is therefore most appropriate for municipalities with relatively stronger economic ecosystems and larger markets, where private operators can realistically recover operational costs. Civil society organizations can support this model by facilitating dialogue between municipalities and private actors, helping structure transparent arrangements, and providing a neutral platform for monitoring collaboration outcomes.

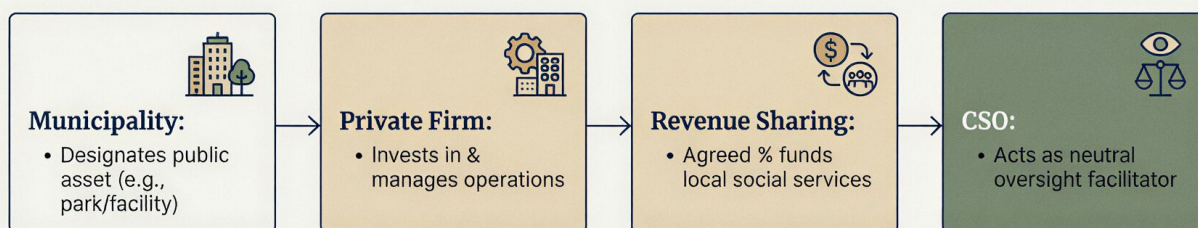
Suitable CSOs

Fezzan Libya Media Organization (Sabha); Libyan Debate Club (Benghazi)

Suitable Municipalities

Tripoli; Benghazi; Sebha; Tobruk

## Model 2: The Service-for-Incentive Platform



### Key Parameters

#### Risk Level:

Moderate (Requires transparency in revenue management).

#### Target Tier:

Tier 1 large urban hubs (Tripoli, Benghazi, Sebha).

#### Budget Exposure:

High (Linked to private sector co-investment).

#### Strategic Fit:

Specifically targets high-density commercial cities where cost-recovery for private operators is highly viable and municipal contracting capacity already exists.

### 8.4.3 Model 3: Sector-Specific Dialogue Platforms

Sector-Specific Dialogue Platforms are designed to facilitate structured coordination between municipalities, private sector actors, and civil society organizations within key local economic sectors. In several municipalities assessed during this study, economic activity tends to concentrate around a limited number of dominant sectors such as agriculture, construction, logistics, tourism, or small-scale trade. However, the absence of formal dialogue mechanisms often prevents stakeholders from collectively addressing operational constraints affecting these sectors.

Through periodic roundtables, workshops, and sector-focused consultations, dialogue platforms provide a space for stakeholders to identify shared challenges, exchange market information, and explore practical solutions to sector-specific bottlenecks. These discussions may address issues such as workforce skill shortages, supply chain disruptions, infrastructure limitations, or administrative barriers affecting sector performance. By creating structured channels for communication, sector dialogue platforms help gradually strengthen trust between municipalities and economic actors while encouraging more coordinated approaches to local economic development.

#### Suitable CSOs

Al Dersaf Organization (Derna); Sunflower Organization (Shahhat); Abrar Foundation (Ajdabiya)

#### Suitable Municipalities

Derna; Shahhat; Ajdabiya; Tarhuna; Ghadames

## Model 3: Sector-Specific Dialogue Platforms



### Key Parameters

**Risk Level:** Low (Dialogue-based coordination, no immediate financial exposure).

**Target Tier:** Municipalities with distinct sector clusters (e.g., Derna, Shahhat, Ajdabiya).

**Strategic Goal:** CSOs convene stakeholders to unblock specific local supply-chain bottlenecks, solve workforce shortages, and align local economic development.

**In Practice:** Addressing extraction and transport logistics blocks in Idri Shati's dominant marble mining sector, or aligning post-flood agricultural recovery with the Al Dersaf Organization in Derna.

### 8.4.4 Model 4: Event-Based Engagement

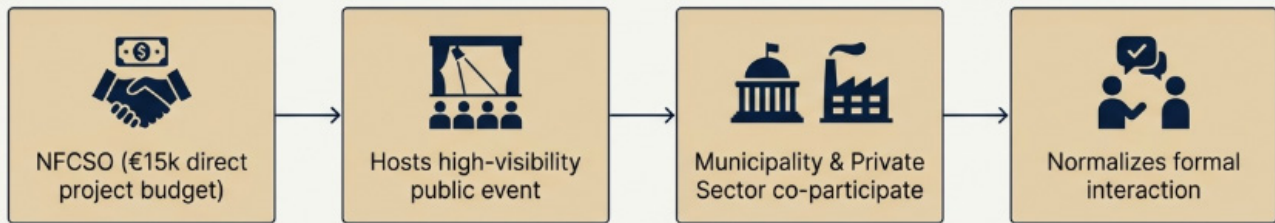
The Event-Based Engagement model leverages the role of Civil Society Organizations to facilitate initial interaction between municipalities and local economic actors through public community events. Under this approach, CSOs organize activities such as heritage festivals, local product exhibitions, cultural markets, or community gatherings that bring together entrepreneurs, artisans, youth groups, and local residents. These events provide a visible and socially acceptable setting for municipalities and economic actors to interact without the institutional sensitivities associated with formal procurement or contracting processes.

The model could be supported through a dedicated implementation grant, enabling CSOs to organize events that stimulate local participation while showcasing local economic initiatives. Beyond their cultural value, these events serve as practical platforms for initiating dialogue between municipalities and private sector actors, helping normalize institutional interaction in contexts where formal collaboration remains limited.

Suitable CSOs  
Shabab Ghadames; NANA Marn (Tripoli)

Suitable Municipalities  
Ghadames; Tripoli; Tarhuna; Tawergha

## Model 4: Event-Based Engagement



### Key Parameters

**Risk Level:** Low  
(Designed specifically to avoid procurement sensitivities).

**Target Tier:** Western municipalities hosting Non-Funded CSOs (NFCSOs) like Ghadames, Tarhuna, Tawergha.

**Budget Exposure:** Medium (Utilizes fixed €15,000 implementation envelopes).

**In Practice:** Using Shabab Ghadames to host a Ramadan heritage festival, bringing private artisans and municipal leaders together publicly to break the ice without the threat of corruption audits.

# Future Programming and Entry Points



# Future Programming and Entry Points

To turn the above four collaboration models to a set of operational recommendations, we suggest several points of entry for future programming purposes:

## 9.1 Potential Entry Points

### A. Pilot Joint Projects:

Continue supporting small-scale pilot partnerships between a municipality and private actors. For example, fund a waste-collection contract in one city where local recyclers are given a franchise. A quick win could be a joint clean-energy project with a local solar company (reflecting Libya's new focus on renewables (Model 2- Service for Incentive)).

### B. Private Sector Councils and Dialogue:

Establish or strengthen "Local Business Councils" attached to municipalities, bringing together local chamber members, entrepreneurs and city officials. A donor could train council members and facilitate regular forums (mirroring successful PPD models in Tripoli). This builds trust and surfaces concrete needs (Model 3 – Sector Specific Dialogue/ or Sector Non-Specific Dialogue)

### C. CSO Inclusion:

Include Civil Society Organizations (CSOs) by involving them in any partnership. For instance, a women's NGO could co-manage a women's entrepreneurship fund with a city council. This could translate into having CSOs audit or monitor a PPP's social impact. Civic groups can also help promote transparency (e.g. observers on procurement committees) (Model 1 – Pro-Youth Oriented Engagement).

### D. Capacity Building:

Continue training local officials in municipal finance and management. Quick courses on project management or concession bidding could prepare municipalities to negotiate with private investors. For example, "Participatory Municipal Planning" workshops could incorporate LED (Local Economic Development) techniques (Model 1 – Pro-Youth Oriented Engagement).

### E. Municipal Revenue and Incentives:

A promising quick win is helping municipalities generate or reallocate funds to support SMEs. For example, a donor could assist a city to implement a small business licensing fee that goes into a micro-grant pool. Also, engaging the private sector in co-financing projects (e.g. a local employer sponsoring a vocational training center) can be piloted (Model 2 – Service for Incentive Platform).

## 9.2 Long-Term Plans

- Over the long run, a technical assistance program could advocate for legal reforms that enable local–private ventures (e.g. provincial PPP regulations, land-use planning powers). Working with the Ministry of Local Government to draft model municipal ordinances on public–private cooperation would institutionalize gains. Another long-term goal is building digital platforms for service delivery (like e-permitting) that reduce corruption and attract private interest.
- Regional peer learning: Organize exchange visits for Libyan municipal leaders to neighboring countries' cities, so they see concrete examples of local–private projects.
- Consolidation of Networks: Help form a federation of municipalities (a Local Government Association) with a private sector liaison unit. This body could keep a running list of opportunities and legal advice for city–business collaboration.

In summary, future support should combine practical pilot projects (quick wins) – for example, a community solar plant or waste collection PPP – with institutional strengthening: training, legal drafting and dialogue facilitation. Involving CSOs at every step will ensure the partnerships serve public interests. By creating visible successes (e.g. improved waste collection or new startup incubators), a strategic intervention can build momentum and trust in local–private collaboration that endures beyond a program's timeline.

# ANNEXES



# **ANNEXES**

**Annex 1 - Comprehensive Mapping of Private Sector and CSOs Across 15 Municipalities**

**Annex 2 - Municipal Economic Profiles and Private Sector Ecosystem Assessment in Libya**

**Annex 3 - Municipalities Engagement with Private Companies**

**Annex 4 - Private Sector Mapping - List of Firms**

**Annex 5 - Private Sector Mapping – Methodology Note**

**Annex 6 - Private Sector Mapping – List of Klls**

**Annex 7 - Private Sector Profiles According to Municipality**

# YEFREN

## Western Region



### Economic DNA

Dual-function economy: soil/clay extraction and weekend leisure tourism for the Amazigh diaspora. | Extractive logistics is the primary employer. | Nearly 50% of local young men invest in heavy machinery (dump trucks and tractors).



### The Horizon

#### Opportunities

Tourism-linked micro-enterprise support and cultural product value-addition.

#### Constraints

Severe water scarcity, intensive security surveillance, and continued brain drain to Tripoli.

### A Resource & Leisure Hub



### Market Movers

Al-Fardous Dental Clinic  
Tanza Psychotherapy Center  
Yefren Entertainment Park



### Socio-Dynamics

Women predominantly active in the 'weekend economy' via traditional food catering and handicrafts.



### Collaboration Ecosystem

Limited evidence of structured municipal engagement; interactions remain purely informal.

### Matrix Snapshot

#### Market Thickness

**LOW**

Small local population; heavily dependent on weekend visitors.

#### Sector Diversification

**LOW**

Narrow focus on mining logistics and small-scale tourism.

#### Employment Absorption

**MEDIUM**

Mining provides steady but externally dependent male jobs.

#### Gender Inclusion

**MEDIUM**

Women highly visible in home-based tourism services.

#### Collaboration Readiness

**LOW**

Limited institutional density and history of contracting.

# AJDABIYA

## Eastern Region



### Economic DNA

Critical logistical hub strategically linking coastal centers with inland oil fields. | Employment is dominated by oil logistics support (transport/warehousing). | Sustained by externally funded infrastructure reconstruction.



### The Horizon

#### Opportunities

Creation of an automotive diagnostics training center and Pro-Youth employment models.

#### Constraints

Perception of strict market capture and an absolute lack of municipal operational autonomy.

### A Logistical Pivot



### Market Movers

Al-Rahala Supermarket  
Salem Car Maintenance workshop



### Socio-Dynamics

The Abrar Foundation focuses on upskilling youth in critical trades like car diagnostics and home electricity maintenance.



### Collaboration Ecosystem

Extremely limited • Municipality exhibits little to no operational autonomy, with decisions heavily controlled by external actors.

### Matrix Snapshot

#### Market Thickness

**MEDIUM**

Essential gateway role ensures a constant flow of cash and goods.

#### Sector Diversification

**MEDIUM**

Balanced across oil services, retail, and regional reconstruction.

#### Employment Absorption

**MEDIUM**

Reconstruction and oil logistics provide consistent job absorption.

#### Gender Inclusion

**LOW**

Absolute dominance by oil and mechanics heavily restricts female labor.

#### Collaboration Readiness

**LOW**

Extreme lack of municipal autonomy makes formal contracting unviable.

# GHADAMES

## Western Region



### Economic DNA

UNESCO World Heritage site centered on heritage tourism, hospitality, and informal cross-border trade. | Tourism (hotels/guesthouses) and regional logistics operate as primary economic drivers.



### The Horizon

**Opportunities**  
Domestic tourism growth and establishment of a formal Heritage Business Council.

**Constraints**  
Extreme geographic remoteness, limited banking access, and cessation of international tourism.

### A Heritage Capital



### Market Movers

Johara Al-Waha Hotel  
Ultra Phone



### Socio-Dynamics

Local artisan market specializing in traditional handicrafts provides the primary business platform for women.



### Collaboration Ecosystem

No active contracting reported; a complete lack of documented historical municipal engagement.

### Matrix Snapshot

#### Market Thickness

**LOW**

Remote and small; reliant on sporadic domestic travel cycles.

#### Sector Diversification

**LOW**

Concentrated entirely in heritage services and trade.

#### Employment Absorption

**LOW**

Small-scale family operations dominate the market.

#### Gender Inclusion

**MEDIUM**

Women actively drive the artisan and handicraft sectors.

#### Collaboration Readiness

**MEDIUM**

High potential for Event-based engagement like cultural festivals.

# BINT BAYYA

## Southern Region



### Economic DNA

Commercial and agricultural hub in the Ubari valley where desert farming converges with regional trade. | Economy revolves around palm and vegetable cultivation. | Uneducated local youth exclusively handle crop logistics and driving.



### The Horizon

**Opportunities**  
Small-scale economic activation and Pro-Youth models focused strictly on logistics skills.

**Constraints**  
Dangerous reliance on finite fossil water reserves and 100% exposure to operational power cuts.

### A Valley Commercial Node



### Market Movers

Al-Afaq Al-Baeed Printing & Media  
Al-Fanar Advertising



### Socio-Dynamics

Deep rural poverty and a severe lack of official documentation heavily limit youth school enrollment, pushing them into transport.



### Collaboration Ecosystem

Highly limited municipal contracting, restricted primarily to minor stationery, cleaning, and media-related needs.

### Matrix Snapshot

#### Market Thickness

**LOW**

Serves a highly isolated rural population and neighboring Ghat.

#### Sector Diversification

**LOW**

Economy operates almost entirely on basic agriculture and retail.

#### Employment Absorption

**LOW**

Reliant on external migrant labor for farming and local youth for trucking.

#### Gender Inclusion

**LOW**

Rigidly male-dominated field labor and transport sectors.

#### Collaboration Readiness

**LOW**

Strictly transactional and highly limited interactions with local governance.

# TRAGHEN

## Southern Region



### Economic DNA

Retail-driven oasis economy sustained heavily by public sector salaries. | Functions as a secure hub for displaced regional populations. | Driven by a thriving retail engine and traditional date palm agriculture.



### The Horizon

#### Opportunities

Targeted retail supply chain strengthening and small-scale economic activation.

#### Constraints

100% exposure to power cuts, critical water scarcity, and highly inflationary transport frictions.

### A Secure Commercial Hub



### Market Movers

Al-Bunyan Engineering  
Jannat al-Khair Resort  
Dunya Wholesale



### Socio-Dynamics

Alwaha Foundation works to counter traditional isolation by empowering women and youth in leadership and psychosocial support.



### Collaboration Ecosystem

Relationships remain largely unclear and informal. • Currently limited structural scope for municipal engagement.

### Matrix Snapshot

#### Market Thickness

LOW

Geographically secure but operates as a remote market for displaced families.

#### Sector Diversification

LOW

Economic structure is almost entirely focused on retail and trade.

#### Employment Absorption

LOW

Dominated by family-run, small-scale retail and agricultural plots.

#### Gender Inclusion

LOW

Constrained by traditional norms, though local CSOs remain highly active.

#### Collaboration Readiness

LOW

Highly informal and opaque interactions with local municipal bodies.

# BENGHAZI

## Eastern Region



### Economic DNA

Principal administrative and economic center of the East; secondary gateway for imports via its port. | Supported by massive healthcare and education sectors. | Over 500 private schools established to offset public decline.



### The Horizon

#### Opportunities

Healthcare ecosystem strengthening and municipal Service-for-Incentive platforms.

#### Constraints

Perceived market capture by affiliated businesses and overarching macroeconomic volatility.

### The Eastern Economic Capital



### Market Movers

Venice Hospital  
Retail Hotel  
Al Seraj Bank  
Namou Al-Ma'rifa School



### Socio-Dynamics

Exceptionally high female participation in private education and established medical centers.



### Collaboration Ecosystem

Robust, mature record of formal contracting spanning construction, IT, digital transformation, and professional training.

### Matrix Snapshot

#### Market Thickness

HIGH

Immense consumer base as the principal regional center.

#### Sector Diversification

HIGH

Robust integration of healthcare, education, retail, and construction.

#### Employment Absorption

HIGH

Massive private investment generates constant, high labor demand.

#### Gender Inclusion

HIGH

Private education and hospitals operate as major female employers.

#### Collaboration Readiness

HIGH

Advanced institutional history of successful private sector engagement.

# TOBRUK

## Eastern Region



### Economic DNA

Critical border logistics hub with Egypt and an essential traveler stopover. | The Marsa al-Hariga oil terminal drives robust energy-linked supply chains. | Heavily complemented by a vibrant hospitality and shadow economy.



### The Horizon

#### Opportunities

Advanced logistics development and the formalization of oil-linked service supply chains.

#### Constraints

Expansion of a large informal shadow economy; highly centralized municipal decision-making.

### A Border Trade Gateway



### Market Movers

Mena Oil Services  
Future Building Construction



### Socio-Dynamics

Al Nawah Forum specifically targets youth, equipping them with e-marketing and accounting skills to bridge formal employment gaps.



### Collaboration Ecosystem

Engagement strictly limited to basic operational needs (cleaning, furniture). ● Local governance exhibits low operational autonomy.

### Matrix Snapshot

#### Market Thickness

MEDIUM

Sustained flow of border travelers and energy sector employees.

#### Sector Diversification

MEDIUM

Healthy mix of services, border trade, and oil maintenance.

#### Employment Absorption

MEDIUM

Hospitality and energy sectors guarantee steady labor demand.

#### Gender Inclusion

LOW

Border trade and energy extraction are traditionally male-dominated.

#### Collaboration Readiness

MEDIUM

Prime readiness for Pro-Youth models and dialogue platforms.

# SHAHHAT

## Eastern Region



### Economic DNA

Small town economy driven by Cyrene heritage tourism and fertile mountain agriculture. | Dominated by family-owned farming (honey/livestock). | Supported by a booming network of local guesthouses.



### The Horizon

#### Opportunities

Tourism and agriculture value-chain development; event-based engagement frameworks.

#### Constraints

High economic leakage to neighboring Albayda; total lack of international tourism.

### A Heritage-Agri Hub



### Market Movers

Mass Libya Resort  
Johara Al-Fan Decor



### Socio-Dynamics

Sunflower Organization actively empowers women through artisan craft creation and tourism Beauty Bazaars.



### Collaboration Ecosystem

No municipal contracting reported; engagement remains purely informal, ad-hoc, or undocumented.

### Matrix Snapshot

#### Market Thickness

MEDIUM

Proximity to Albayda provides a reliable, stable consumer base.

#### Sector Diversification

LOW

Economy operates almost entirely on tourism and agriculture.

#### Employment Absorption

MEDIUM

Guesthouse boom provides steady seasonal service jobs.

#### Gender Inclusion

MEDIUM

Highly active women-led CSOs operating in tourism and crafts.

#### Collaboration Readiness

MEDIUM

Municipal setup is suitable for Event-based engagement models.

# DERNA

## Eastern Region



### Economic DNA

Historically trade-focused, now experiencing a massive reconstruction boom post-Storm Daniel. | Construction is the primary economic engine. | A billion-dollar public investment drives extremely high local labor demand.



### The Horizon

**Opportunities**  
Integration of MSMEs into construction material hubs; smart agriculture training.

**Constraints**  
Skyrocketing land prices and rapid conversion of agricultural land to warehouse storage.

### A Reconstruction Engine



### Market Movers

Obour al-Mukhtar Holding (Construction)  
Modern Lighting



### Socio-Dynamics

CSOs like Irasa and Al Dersaf pivot to psychosocial support and smart agriculture to empower local women.



### Collaboration Ecosystem

Minimal localized contracting. ● Governance is managed by a centralized steering committee causing slow local engagement.

### Matrix Snapshot

#### Market Thickness

HIGH

Massive capital inflow via a \$2.1B reconstruction fund.

#### Sector Diversification

LOW

Highly over-leveraged in construction while agriculture declines.

#### Employment Absorption

HIGH

Unprecedented demand for reconstruction-linked skilled labor.

#### Gender Inclusion

LOW

Boom sectors (construction/logistics) are heavily male-dominated.

#### Collaboration Readiness

LOW

High institutional uncertainty under temporary steering committees.

# TRIPOLI

## Western Region



### Economic DNA

National administrative and financial center harboring the country's most diversified economy. | A massive service ecosystem fuels employment. | Alkrimia area acts as the national hub for wholesale trade.



### The Horizon

**Opportunities**  
Implementation of Service-for-Incentive platforms and rapid digital transformation pilots.

**Constraints**  
Severe exchange rate volatility, liquidity shortages, and high load shedding.

### The National Financial Hub



### Market Movers

Al-Sahl Group  
MedSky Airlines  
Yaqeen Bank  
Mamash Market



### Socio-Dynamics

Advanced private healthcare and retail sectors serve as major, normalized employers of women.



### Collaboration Ecosystem

Highly mature; active municipal contracts for cleaning, waste management, IT, media, and public spaces.

### Matrix Snapshot

#### Market Thickness

HIGH

Highest population and institutional density in Libya.

#### Sector Diversification

HIGH

Robust integration of banking, healthcare, retail, and construction.

#### Employment Absorption

HIGH

Dynamic private sector provides extensive, diverse job roles.

#### Gender Inclusion

MEDIUM

Highest female participation in private corporate roles nationwide.

#### Collaboration Readiness

HIGH

Documented history of advanced municipal-private partnerships.

# TAWERGHA

## Western Region



### Economic DNA

A unique returnee economy functioning on basic reconstruction. | Total dependency on Misrata supply chains. | Self-funded home reconstruction generates local informal skilled and unskilled labor.



### The Horizon

**Opportunities**  
Reconstruction skills workshops (masonry/plumbing) and construction material hub development.

**Constraints**  
Total infrastructure destruction and critical lack of documentation for returnee youth.

### A Reconstruction Engine



### Market Movers

Remas International (Construction)  
Qimam Tawergha School



### Socio-Dynamics

Nascent market; Qimam Tawergha school stands out as a prominent female-owned community institution.



### Collaboration Ecosystem

Strictly informal interactions; limited data on structured municipal engagement capacity.

### Matrix Snapshot

#### Market Thickness

**LOW**

Small population of returnees with nascent purchasing power.

#### Sector Diversification

**LOW**

Almost entirely concentrated on basic residential reconstruction.

#### Employment Absorption

**LOW**

Primarily informal self-employment focused on rebuilding.

#### Gender Inclusion

**LOW**

Nascent market environment limits opportunities outside education.

#### Collaboration Readiness

**LOW**

Weak institutional capacity stemming from total displacement.

# TARHOUNA

## Western Region



### Economic DNA

Significant agricultural hub; primary supplier of onions, potatoes, and olives to Tripoli. | Agriculture is the largest employer. | Booming secondary market in vehicle maintenance and mechanics.



### The Horizon

**Opportunities**  
Agricultural value chain strengthening and specialized vocational training in mechanics.

**Constraints**  
Conflict-related infrastructure damage and complete absence of state-led investment.

### An Agricultural Anchor



### Market Movers

Al-Majdoub Delivery Service  
Tarhouna Advertising



### Socio-Dynamics

Strictly male-dominated in transport and farming. Significant economic leakage as residents commute to Tripoli for specialized services.



### Collaboration Ecosystem

Absolute absence of public-private collaboration; the municipality does not engage private firms.

### Matrix Snapshot

#### Market Thickness

**MEDIUM**

Proximity to Tripoli ensures high ongoing output demand.

#### Sector Diversification

**LOW**

Overwhelmingly agricultural with minor local retail.

#### Employment Absorption

**MEDIUM**

Strong regional demand for agri-labor and vehicle mechanics.

#### Gender Inclusion

**LOW**

Conservative norms lock labor sectors into male-centric roles.

#### Collaboration Readiness

**LOW**

Institutional barriers prevent current municipal outsourcing.

# MURZUQ

## Southern Region



### Economic DNA

Tebu-majority border transit and retail hub, heavily characterized by severe conflict damage and demographic displacement. | Employment relies on logistics subcontractors for external reconstruction and bedrock retail backed by public salaries.



### The Horizon

#### Opportunities

Stabilization-oriented economic activation; training locals as primary reconstruction contractors.

#### Constraints

Extensive conflict damage, severe institutional division, and a total lack of municipal budget.

### A Post-Conflict Frontier



### Market Movers

Yaqeen Building Materials  
Al-Sanad Clinic  
Construction Coloring Center



### Socio-Dynamics

Protracted displacement has resulted in massive local human capital drain and critical loss of purchasing power.



### Collaboration Ecosystem

Severely constrained infrastructure. ● Basic municipal functions are largely inactive due to extreme funding shortages.

### Matrix Snapshot

#### Market Thickness

LOW

Massively reduced purchasing power due to 50% population displacement.

#### Sector Diversification

LOW

Strictly limited to survival retail and basic reconstruction logistics.

#### Employment Absorption

LOW

Local labor depends entirely on external firms hiring subcontractors.

#### Gender Inclusion

LOW

High socio-economic instability and displacement limit female visibility.

#### Collaboration Readiness

LOW

Municipality operates with little to no operational autonomy or budget.

# IDRI SHATI

## Southern Region



### Economic DNA

An economy radically transformed from a rural zone into a booming marble mining frontier. | Primary job engines are strictly tied to extraction: direct mining, heavy truck logistics, and workforce catering.



### The Horizon

#### Opportunities

Marble value-chain strengthening and the initiation of sector-specific dialogue platforms.

#### Constraints

Dangerous structural dependence on a single sector; slow pace of municipal contracting.

### An Industrial Frontier



### Market Movers

Silver Whale Fishery  
Idri Mumtaz Wholesale



### Socio-Dynamics

Highly intensive physical labor focus creates extremely low visibility for female-led enterprises.



### Collaboration Ecosystem

Nascent framework. ● The municipality engages private actors for basic operational needs (cleaning, catering, furniture) but acts slowly.

### Matrix Snapshot

#### Market Thickness

MEDIUM

Undergoing rapid expansion driven by high-demand marble export.

#### Sector Diversification

LOW

Dangerously over-reliant on physical extraction and support logistics.

#### Employment Absorption

HIGH

Very high demand for heavy truckers and raw mine laborers.

#### Gender Inclusion

LOW

Overwhelmingly masculine extractive sectors limit alternative inclusion.

#### Collaboration Readiness

LOW

Nascent, slow institutional framework for private sector engagement.

# SABHA

## Southern Region



### Economic DNA

Principal administrative, financial, and commercial center of Southern Libya. | Formal economy deeply intertwined with informal trans-Saharan trade. | Retail, wholesale trade, and a vibrant service sector (healthcare/hospitality) are the major job engines.



### The Horizon

#### Opportunities

Healthcare expansion, tech-based digital transformation, and regional supply chain formalization.

#### Constraints

Universal power cuts, severe cash liquidity crisis, and reluctance to disclose procurement data due to corruption fears.

### A Southern Growth Focal Point



### Market Movers

Bader Africa, Zadco (Construction)  
Zahrat Al-Fazan (Cleaning)  
Valencia Dental Clinic  
Eylyese, Ro'ya Albada (Training)



### Socio-Dynamics

Private healthcare platforms skilled women; Fezzan Libya Media Organization trains young women in advanced coding.



### Collaboration Ecosystem

Mixed but active transactional relationship; contracts for cleaning/training exist, but lack a strategic long-term framework.

### Matrix Snapshot

#### Market Thickness

HIGH

Central hub and macro-supply point for the entire Fezzan region.

#### Sector Diversification

MEDIUM

Strong regional presence in healthcare, retail, hospitality, and energy.

#### Employment Absorption

HIGH

Service and retail sectors act as the major regional job engines.

#### Gender Inclusion

LOW

Conservative norms restrict visibility, though healthcare acts as a gateway.

#### Collaboration Readiness

MEDIUM

Established transactional history of contracting for basic services and training.

LINATAAWAN

