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Mapping of private sector actors to support linkage to potential opportunities for youth and foreign workers in Libya

Prepared by Key Aid Consulting for IOM Libya

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www.keyaidconsulting.com



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The opinions expressed are those of the Key Aid Consulting team, and do not necessarily reflect the views of the IOM team. Responsibility for the opinions expressed in this report rests solely with the authors.

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Executive summary

Objectives

In Libya, the International Organization for Migration (IOM) supports migrants and youth employment opportunities and engages with the private sector.¹ This private sector mapping supports IOM to forge close collaborations with companies in Tripoli, Benghazi and Sebha with a view to boost employment opportunities.

The report discusses first the methodology and objectives (Section 1), the scope (Section 2) and identifies contextual enablers and barriers for Private Sector Engagement (PSE) in Libya (Section 3). It then provides recommendations on how to best approach PSE (Section 4).



Findings and conclusions

The research team has identified the following as barriers to PSE in Libya:

On the macroeconomic and business landscape: **the number of potential firms to engage in PSE remains low.** The Libyan economy heavily relies on oil, with low incentive for diversification. Companies' creation and innovation are further hampered by liquidity shortages, regulatory barriers, and electricity unavailability. The number of "established" firms that IOM can potentially collaborate with therefore remains limited.

On regulatory aspects: **regulatory barriers make migrant employment challenging for companies.** There is often a lack of awareness of these procedures or a perception that they are complex, which easily discourages company owners from considering (formally) hiring foreign workers.

On the trust required between PSE actors: **trust issues are prominent** among surveyed

Methodology and approach

The study relied on a **mixed-methods** approach through a quantitative survey of more than 600 companies and consultations with government officials, business owners, aid workers and migrant community leaders.

Method	Reach
Desk review	50 documents
Business census	614 companies
Business survey	332 companies
Key informant interviews	7
Focus-group discussions	2

and interviewed businesses that have not previously collaborated with IOM, presenting a notable obstacle to potential PSE engagement.

The research team has also identified the following as enablers to PSE in Libya:

On the labour market aspect: despite occasional negative perceptions of migrants in Libya, **there exists a relative equilibrium in the labour market** where foreign workers often fill positions that garner limited interest from Libyans.

On existing IOM programmes and relationships: they demonstrate some successes.

The multi-faceted challenges at macro and micro economic levels should **mirror in a multi-pronged approach towards PSE with parallel private sector development.** There are promising opportunities for adapted PSE initiatives at the medium and lower ends of

¹ See IOM. "PRIVATE SECTOR ENGAGEMENT STRATEGY 2023–2027 Partnering with the Private Sector to Support Safe, Orderly, and Regular Migration," 2023.

the engagement spectrum which could lead to fully fledged PSE.

Recommendations

First Priority	
1	Partner towards and advocate for private sector development. IOM should continue to build on its 2021 Labour Market Analysis ² toward macroeconomic level recommendations: private and government strategic investment, jobs funds and entrepreneurship programmes.
2	Adjust Private Sector Engagement programmes to the specific needs of small and medium enterprises. Small and medium enterprises form the bulk of the private sector in Libya. IOM should identify and encompass their specific entry barriers into PSE programmes and contribute to the creation of SME networks.
3	Support SME toward stronger recruitment and employment practices to make them PSE-ready. The majority of surveyed SME do not formalise the entirety of their recruitment and employment process yet show a willingness to do so. IOM should leverage this interest to encourage and incentivise more formal and ethical recruitment practices (e.g. job advertisement, contract, notice period).
4	Build trust between SME and IOM through clear communication and strengthened accountability. Limited trust in International Organisation PSE programme is a key blocking factor that IOM should work on by developing strong outreach and communication strategies, organising face to face interactions and setting up a hotline accessible to all entrepreneurs.
Second Priority	
5	Address the impact of regulatory barriers on company employment. Regulatory barriers continue to impede the employment of foreign workers; either because of the laws themselves or because the relevant actors do not know how to navigate them. Such initiatives can include organising workshops for business employees, advocacy efforts with governmental bodies to simplify certain procedures and dialogue facilitation between governmental bodies and private sector stakeholders.
6	Capitalise on the potential of a diverse workforce. Several labour market assessments done in Libya have emphasized the fact that Libyans and foreign workers do not always compete for the same jobs. This is a strength, and there remains scope for this information to be further disseminated by for example implementing awareness campaigns to underscore the benefits of a diverse workforce.
7	Capitalise on existing IOM programmes that already bring positive results. This could be done by expanding the reach of successful YESS trainings, and monitoring programme long-term outcomes to disseminate successful findings when feasible and appropriate.
8	When feasible, prioritise multi-stakeholder engagement. Multi-stakeholder engagement has been a key success element in PSE projects in other contexts. IOM could consider partnerships with local governments, community leaders, civil society organizations, or other United Nations agencies. IOM could undertake another stakeholder mapping exercise at the national level to identify ongoing PSE initiatives.

² The link to the LMA is available on IOM Libya's resource section online: <https://libya.iom.int/>

Table of Contents

<i>Acknowledgements</i>	1
<i>Executive summary</i>	0
<i>Table of figures</i>	2
<i>Table of tables</i>	2
<i>Acronyms</i>	3
<i>Introduction</i>	4
I.1. Methodology overview	4
I.2. Study Objectives	6
I.3. Context and scope	6
I.3.1. Contextual overview	6
I.4. IOM in Libya	12
I.5. IOM's PSE (Globally)	14
II. <i>The current state of PSE in Libya</i>	15
II.1. Macroeconomic overview and business landscape	16
II.2. Policy and regulatory environment	23
II.3. Trust towards International Organisations	24
II.4. Labour Market	25
II.5. Existing IOM programmes	26
III. <i>Conclusion and recommendations</i>	26
III.1. First priority recommendations	27
III.2. Second priority recommendations	33
IV. <i>Annexe</i>	36
IV.1. Annexe 1 – Methodology	36
IV.1.1. Inception	36
IV.1.2. Methodology Workshop	36
IV.1.3. Primary data collection	37
IV.1.4. Quantitative survey	40
IV.1.5. Key Informants Interviews (KII) and focus-groups discussions (FGDs)	41
IV.1.6. Data analysis	42
V. <i>Annexe 2 – Key PSE elements from the literature</i>	44
V.1. Annexe 3: Recommendations: Feasibility and Impact	46
VI. <i>Bibliography</i>	49

Table of figures

Figure 1: Consultancy steps.....	4
Figure 2: Data collection overview.....	5
Figure 3: Official and parallel market exchange rates in Libya	8
Figure 4: Youth unemployment rate per area	10
Figure 5: Economic opportunities for Libyan youth	10
Figure 6: Migrant profiles in Libya	11
Figure 7: Distribution of migrants per geographical area	11
Figure 8: Evolution of migration policies in Libya	11
Figure 9: Conceptual Framework PSE	13
Figure 10: Real GDP growth (% change)	16
Figure 11: Doing Business Ranking Per Indicator in Libya (2020).....	17
Figure 12: Proportion of large enterprises vs SMEs across Tripoli, Benghazi and Sebha	19
Figure 13: SME breakdown across Tripoli, Benghazi and Sebha	19
Figure 14: Box on UNDP's business formality system	20
Figure 15: Do workers usually have a contract?	21
Figure 16: Does your business advertise job vacancies widely to ensure that all candidates have equal access to job opportunities?	22
Figure 17: What are the rules regarding resignations?	22
Figure 18: Challenges associated with hiring foreign workers.....	24
Figure 19: Interest in interview with IOM for future collaboration	25
Figure 20: Ways the private sector can contribute to sustainable development	44
Figure 21: Feasibility vs Impact of Specific Recommendations.....	47
Figure 22: Impact vs feasibility of general recommendations.....	48

Table of tables

Table 2: Key points per data collection method	5
Table 4: Conditions of PSE in the Libyan context	26
Table 5: Recommendation table first priority	29
Table 6: Recommendation table priority 2	33
Table 7. Data Collection Census	37
Table 8: Selected Sectors.....	39
Table 9. Data Collection Survey Reach.....	41
Table 10: KII breakdown per type of stakeholder	42
Table 11: FGD participants and location.....	42

Acronyms

CBL	Central Bank of Libya
EDF	Enterprise Development Fund
FGD	Focus Group Discussions
GDP	Gross Domestic Product
GIZ	German Agency for International Cooperation
IDP	Internally Displaced Person
ILO	International Labour Organization
IO	International Organization
IOM	International Organization for Migration
KII	Key Informant Interview
LMI	Labour Mobility and Social Inclusion
MENA	Middle East and North Africa
MoL	Ministry of Labour and Rehabilitation
OECD	Organization for Economic Cooperation and Development
PSE	Private Sector Engagement
SME	Small and Medium Enterprises
UN	United Nations
UNDP	United Nations Development Programme
UNGP	UN Guiding Principles on Business and Human Rights
YESS	Youth Employment One-Stop Shop

Introduction

Despite its abundant natural resources, Libya continues to grapple with profound socio-economic challenges and political blockages. Among other challenges, Libya's private sector remains largely underdeveloped, affecting society in Libya as a whole, including migrants and youth. Within that context, both private sector development and Private Sector Engagement (PSE) have become important pillars of international organisations' work in Libya.³ It has become widely recognised that the private sector has the potential to serve as a vital collaborator for governments and organisations involved in international development cooperation and can serve post-conflict growth projects.⁴ As such, the International Organization for Migration (IOM) in Libya is currently seeking to expand this line of work through its Labour Mobility and Social Inclusion (LMI) programme, which aims to contribute to capacity enhancement in labour migration governance.

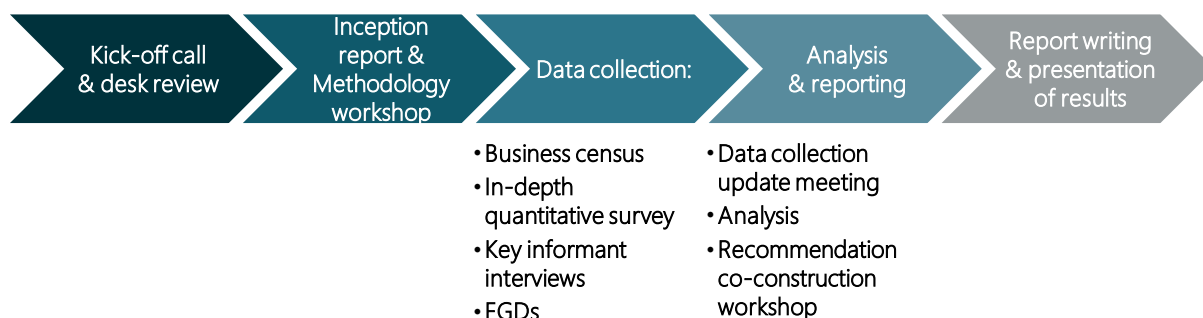
In support of IOM, Key Aid Consulting conducted a macroeconomic analysis and migrant skill gap assessment in 2021.⁵ The assessment provided overarching demand-side recommendations, including, among others: linking migrant workers who have undergone basic skills training with employers engaged in providing decent work conditions through specialised agencies, and working directly with employers to promote safer working conditions for migrant workers.

This report builds on the work conducted in 2021 to support the operationalisation of these recommendations. **Specifically, it offers recommendations to IOM Libya on enhancing Private Sector Engagement (PSE) within the country, focusing on strengthening connections between youth, foreign workers, and private sector entities.**

I.1. Methodology overview

The research team employed a participatory and user-centred approach throughout the consultancy, consisting of the following steps:

Figure 1: Consultancy steps



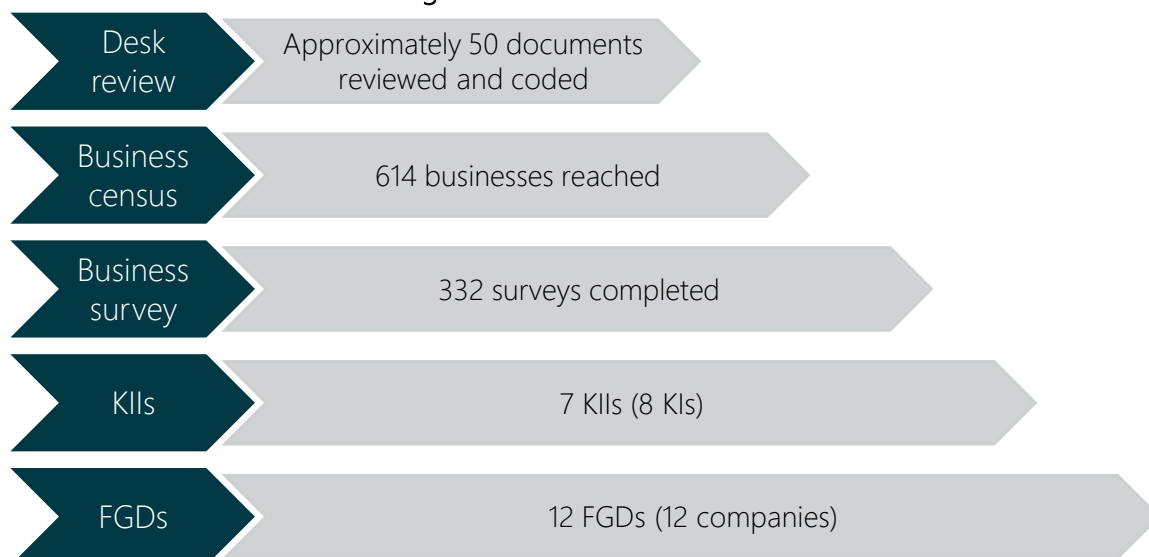
³ See for example: IOM Libya. "Annual Report IOM Libya," 2022; UNDP. "Libya's Private Sector Main Driver for Economic Recovery," 2021.

⁴ The term will be defined below.

⁵ Juillard H., Robalino D., Kitchingman-Roy D., Ossandon, M. and Charlot, C. "Labour Market Assessment in Libya," 2021.

The study used a mixed-method approach, incorporating a thorough **desk review**, a business **census**, a business **survey**, **key informant interviews (KIIs)** with government officials, migrant community leaders and international organisation staff; and **focus group discussions (FGDs)** with private sector companies in Libya, as per the breakdown below:

Figure 2: Data collection overview



While [Annexe 1](#) provides further details on the methodology adopted throughout the consultancy, the table below summarises key information per data collection method:

Table 1: Key points per data collection method

Method	Description
Business census	The research team developed a new list of businesses via a business census in three target locations: Tripoli, Benghazi and Sebha. The census consisted of a short questionnaire designed to take around 10 minutes per questionnaire. The objective was to identify businesses, collect information such as registration and bookkeeping status, as well as assess interest in a survey.
Business survey	The research team rolled out a 30 to 45 minutes survey with each chosen target company that passed the selection criteria (companies must have separate bookkeeping between their personal and business finances; must not be located within a home; and must be interested in participating in a longer survey with IOM). The survey was composed of closed-ended and open-ended questions. The objective was twofold. Firstly, the initial objective was to narrow down the list of companies to those that had the potential and interest to collaborate with IOM in private sector engagement in the future. Secondly, it also contributed to the creation of a database that IOM could use for future research and collaborations. The survey was done in person at the businesses' sites.
KIIs	For KIIs, KAC and IOM jointly opted to target government officials, migrant community leaders, private sector engagement experts and staff from international/national organisations who engaged in PSE in the past. The objective of the KIIs was to further identify barriers and enablers to PSE in Libya, to identify PSE best practices from other contexts and to thereby identify opportunities for engagement.
FGDs	KAC and IOM collaboratively opted to conduct focus group discussions (FGDs) with companies that had either collaborated with IOM in the past or are currently under

	consideration for potential PSE initiatives. The purpose of these FGDs was to better understand the needs, hiring practices and willingness of companies to interact with Libyans, foreign workers and youth, and explore how they would like to engage with IOM. The FGDs were conducted in Benghazi and Tripoli in Arabic.
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In addition to data collection, the research team facilitated two workshops with IOM: a **methodology workshop** during the project's inception phase and a **recommendation co-construction workshop** during the analysis phase. The objective of the former was to refine the research objectives and better comprehend IOM's objectives around private sector engagement in Libya and its target sectors of interest. The aim of the latter was to collectively discuss the report's findings as well as co-construct the report's recommendations. As mentioned above, full details regarding the methodology are presented in [Annexe 1 – Methodology](#).

I.2. Study Objectives

The goal of this private sector mapping is to assist IOM Libya in expanding its PSE initiatives in the country. Specifically, IOM's aim is to collaborate closely with promising companies to link them with migrants and youth in search of jobs.

Specific objectives include:

- | | |
|---|---|
| 1 | Identify private sector engagement best practices at global and regional levels that can be used by IOM in their Libyan strategy. |
| 2 | Assess Libyan companies' knowledge, attitude and practices related to ethical recruitment. |
| 3 | Identify a pool of national and international companies interested in working with IOM to develop linkages with local and foreign youth while offering decent employment opportunities. |

This report specifically focuses on fulfilling objectives 1 and 2. As an additional deliverable, Key Aid Consulting has provided IOM with a selection of companies derived from the business census and the survey, all of which seem promising for future engagement. This latter deliverable aims to fulfil objective 3. While they constitute a separate deliverable, the survey analysis has also strongly supported the arguments brought forward in this report.

The study concentrated on three economic centres in Libya: Tripoli, Benghazi and Sebha. For more details on methodological choices, see [Annexe 1 – Methodology](#).

I.3. Context and scope

This section provides a broad overview of the Libyan [context](#). It also introduces [IOM Libya and its objectives](#), and provides [an overview of IOM's ongoing PSE activities and engagement globally](#). The concept of PSE is introduced and explained throughout the section.

I.3.1. Contextual overview

I.3.1.1. Evolution of the political landscape

The political landscape in Libya experienced substantial upheaval after the overthrow of Muammar Gaddafi in 2011, resulting in significant changes to the country's political and economic structures. After the uprising, a political vacuum rapidly emerged, marked by the absence of centralised

authority and a national security apparatus. This progressively provoked competition between factions for control over the state and escalated into violent conflict in 2014. The war led to a divide between eastern and western factions (2016–2018), resulting in parallel political, governance, economic and security institutions.⁶ A UN-brokered ceasefire agreement between the Government of National Accord and the Libyan National Army in October 2020 led to a decline in violence.

The cessation of major hostilities codified in the ceasefire agreement, the subsequent resumption of oil exports at scale and the eventual opening of the coastal road in mid-2021 opened the door for individuals to resume their lives and livelihood activities.⁷ While a Government of National Unity was formed in March 2021 to prepare for elections, these elections have since been indefinitely postponed.⁸ In early 2022, the eastern-based House of Representatives' designation of a new Prime Minister led to a serious political impasse.⁹

1.3.1.2. Private sector development and socio-economic conditions

Starting from before the 2011 revolution,¹⁰ the centralised government dominated all activities: manufacturing, agriculture, retail trade, banking, insurance and major services. State trading companies were also responsible for industrial, manufacturing, and agricultural imports. This had an important impact on the Libyan private sector and still does to this day. The predominant employer continues to be the public sector.¹¹

Pre-conflict, the private sector in Libya was just emerging. The crisis has had crippling effects on the private sector, particularly medium and small firms, and has dramatically reduced the incentives to invest and create jobs. In 2011, as a result of the political turmoil in the country, the economy contracted by 60 percent. In 2022, the gross domestic product (GDP) per capita was still 42 percent below its pre-crisis level.¹² Falling export revenues due to lower commodity prices and a reduction in trade flows have aggravated existing problems. After the 2011 revolution, the lack of institutions to regulate markets and enforce a viable social contract led to an environment punctuated by conflict, violence, erratic economic growth and declining standards of living.¹³

The economic downturn, accompanied by unsustainable levels of public spending, polarised governance¹⁴ and entrenched corruption, have led to an important liquidity crisis in the country, which began in 2014.¹⁵ This monetary crisis was characterised by a chronic shortage of dinar banknotes and a weak valuation of the Libyan dinar on the black market. The misuse of public funds, blockades of hydrocarbon infrastructure and a drop in oil prices have contributed to the collapse of government revenues and foreign exchange reserves. The Central Bank of Libya (CBL) has struggled

⁶ UN. "United Nations Sustainable Development Cooperation Framework: Libya 2023-2025," n.d.

⁷ OCHA, "Humanitarian Response Plan Libya for 2022" (December 2021, n.d.).

⁸ UN. "United Nations Sustainable Development Cooperation Framework: Libya 2023-2025." n.d.

⁹ UN. "United Nations Sustainable Development Cooperation Framework: Libya 2023-2025." n.d.

¹⁰ Even before the revolution, Libya was a non-diversified economy facing major challenges in terms of allocative efficiency and had a labour market dominated by the public sector.

¹¹ Juillard H., Robalino D. Kitchingman-Roy D., Ossandon, M. and Charlot, C. "Labour Market Assessment in Libya," 2021.

¹² From 11,611 in current USD in 2010 to 6,716 in current USD in 2022. World Bank Data. "GDP per capita (current US\$) - Libya. Accessed January 2024.

¹³ See for instance: Hend R. Irhiam, Michael G. Schaeffer, and Kanae Watanabe. "The Long Road to Inclusive Institutions in Libya: A Sourcebook of Challenges and Needs," 2023 or Tim Eaton. "Libya's War Economy: Predation, Profiteering and State Weakness," 2018.

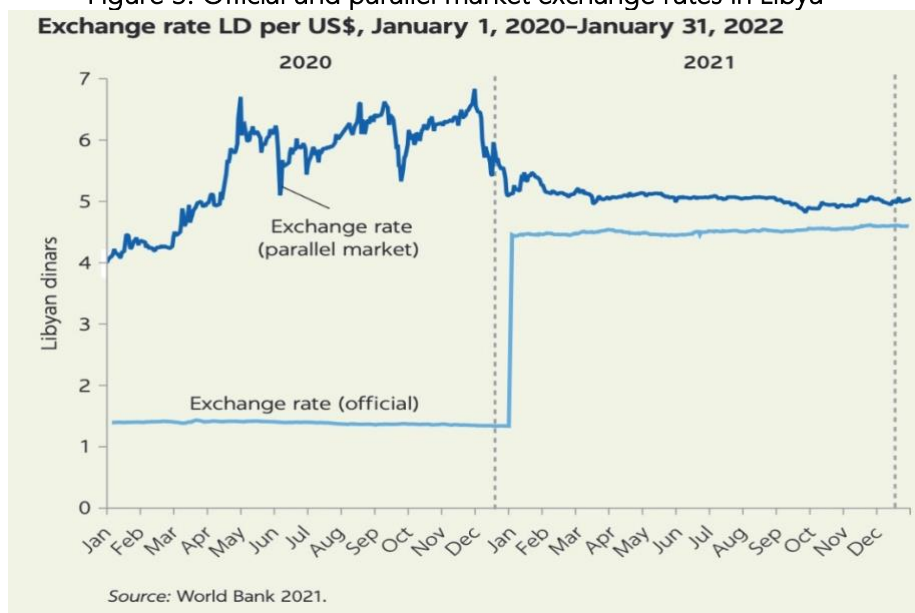
¹⁴ These economic downturns are deeply affected by the political situation in the country.

¹⁵ Jalel Harchaoui. "Libya's Monetary Crisis." Lawfare, 2017.

to stabilise the situation, leading to a run on the banks, which further increased citizens' mistrust in the banking system.

Consequently, the CBL imposed restrictions on cash distribution within the country. This meant that Libyan bank account holders could sometimes only access a fraction of their income. Simultaneously, there were severe limitations on accessing foreign currency at the official exchange rate, leading to a significant surge in the prices of essential goods since 2016. This resulted in a substantial disparity between the official exchange rate and the rate available on the parallel market, where most people in Libya (including refugees and migrants) usually exchange Libyan dinars for US dollars, but where the rate has risen to five times higher than the official one, which is largely inaccessible for most.¹⁶ This crisis has severely affected private sector development, as businesses are also falling victim to the lack of access to foreign currency.

Figure 3: Official and parallel market exchange rates in Libya¹⁷



Libya is therefore experiencing rising inflation and a shortage of imported goods. The CBL has limited funds that can only cover government expenses (e.g., salaries and administrative costs), while government investment projects have been put on hold.¹⁸

Due to all factors mentioned above, Libya's private sector remains largely underdeveloped.¹⁹ With the Covid-19 pandemic, the Libyan private sector has taken another hit, as it was finally starting to emerge following the end of active conflict in 2020. The two second largest employers are the

¹⁶ Reach Initiative and UNHCR. "Access to Cash and the Impact of the Liquidity Crisis on Refugees and Migrants in Libya," 2018. The official market is considered "inaccessible" due to the capture of Letters of Credits by a few corrupt actors. Letter of Credits permit importers to exchange their money at the official exchange rate for their imports.

¹⁷ Hend R. Irhiam, Michael G. Schaeffer, and Kanae Watanabe. "The Long Road to Inclusive Institutions in Libya: A Sourcebook of Challenges and Needs," 2023.

¹⁸ Jason Pack, "Libya's Liquidity Crunch and the Dinar's Demise: Psychological and Macroeconomic Dimensions of the Current Crisis" (US-Libya Business Association, April 2017).

¹⁹ **The private sector is broadly defined** to include "commercial enterprise of any size, in any country, whether privately held, 'publicly quoted', wholly or majority owned by the state or by local communities. It covers both legally registered (formal) and unregistered (informal) enterprise, the latter including most family farms and a large proportion of small-scale trade and industry in the developing world. Definition from: OECD. "Private Sector Engagement for Sustainable Development," 2016.

manufacturing and wholesaling/retailing sectors, while the agricultural sector continues to be an abnormally low contributor to jobs.

The economy in southern Libya has also been characterised by a lack of economic opportunities and a weak private sector, despite the presence of national and international oil companies in the region.²⁰ In fact, Libya's south-west, the Fezzan, continues to grapple with instability: the country's security crisis, competing centres of power, as well as the Southern region's vast geographic expanse and strong tribal identities have contributed to the proliferation of cross-border smuggling networks and armed groups.²¹ Competing views on identity and statehood continue to affect social relations in the region, and tribal power dynamics tend to dictate business practices and everyday life.²²

A decade marked by political crises, violent conflict, the recent Covid-19 pandemic, compounded by the effects of the Russia-Ukraine conflict and the recent catastrophic floods in the east have significantly impeded Libya's development. GDP per capita experienced a 50 percent decrease from 2011 to 2020, while it is estimated that it was on a positive trajectory pre-conflict.²³ In 2022, economic growth persisted at low and unpredictable levels, primarily attributed to disruptions in oil production resulting from conflict-related factors.²⁴ Data collected in the second half of 2020 by the German Agency for International Cooperation (GIZ) show that total unemployment rates in young people (aged between 15 and 24) have reached 65 percent in urban areas in the north, 20 percent in rural areas in the north, 75 percent in the west and nearly 100 percent in the south.²⁵ The World Bank estimates that the overall unemployment rate has reached 19.6 percent in 2022, with the share of public employment at 85 percent, where labour productivity is lower than any other sector, other than construction.²⁶ It also estimated the overall youth unemployment rate at 51.4 percent in 2021.²⁷ This latter figure was subsequently estimated at 70 percent.²⁸ Public debt remains high (77 percent of GDP and 126 percent of government revenue).²⁹ Concerning informality, though challenging to gauge precisely, various studies suggest that more than 50 percent of Libya's economy operates in the informal sector.³⁰

²⁰ IOM, "IOM Libya Migrant Report Key Findings: Round 46,".

²¹ See for instance: Tim Eaton et al. "The Development of Libyan Armed Groups Since 2014: Community Dynamics and Economic Interests." Chatham House, 2020.

²² Ibid.

²³ World Bank. "Libya Overview," 2023.

²⁴ World Bank. "Libya Overview," 2023.

²⁵ World Bank. "Country Engagement Note for the State of Libya," 2023.

²⁶ World Bank. "The World Bank in Libya," 2023.

²⁷ World Bank Data. "Unemployment, youth total (% of total labour force ages 15-24) – (modelled ILO estimate) – Libya". Accessed January 2024.

²⁸ Juillard H., Robalino D. Kitchingman-Roy D., Ossandon, M. and Charlot, C. (2021) Labour Market Assessment Libya. Tunis: IOM.

²⁹ World Bank. "Libya Overview," 2023.

³⁰ This is mentioned by Aminur Rahman. "The Private Sector amid Conflict." World Bank, 2020.

Figure 4: Youth unemployment rate per area ³¹

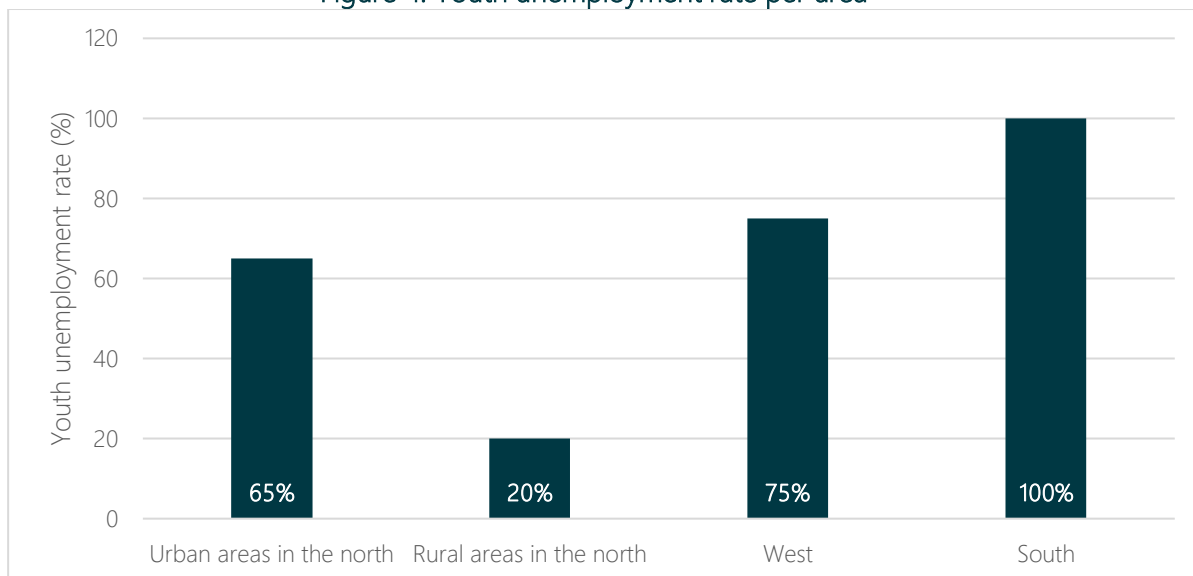


Figure 5: Economic opportunities for Libyan youth ³²

The conflict in Libya significantly affected the Libyan youth's professional trajectories and educational pursuits. Many shifted towards alternative employment avenues such as freelancing in the private sector, as well as involvement in research and technology-oriented activities. The degradation of infrastructure and the collapse of state institutions have limited the developmental prospects for the younger generation.

I.3.1.3. Migration overview

Libya has been and remains a destination country for migrant workers from Africa and the Middle East. Labour migration to Libya dates back to the 1950s and early 1960s, when hydrocarbon reserves were discovered. Large-scale development, combined with a labour deficit among the Libyan population, led to a need for migrant workers to fill gaps, which were filled by foreign workers mainly from Tunisia and Egypt.³³ Throughout time, migration policies have continued to evolve, sometimes to be quite exclusionary (see figure below). Despite stricter migration policies, Libya continues to attract foreign workers from Sub-Saharan Africa, the Middle East and North Africa (MENA) region, and to a lesser extent, from South Asia.³⁴

³¹ Data from World Bank. "Country Engagement Note for the State of Libya," 2023. Graph created by authors.

³² Asma Khalifa. "Youth and the Future of Libya," 2022.

³³ IOM, "Labour Market Access for Migrants in Libya and the Impact of COVID-19," 2021.

³⁴ IOM, "Labour Market Access for Migrants in Libya and the Impact of COVID-19," 2021.

Figure 6: Migrant profiles in Libya ³⁵

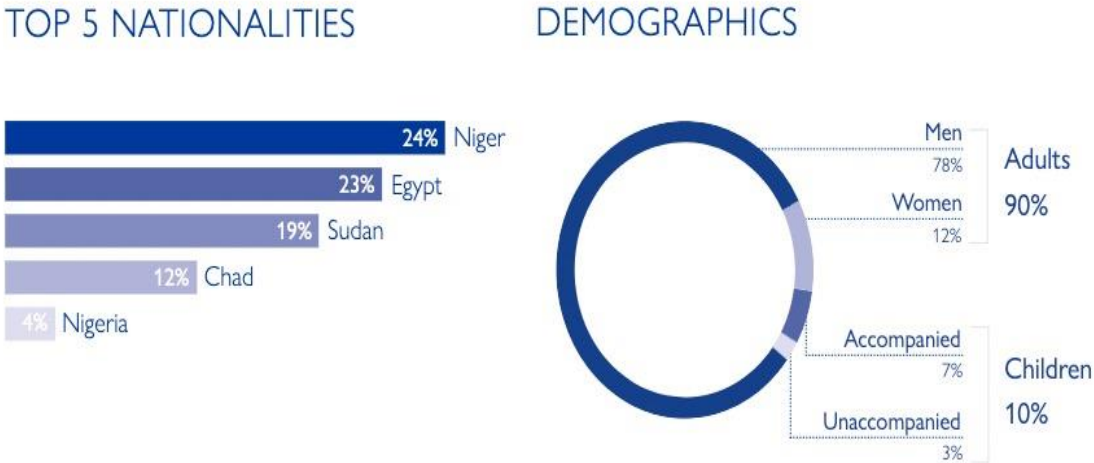


Figure 7: Distribution of migrants per geographical area ³⁶

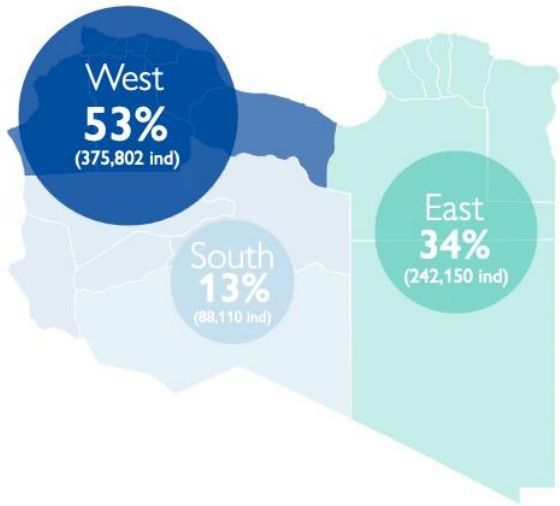


Figure 8: Evolution of migration policies in Libya ³⁷

The primary legal framework overseeing the entry of foreign nationals into Libya was established in the 1980s through Laws No. 6 of 1987 and No. 10 of 1989. Initially, these laws specifically targeted Arab migrants, granting them the right to enter and freely reside in Libya with the same rights as Libyan nationals. In the 1990s, Gaddafi's policy underwent a slight expansion, allowing sub-Saharan African migrants, as well as those from East and West African countries, to enter and reside freely. This shift was influenced by the perceived lack of support from Arab countries in the aftermath of the United Nations' (UN) sanctions on the country.

These open-door policies underwent a significant shift with the initiation of the Libya-European Union cooperation intended to combat irregular migration into Europe. This collaboration compelled Gaddafi to address the substantial number of documented migrants in Libya, leading to widespread border rejections and the forced repatriation of undocumented migrants over the ensuing decade. Visa requirements became obligatory, and foreign nationals lost unrestricted access to health, education and other public services.

³⁵ IOM Libya. "Migrant Report Key Findings 46 (January - February 2023)," 2023.

³⁶ Ibid.

³⁷ IOM Libya. "Migrant Report Key Findings 46 (January - February 2023)," 2023.

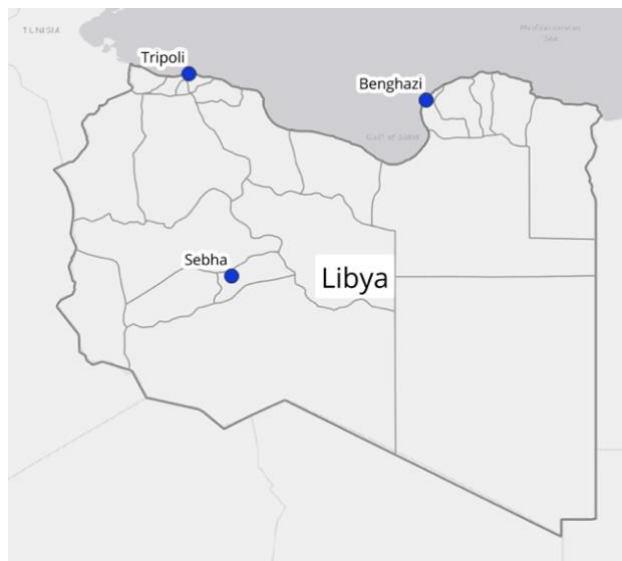
Migrant employment in Libya is predominantly concentrated within sectors that typically hold lesser appeal for native Libyan workers. These tend to be low-skilled and informal jobs in sectors such as agriculture, construction, cleaning and the restaurant industry, including food processing.³⁸ Despite high unemployment rates in Libya, migrants often do not compete for the same jobs as nationals, who tend to prefer office jobs or public-sector work. One in four migrants interviewed by IOM in January and February 2023 reported being unemployed. The unemployment rate was significantly higher among migrants interviewed in southern Libya (41 percent) than those in the west (22 percent) or east (12 percent).³⁹

Irregular migrants in Libya often work in low-skilled and unstable forms of economic activities.⁴⁰ They benefit from little to no protection, and irregularity is a common feature of Libya's migrant population. In February 2023, IOM reported a total of just over 706 000 migrants in Libya.⁴¹ The decade-old crisis has had a disproportionate effect on migrant workers. While the revolution had already begun to disrupt the country's long history of migrant labour,⁴² the chronic cash shortages have increased their security risks, including the risks of being kidnapped, robbed, or not being paid for their work.⁴³ Highly skilled foreign workers, however, are often employed within the oil and gas industry and the health sector.

1.4. IOM in Libya

IOM has been operating in Libya since 2006 with staff working from two offices in Tripoli, one sub-office in Benghazi and field offices in Gatrour, Zwara, Bani Waleed and Sebha. IOM implements a wide range of programmes to address the urgent humanitarian needs of affected populations, as well as programmes to strengthen the country's resilience and enhance its capacity to address the root causes of instability.

IOM's **Labour Mobility and Social Inclusion (LMI) programme** seeks to contribute to capacity enhancement in labour migration governance by offering policy and technical guidance, supporting the development of strategies, legislation and administrative structures that promote efficient and transparent labour migration flows, and facilitating skill development to harness the full potential of human capital in Libya for economic development. Strategic engagement at the policy level is intended to strengthen channels for regular migration and create an environment where mobile groups can contribute to the development of the country. Among its activities, the Youth Employment One-Stop Shop (YESS) works to reduce the mismatch between supply and demand for skills on the labour market.⁴⁴



³⁸ Juillard H., Robalino D., Kitchingman-Roy D., Ossandon, M. and Charlot, C.

³⁹ IOM, "IOM Libya Migrant Report Key Findings: Round 46,".

⁴⁰ Emma Borgnäs, Linda Cottone, and Tassilo Teppert, "Labour Migration Dynamics in Libya."

⁴¹ IOM, "IOM Libya Migrant Report Key Findings: Round 46," February 2023.(February 2023)

⁴² IOM. "Assessment of Migrant Labour Skills in the Agricultural Sector" 2014.

⁴³ Reach Initiative and UNHCR, "Access to Cash and the Impact of the Liquidity Crisis on Refugees and Migrants in Libya," June 2018.

⁴⁴ IOM Libya. "Annual Report IOM Libya," 2022.

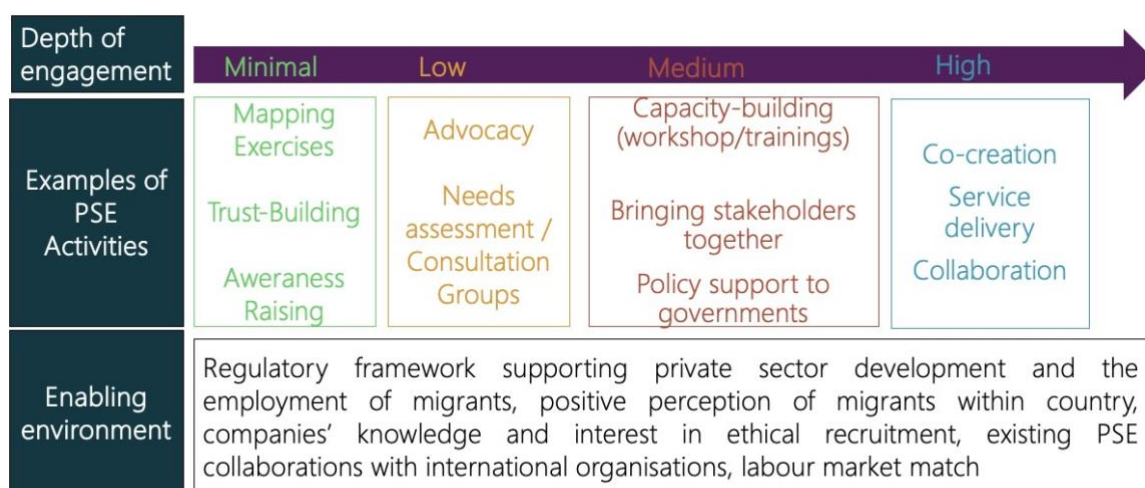
IOM, with the support of funds from the European Union, has set up YESS in collaboration with the Ministry of Labour and Rehabilitation (MoL) in Tripoli and Benghazi, to improve labour conditions and increase employment and livelihood opportunities, as well as to enhance social cohesion for both migrant and host-community youths in Libya.⁴⁵

YESS seeks to empower youth in Libya, mostly those in vulnerable conditions or with limited resources to upskill in order to improve their employment opportunities. The focus is on strengthening the demand side of the labour market. To ensure that participants are successful in securing meaningful employment, IOM in Libya is actively exploring ways to bolster collaboration with the supply side of the labour market, namely, the private sector.

The Organization for Economic Cooperation and Development (OECD) defines PSE as “an activity that aims to engage the private sector for development results.”⁴⁶ This process can be led by a multitude of actors, including national or local governments or international development cooperation actors.

IOM Libya's specific objective to forge close partnerships with promising companies for connecting them with youth in search of employment aligns with a broader spectrum of activities encompassed within PSE, as illustrated in the figure below:

Figure 9: Conceptual Framework PSE ⁴⁷



Note on figure: the elements listed in the enabling environment box are not entirely exhaustive, the authors chose the most important ones for this context. The order of the elements in the list is random.

The positive link established between engagement with the private sector and development results is based on the assumption that the private sector remains an important driver of job creation and economic growth, thereby improving the country's overall development levels.⁴⁸ For IOM, the current objectives for PSE are centred around using the private sector to create jobs and drive economic growth, while contributing to the fight against forced labour and exploitation by

⁴⁵ YESS acts as a community service centre for upskilling both migrant and Libyan youths. The centres offer tailored training packages for foreign and Libyan youth; foreign youth make up 35% of participants in the YESS centres while Libyans account for 65%. The YESS centres work with foreign nationals; there is no preference for working with certain nationalities nor certain statuses. IOM currently has YESS centres in Tripoli and Benghazi, and is expanding its services and setting up a new third centre in Sebha. The YESS centres offer the following training courses:

⁴⁶ OECD. “Private Sector Engagement for Sustainable Development,” 2016.

⁴⁷ Created by author based on the literature review.

⁴⁸ IOM, UNDP. “EMPOWERING MIGRANTS AND COMMUNITIES: Private Sector Engagement for Inclusive Sustainable Development,” 2023.

prioritising ethical recruitment and good working conditions.⁴⁹ This would, in the long run, contribute to a better equilibrium in the labour market. Other PSE objectives include supporting the government with the development of inclusive policies and bridging the gap between the public and private sector.

Achieving these goals, however, is contingent on several conditions that are usually context dependent. The literature shows that deep PSE engagement works best when the following is present in a certain context:

Table 1: Characteristics of a fertile environment for PSE (adapted to Libya)

Macroeconomic overview: A dynamic private sector and a positive economic outlook are more conducive to PSE
Business landscape: there are high capabilities within private sector to engage in development projects
Business landscape: private sector actors have knowledge on and interest in ethical recruitment
Policy and regulatory environment: legal, regulatory and policy frameworks are conducive to migrant inclusion and employment
Trust: private sector entities are interested in collaborating with development cooperation actors
Social cohesion: presence of positive attitudes towards migrants and will for social inclusion
Labour market gaps: there is space for a more diverse workforce
Actor interested in PSE has demonstrated some successes in its programmes and can build open them
Partnerships: there are existing links or partnerships with local or national organisations for more sustainable impact

This framework serves as a useful tool to assess the feasibility of PSE in the Libyan context and formulate recommendations for IOM to best approach PSE in the country. These elements are assessed in the Libyan context in the section [below](#).

1.5. IOM's PSE (Globally)

IOM Libya's objectives fit into a broader IOM global strategy on private sector engagement. IOM is actively engaged in global initiatives to promote the protection of migrant workers throughout the migration process from ethical recruitment to employment. IOM's private sector engagement is done through the provision of operational guidance, tools and capacity-building around due diligence, grievance mechanisms, remediation, amplifying migrant workers' voices in supply chains, providing remedy for workers and building sustainable migration pathways.⁵⁰

⁴⁹ **Recruitment:** Includes the "advertising, information dissemination, selection, transport, placement into employment and – for migrant workers – return to the country of origin where applicable. This applies to both jobseekers and those in an employment relationship." For the purpose of this study, ethical recruitment is defined as, "hiring workers lawfully and in a fair and transparent manner that respects and protects their rights". Ethical recruitment is rooted in three principles that state that recruitment practices should be: (i) Transparent and effectively regulated, monitored and enforced; (ii) Protect all workers' rights, including fundamental principles and rights at work, and prevent human trafficking and forced labour; and (iii) Efficiently inform and respond to employment policies and labour market needs, including for recovery and resilience.

⁵⁰ IOM, "Private Sector Engagement Strategy 2023 - 2027," 2023.

IOM's Private Sector Engagement Strategy 2023–2027 is predicated on three fundamental pillars of private sector engagement: impact, income and innovation.⁵¹ The IOM strategy refers both to engaging with the private sector to support IOM funding, as well as engaging the private sector to work with migrants:

- **Impact:** seeks to create the greatest impact within the business community through the transformation and alignment of corporate policies and practices with human rights and labour standards for migrants such as the UN Guiding Principles for Business and Human Rights;
- **Income:** seeks to develop a stream of flexible income;
- **Innovation:** seeks to build new models of engagement through **innovative and collaborative solutions** that address the most pressing migration-related challenges.⁵²

IOM aligns with the UN Guiding Principles on Business and Human Rights (UNGPs). Released in 2011, the UNGP established the Protect, Respect and Remedy framework, which sets out how business enterprises should respect human rights and how states must protect individuals against human rights abuses within their territory and/or jurisdiction by third parties, including business enterprises.⁵³ It makes clear that all business enterprises have a responsibility to respect human rights, regardless of their size, sector, operational context, ownership and structure. The UNGP extends to the rights of migrant workers – irrespective of their migration status.

IRIS Ethical Recruitment is IOM's global multi-stakeholder flagship initiative that seeks to promote ethical recruitment for migrant workers. IRIS priorities include: 1) awareness-raising and capacity-building, 2) migrant worker voice and empowerment, 3) the regulation of international recruitment, 4) voluntary certification of private recruitment agencies, and 5) stakeholder partnership and dialogue.⁵⁴ The IRIS initiative includes the IRIS Standard, a set of global principles that define ethical recruitment based on international labour and human rights instruments, and which articulates what ethical recruitment means in practice and how labour recruiters can demonstrate compliance.⁵⁵

II. The current state of PSE in Libya

This section identifies contextual enablers and barriers for PSE in Libya. The research team relied on the conceptual framework introduced in Table 1, focusing on the conducive environment for PSE, to identify factors that either facilitate or hinder PSE in the Libyan context.

The first [subsection](#) identifies PSE barriers related to the country's macroeconomic situation and business landscape. The [second subsection](#) identifies barriers related to the policy and regulatory environment of Libya. The [third subsection](#) delves into the issue of trust towards International Organisations (IOs) in Libya. The [fourth subsection](#) investigates the opportunities that the Libyan labour market brings for PSE. The [fifth subsection](#) analyses the state of current IOM programmes.

⁵¹ IOM. "PRIVATE SECTOR ENGAGEMENT STRATEGY 2023–2027 Partnering with the Private Sector to Support Safe, Orderly, and Regular Migration," 2023.

⁵² IOM.

⁵³ United Nations Human Rights Office of the High Commissioner, "Guiding Principles on Business and Human Rights," 2011.

⁵⁴ IOM, "IRIS Ethical Recruitment," n.d., iris.iom.int.

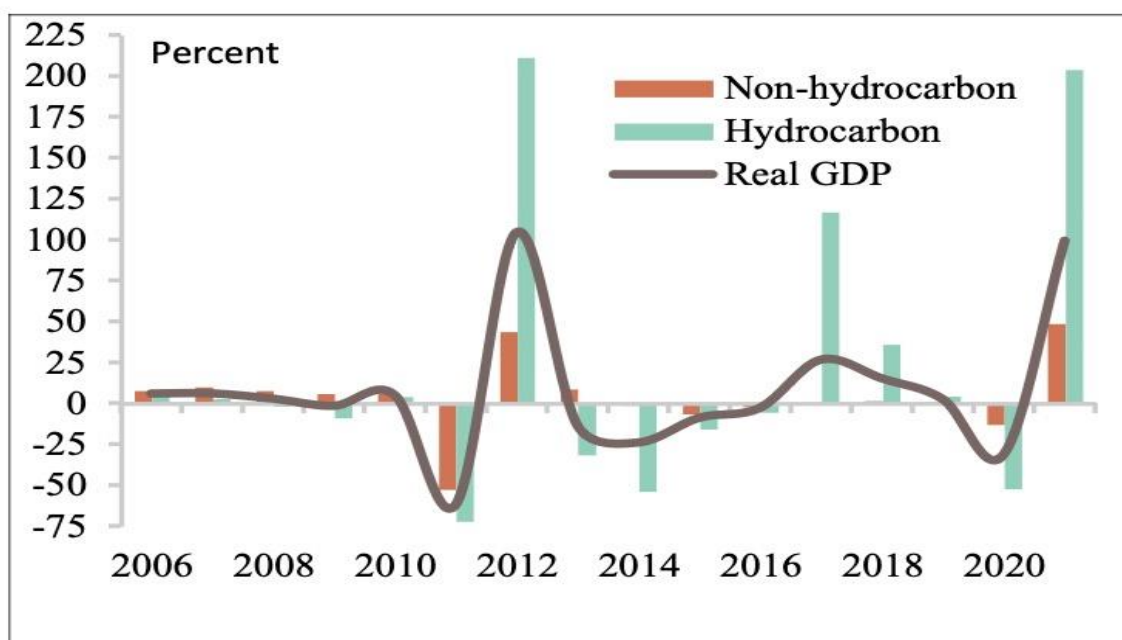
⁵⁵ "The IRIS Standard," n.d.

II.1. Macroeconomic overview and business landscape

Barrier 1: Private sector dynamism remains low in Libya due to several structural factors, such as the economy's heavy reliance on oil, liquidity issues and electricity unavailability. Consequently, economic diversification in the country is limited, and incentives to innovate and create firms remain slim. As a result, the number of "established" firms that IOM can potentially collaborate with remains low. Ongoing private sector development efforts aimed at addressing these issues should continue in parallel to newer PSE efforts, for the latter to be successful.

Libya's economy relies heavily on oil, which affects the country's business landscape greatly. Hydrocarbon revenues remain a significant source of government revenue (85 percent)⁵⁶ and represent around 96 percent of Libya's exports (the figure below illustrates the close correlation between hydrocarbon revenues and GDP growth over time).⁵⁷ By contrast, the private sector accounts for about 5 percent of the country's GDP and about 14 percent of employment. In industries where the public sector holds a predominant position, private enterprises face challenges of unfair competition from public entities, hindering their productivity and growth prospects.⁵⁸ Oil endowment does not only disincentive private sector diversification at the policy level, but it also affects Libya's economic stability, as oil revenues remain volatile and dependent on global markets.⁵⁹

Figure 10: Real GDP growth correlation with hydrocarbon and non-hydrocarbon revenues (% change)⁶⁰



⁵⁶ Data from 2023: World Bank. "Country Engagement Note for the State of Libya," 2023.

⁵⁷ Data from 2020: World Bank. "The Private Sector amid Conflict," 2020.

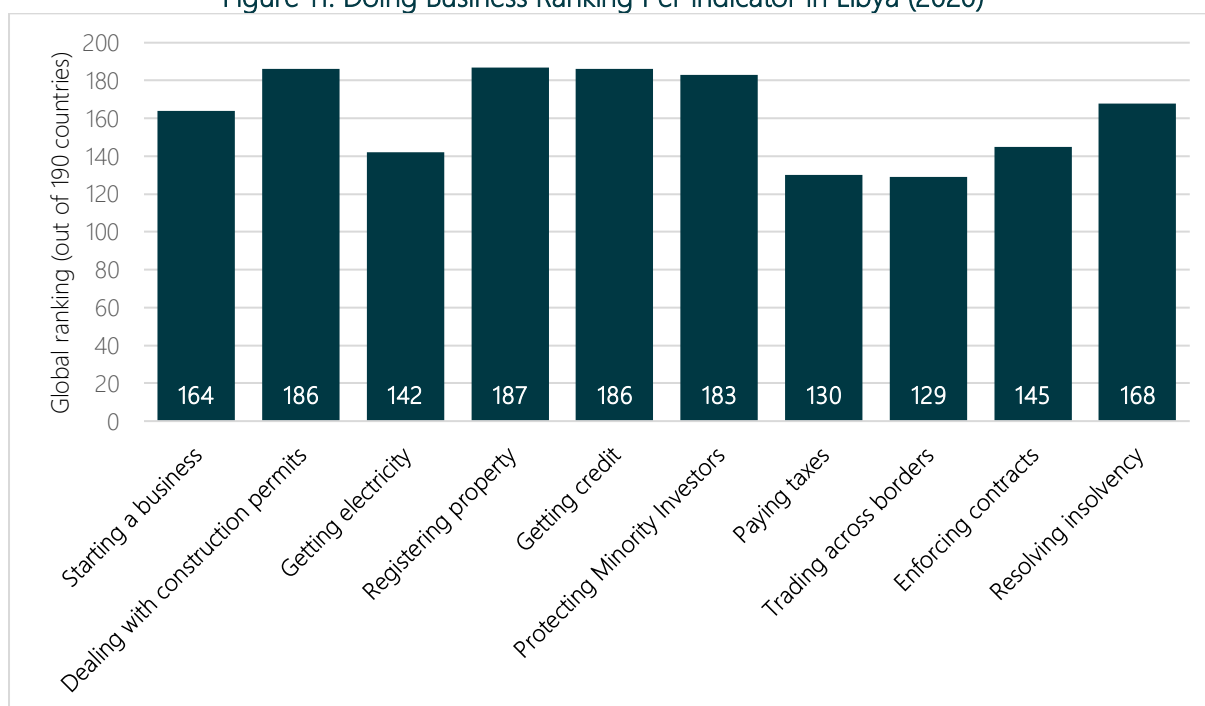
⁵⁸ OECD. "Libya's Private Sector and SME Landscape," 2016.

⁵⁹ Libya's economy is poorly diversified, and its economic complexity is among the lowest in the world (ranking 128th out of 130th in 2018 as per the Economic Complexity Index).

⁶⁰ World Bank. "Country Engagement Note for the State of Libya," 2023.

Beyond low incentives for diversification, several factors also continue to impede business dynamism in Libya, namely liquidity issues, regulatory barriers and electricity unavailability (see [contextual overview](#) for more details). In the 2020 World Bank Doing Business ranking – which assesses business environments per country across a set of indicators – Libya was positioned at 186th out of 190 countries. The key challenges to operate a business in Libya were associated with the following indicators: *Starting a Business*, reflecting the time and cost of administrative procedures required to initiate a business; *Dealing with Construction Permits*, encompassing both time and cost considerations; *Registering Property*, involving the procedures' duration and associated costs; and *Getting Credit*.⁶¹ On the *Starting a Business* indicator, it is estimated that 35 days are required for married men to register a firm, in comparison with an average of 19.7 days in the Middle East and North Africa region, or 9.2 days in OECD high income countries.⁶² It is also estimated that it costs around 25 percent of an individual's income per capita to do so.⁶³

Figure 11: Doing Business Ranking Per Indicator in Libya (2020)⁶⁴



All these structural factors (high reliance on oil, liquidity issues, regulatory barriers, and infrastructure issues) deeply affect private sector development in Libya. As a consequence, economic diversification in the country is limited, and the incentives to innovate and create firms remain slim. **As a result, the number of “established” firms that IOM can potentially collaborate with remains low. This excludes multinational companies, which tend to be less impacted by these issues.** What this also implies for IOM is that private sector development efforts should continue in parallel to PSE for PSE to be successful. **This is particularly relevant in Libya,** as this economic trajectory is likely to continue without policy intervention. Over the last two decades, there have not been structural

⁶¹ World Bank. “Doing Business in Libya,” 2020.

⁶² A procedure is defined as any interaction of the company founders with external parties (for example, government agencies, lawyers, auditors or notaries).

⁶³ See: World Bank. “Doing Business in Libya - Country Profile,” 2020.

⁶⁴ World Bank. “Doing Business in Libya,” 2020. Figure has been re-designed by the authors. Note that electricity is a more severe constraint to firms operating in the South (16 percent points above the average) than in Tripoli and the Western region. See Hend R. Irhiam, Michael G. Schaeffer, and Kanae Watanabe, and World Bank. “The Long Road to Inclusive Institutions in Libya: A Sourcebook of Challenges and Needs,” 2023.

transformations in the economy; the distribution of value added across sectors has remained, to a large extent, unchanged.⁶⁵

Barrier 2: SMEs dominate Libya's private sector and often grapple with challenges such as staff turnover or financial instability. This lack of capacity often discourages SMEs to engage in PSE with organisations like IOM. SMEs also tend to believe that they are themselves excluded from PSE activities due to their status. The prevalence of SMEs in the business landscape indicates that IOM must consider their challenges and requirements to enhance the appeal of PSE and establish incentives for collaboration. It also implies that that IOM would have to interact with a significant number of firms to ultimately generate a small number of jobs, rendering PSE more resource intensive.

Small and medium enterprises (SMEs) dominate the Libyan private sector.⁶⁶ Across Tripoli, Benghazi and Sebha, 99 percent of interrogated businesses were SMEs.⁶⁷ This reality is reflected in other enterprise surveys conducted sooner in Libya. In 2006, a survey of Libyan SMEs indicated that 70 percent of them were very small: they employed fewer than five people, had annual sales of less than 50,000 LD, and 80 percent of them reported a profit margin of less than 10 percent.⁶⁸ In the same year, the Libyan Bureau of Statistics also conducted a Business Census, in which it reported that the average number of workers per business was 2.5, meaning that most firms were microenterprises across all sectors.⁶⁹ In 2015, the World Bank conducted a Private Sector Mapping in which it estimated that only 5 percent of their sample (n=457) were large enterprises.⁷⁰ Finally, the census/survey conducted for this study in 2023 reflects the same reality, as 99 percent of companies surveyed were SMEs, and among them, 65 percent were microenterprises, as illustrated in the graphs below.

⁶⁵ The main economic engine continues to be the mining and the oil sector. The other productive sectors play a minor role in the economy, particularly the agricultural sector, which generates less than 1% of total value added. The manufacturing, transport and communications sectors are small for Libya's level of development, producing only 3,5% and 4,6% of value added respectively. At the other end, other services, which include mainly those provided by the public administration, are supposed to generate 23% of total value added. See: Juillard H., Robalino D. Kitchingman-Roy D., Ossandon, M. and Charlot, C. "Labour Market Assessment in Libya," 2021.

⁶⁶ See: OECD Data. "Enterprises by Business Size," accessed December 2023. In this report, the authors are using the OECD's guide to define an enterprise's size. Small and medium-sized enterprises (SMEs) employ fewer than 250 people. SMEs are further subdivided into microenterprises (fewer than 10 employees), small enterprises (10 to 49 employees), medium-sized enterprises (50 to 249 employees). Large enterprises employ 250 or more people. The research team has not collected data on businesses' capital.

⁶⁷ Business census conducted by the research team.

⁶⁸ Aminur Rahman and Michele Di Maio, "The Private Sector amid Conflict: The Case of Libya," International Development in Focus (World Bank, 2020).

⁶⁹ The Libyan Bureau of Statistics study's results are analysed in: OECD. "Libya's Private Sector and SME Landscape," 2016.

⁷⁰ World Bank. "Simplified Enterprise Survey and Private Sector Mapping Libya 2015," 2015.

Figure 12: Proportion of large enterprises vs SMEs across Tripoli, Benghazi and Sebha ⁷¹

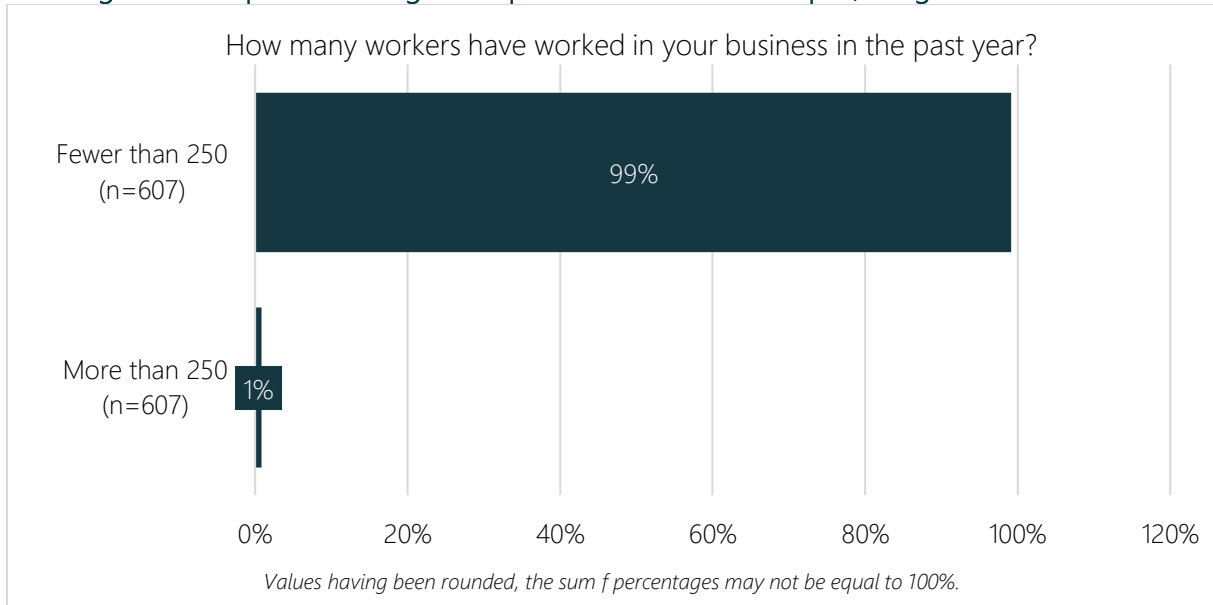
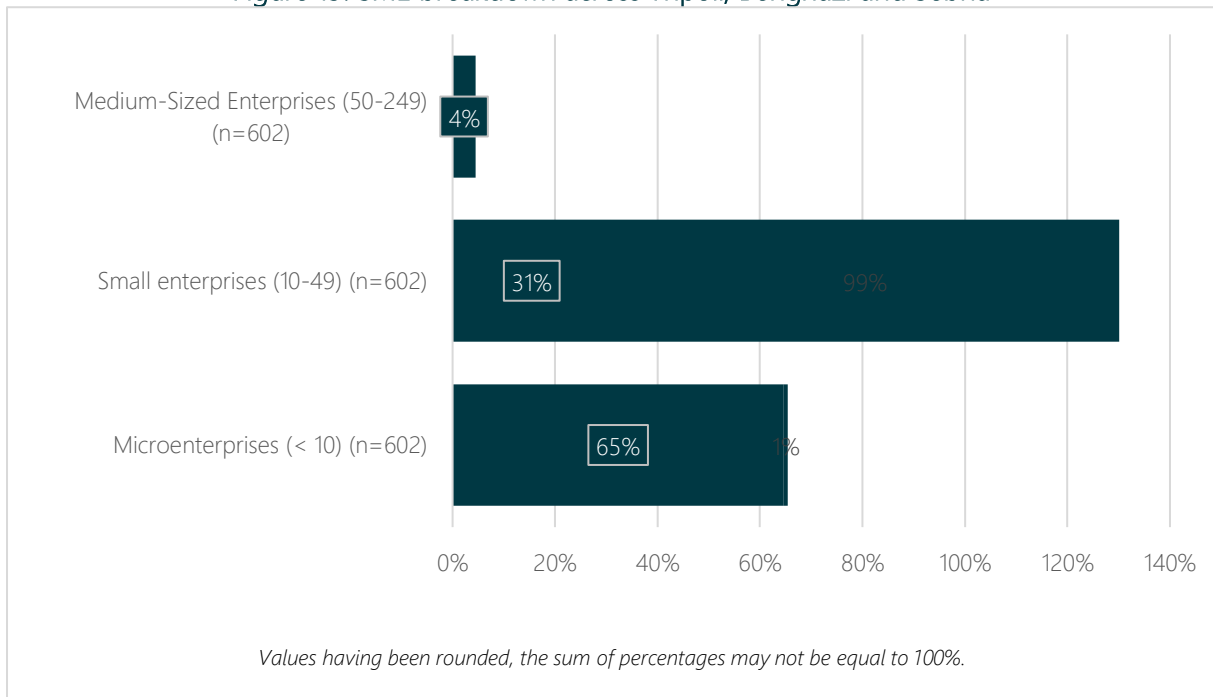


Figure 13: SME breakdown across Tripoli, Benghazi and Sebha



SMEs often grapple with challenges such as staff turnover and financial instability. This has a direct impact on the feasibility of PSE, as these hurdles create a perception among company owners that their businesses lack the capacity to engage in development projects with organisations like IOM without financial compensation.⁷² The prevailing belief that IOM collaborators are already large and financially stable also contributes to a sense of exclusion from PSE activities. In a way, a company's interest in humanitarian, development projects or corporate social responsibility is perceived almost as a luxury. The following quotes selected from FGDs illustrate this point:⁷³

⁷¹ Business census conducted by the research team in July 2023.

⁷² 11/12 SME employees shared this in FGDs.

⁷³ Quotes from two different participants in two different FGDs.

"If IOM paid us to provide internships, I believe that all companies would offer internships. But IOM needs to keep in mind that companies can't do this, as they don't have the capacity unless they're being paid." (FGD participant, Tripoli).

"All companies that can work with IOM already have a good amount of money and are already sustainable businesses." (FGD participant, Tripoli).

The prevalence of SMEs in the business landscape indicates that IOM must consider their challenges and requirements to enhance the appeal of PSE and establish incentives for collaboration. This situation also suggests that IOM would have to interact with a significant number of firms to ultimately generate a small number of jobs, rendering PSE more **resource intensive** for IOM. Specific recommendations to address this barrier are provided in the [recommendations section](#).

Barrier 3: Only a limited number of companies surveyed can be considered semi-formal. Knowledge of ethical recruitment is limited. This limits the number of potential partners for IOM, as these companies are easily dismissed as non-PSE ready. Yet, private sector actors are eager to improve their understanding of ethical recruitment. There therefore remains scope for IOM Libya to facilitate these SMEs' transition to a more "PSE-ready status" (i.e., identify activities that would suit their needs). This may mean not collaborating for job placements immediately but guiding companies in reaching a better status for this option to become viable.

The UNDP defines four types of businesses in terms of their formality, on a spectrum, as per the box below.⁷⁴

Figure 14: Box on UNDP's business formality system

- 1. Highly formal business:** Companies that have complete bookkeeping (balance sheet and operating statements) and business premises with a fixed location independent from a private home, work from a construction site or home of client.
- 2. Semi-formal business:** Companies with complete bookkeeping, but non-fixed business premises or companies with simplified legal accounts and either fixed or non-fixed business premises.
- 3. Semi-informal business:** Companies with informal or no bookkeeping but fixed business premises.
- 4. Highly informal business:** Companies with informal or no bookkeeping and non-fixed business premises."¹

In addition to being SMEs, private sector actors across Tripoli, Benghazi and Sebha also tend to be on the **semi-formal spectrum**. All the companies that have received the survey have (i) formal bookkeeping (whether it is separate or complete depends on the company) and (ii) separate, fixed business premises. Ninety-four percent of surveyed companies report paying their taxes. Additionally, around 10 percent of surveyed companies are registered or in the process of registering.

In addition to this, SMEs across the three cities tend to have limited knowledge of ethical recruitment practices/work conditions. Out of 309 companies surveyed, only 35 percent of them have reported

⁷⁴ The greatest indicators of formality are related to location and bookkeeping practices. The UNDP used five proxies to determine how formal a business is: business premises, bookkeeping practices, legal structures/status, registration status and tax payments.

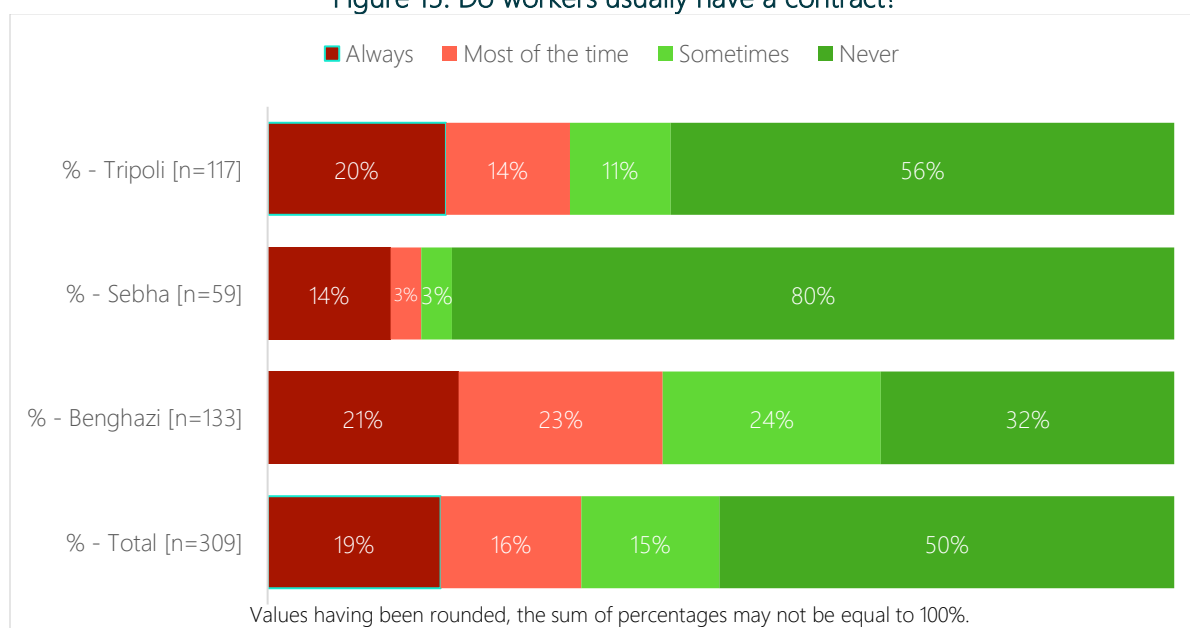
always, or most of the time, having contracts for their employees. Fifty percent of them reported never having contracts for their employees. Furthermore, 41 percent of companies surveyed reported not advertising job vacancies to ensure that all candidates have equal access to job opportunities, and 47 percent reported not having a process in place to verify the credentials and qualifications of candidates before they are offered a job (for example, checking that they have a valid work permit).

The formalisation of resignations among private sector entities in Libya is also semi-structured: 57 percent of respondents reported implementing a notice period, indicating that employees are required to provide advance notice before leaving. Conversely, 40 percent reported having no specific rules governing resignations. Notably, in Sebha, a significant majority (93 percent) of respondents indicated the absence of formalised rules regarding this matter. Despite this, however, 92 percent of respondents reported not collecting recruitment fees from workers, and most respondents expressed their interest in learning more about ethical recruitment in FGDs.⁷⁵

An important repercussion of this semi-formal status is the tendency of PSE actors, including IOM, to dismiss semi-formal companies as "non-PSE ready". Concretely, this means that businesses are not compliant with the PSE regulations and conditions imposed by the UN and other agencies, such as the International Labour Organization (ILO). These regulations are decided centrally and would naturally fit one context more than another. **There therefore remains scope for IOM Libya to facilitate these SMEs' transition to a more "PSE-ready status" (i.e., identify activities that would suit their needs).** This may mean not collaborating for job placements immediately but guiding companies in reaching a better status for this option to become viable. For more on this, [see recommendations section below](#).

It should be noted, however, that the results mentioned above differ per city, which calls for localised and decentralised engagement. In Sebha, 80 percent reported having never provided contracts to employees. This number is significantly higher than in Benghazi (32 percent) or Tripoli (56 percent), as per the graph below. By contrast, 78 percent of respondents in Sebha reported advertising job vacancies widely to ensure that all candidates have equal access to job opportunities. This also highlights the fact that localised and decentralised engagement is relevant in this context.

Figure 15: Do workers usually have a contract?



⁷⁵ Survey results.

Figure 16: Does your business advertise job vacancies widely to ensure that all candidates have equal access to job opportunities?

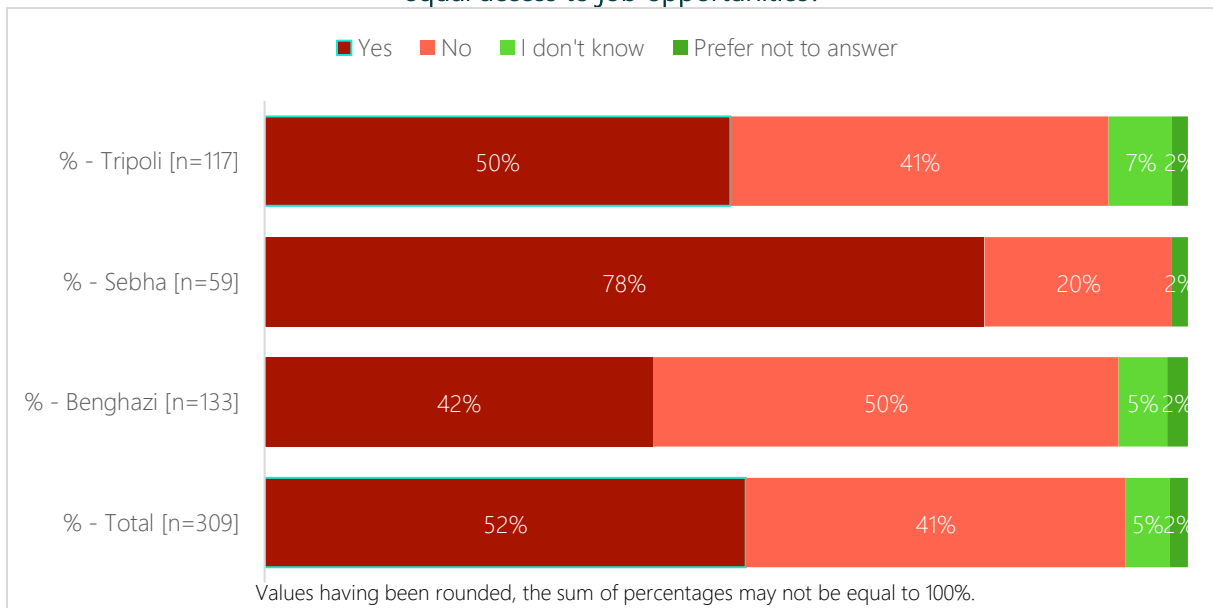
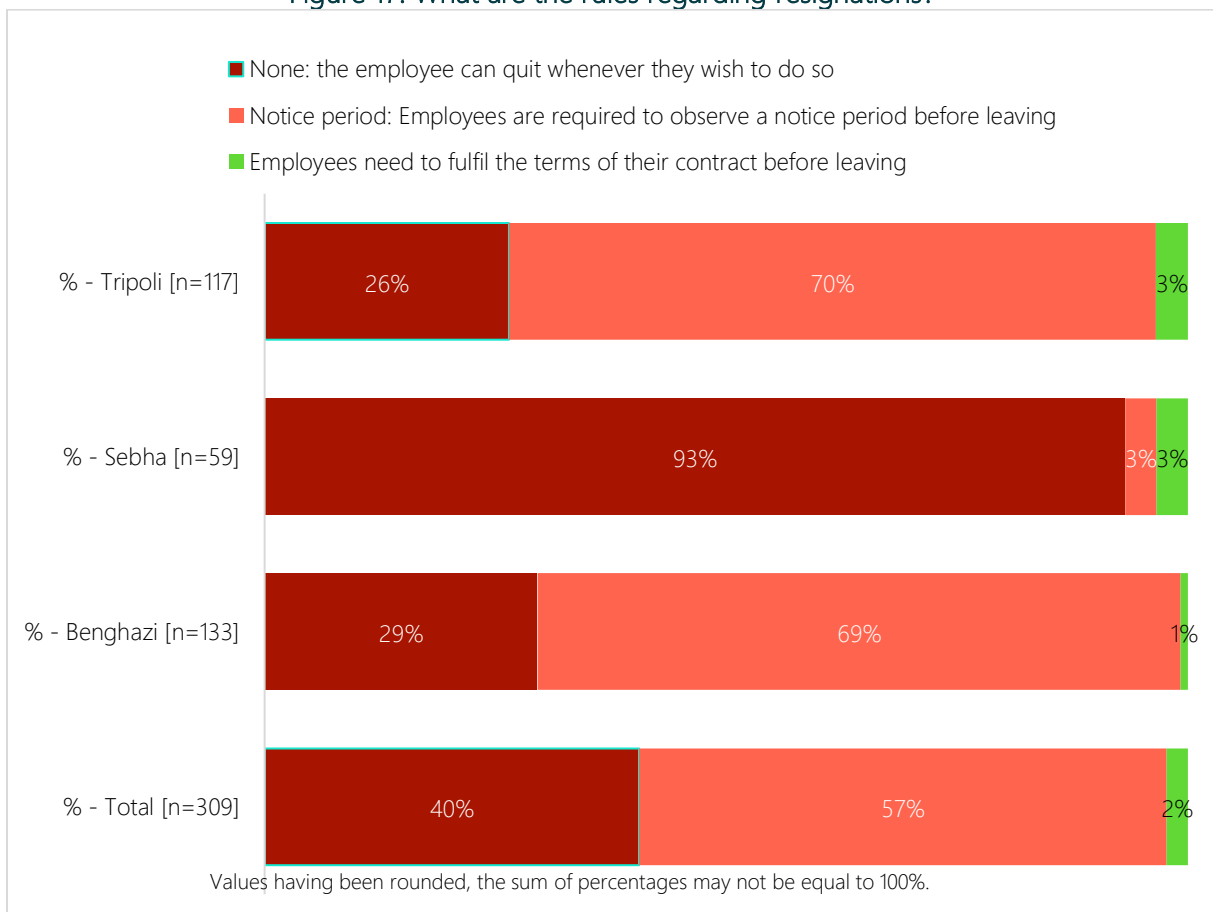


Figure 17: What are the rules regarding resignations?



II.2. Policy and regulatory environment

Barrier 4: Regulatory barriers make migrant employment challenging for companies. In addition, there is often a lack of awareness of these procedures or a perception that they are complex, which easily discourages company owners from considering (formally) hiring foreign workers. This also makes PSE more difficult, as actors interested in PSE usually seek companies where foreign workers are formally employed. Given that actors interested in PSE typically prefer companies with formally employed foreign workers, there is an opportunity to actively collaborate with the government to influence these policies while concurrently improving companies' understanding of employee registration processes, rather than dismissing them as non-compliant.

Libyan labour laws take a protectionist stance toward the labour market. Although these restrictions are not necessarily respected, they remain important.⁷⁶ These laws stipulate that at least 20 percent of (declared) workers in foreign companies must be Libyan nationals, and the companies must also provide training to an additional number of Libyan citizens every year.⁷⁷ The MoL decision no. 590 (2013) allows foreigners to work in 12 different types of activities and employers cannot recruit, contract or enable non-nationals to work without prior approval from the competent authority.⁷⁸ While no official document could be found, press releases from mid-2020 outline 22 professions from which non-Libyans are officially barred, according to the MoL.⁷⁹

In addition to protectionist labour laws, foreign workers encounter challenges in accessing formal employment in Libya due to the complexity of obtaining work permits. The criteria for granting these permits lack clarity, and expatriate visas are limited to workers from specific countries with established agreements for legal migration.⁸⁰ The overall process is perceived as intricate and opaque, contributing to a lack of understanding among company owners and employees regarding the necessary procedures to formally register foreign workers. This lack of clarity often deters companies from hiring foreign workers altogether.⁸¹ In the survey, 30 percent of respondents from Tripoli, Benghazi and Sebha identified "work permit/visa issues" as their primary challenge when hiring foreign workers.

⁷⁶ Altai Consulting, "Draft Rapid Assessment of Migrant Entrepreneurship in Benghazi and Kufra" (European Union, September 2019).

⁷⁷ Dia Sadek Abuhadra and Tawfik Taher Ajaali, "Labour Market and Employment Policies in Libya" (European Training Foundation, 2014).

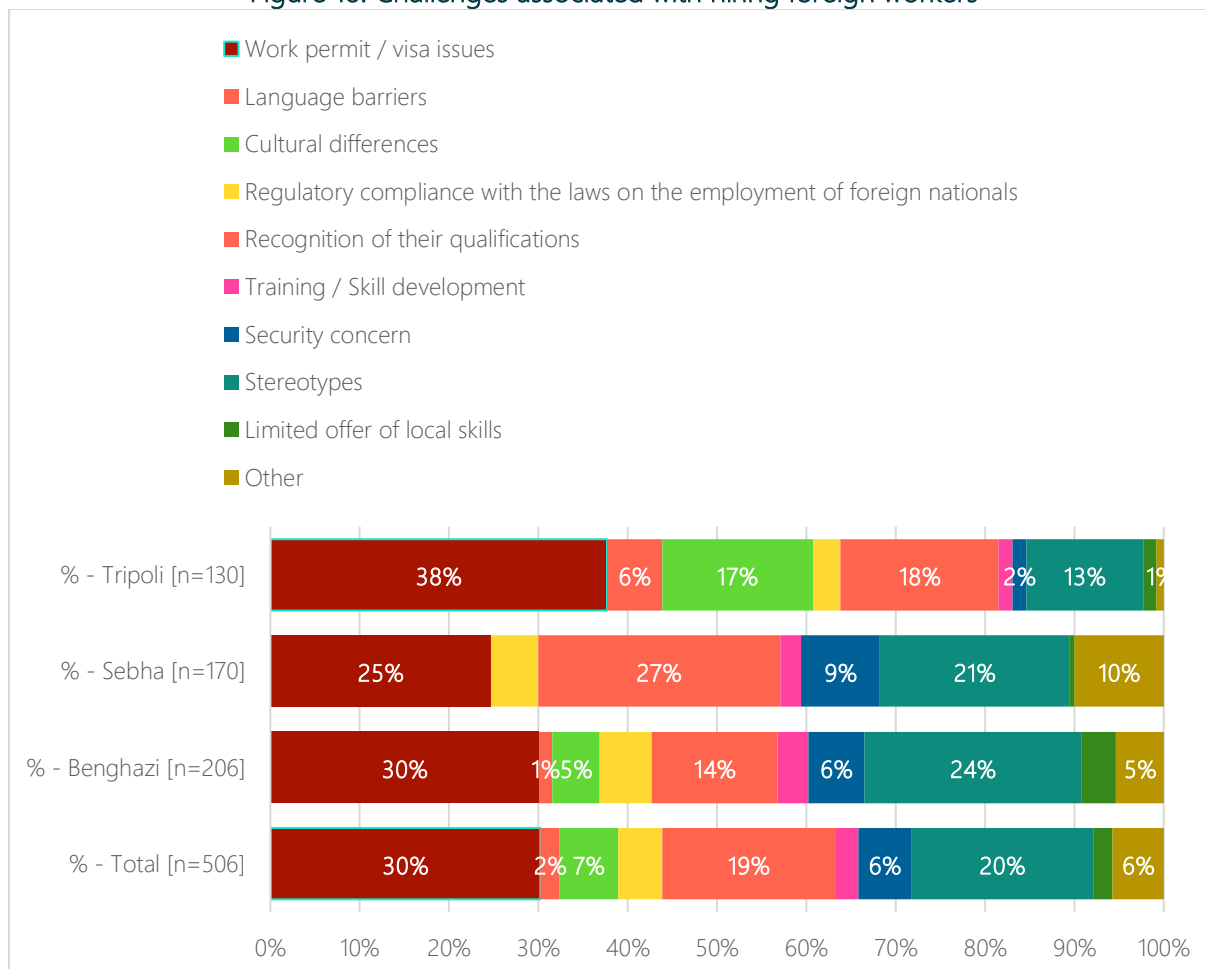
⁷⁸ International Center for Migration Policy Development, "The Legal Guide for Foreigners in Libya," n.d. There is a list of professions that are meant to be reserved for Libyans, which changes on a regular basis. Note that this body of law is scattered between several ministries.

⁷⁹ Juillard H., Robalino D. Kitchingman-Roy D., Ossandon, M. and Charlot, C, "Labour Market Assessment Libya."

⁸⁰ Bilateral agreements with Libya, for example: The agreements on agriculture manpower (1971) and circulation of persons and establishment (1988) with Niger; The convention of establishment with Tunisia (1973); The labour agreement with Morocco (1983); The convention in the field of work and the use of human resources with Algeria (1987); The labour agreement with Jordan (1998).

⁸¹ Mentioned by all respondents in FGDs, and 1 KI (government).

Figure 18: Challenges associated with hiring foreign workers



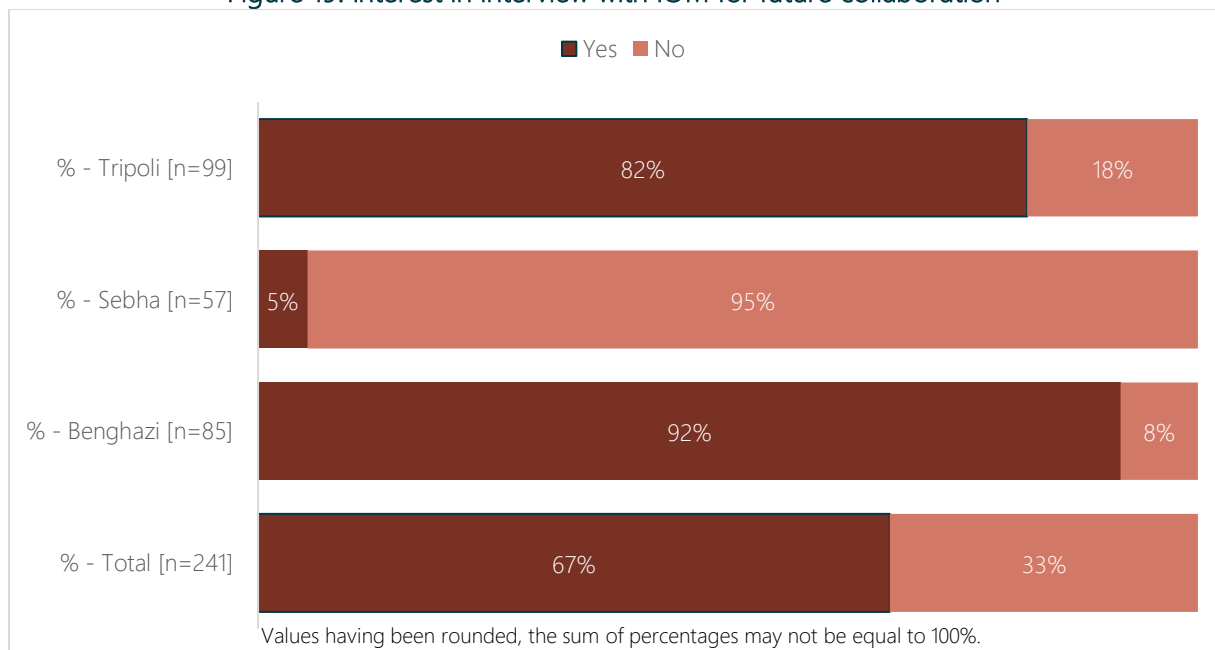
This dissuades businesses from participating in IOM programmes, as foreign workers lack formal or legal registration. Given that actors interested in PSE typically prefer companies with formally employed foreign workers, there is an opportunity to actively collaborate with the government to influence these policies while concurrently improving companies' understanding of employee registration processes, rather than dismissing them as non-compliant.

II.3.Trust towards International Organisations

Barrier 5: Trust issues are prominent among surveyed and interviewed businesses that have not previously collaborated with IOM, presenting a notable obstacle to potential PSE engagement. However, businesses already in partnership with IOM express satisfaction with their relationship, suggesting an opportunity to leverage existing connections to enhance trust and engage in trust-building activities.

Private sector entities who have never collaborated with IOM commonly express a lack of trust in international organisations, particularly IOM, perceiving them as challenging to collaborate with. In the quantitative data collection, 4 percent of the target sample (n=350) refused to participate in the survey due to these trust issues. In Tripoli, FGD participants shared these concerns overtly. Despite having completed the survey, some respondents, especially in Sebha and Tripoli, expressed reservations about potential future collaboration, as per the graph below. Overall, concerns revolve around the perceived opacity of IOM's procurement process and the complexity of applying to IOM tenders.

Figure 19: Interest in interview with IOM for future collaboration



This does not imply that IOM should disregard companies that express not wanting to take part in an interview with IOM; instead, but it underscores the importance of finding ways to build trust with these businesses. Others still seem to perceive partnerships with IOs as valuable financial opportunities and have expressed their interest in future collaborations.

It is noteworthy that companies already engaged in collaboration with IOM express satisfaction with their relationship.⁸² Consequently, this barrier appears to be more significant for companies that have not yet initiated any collaboration with IOM.

II.4. Labour Market

Enabler 1: Despite occasional negative perceptions of migrants in Libya, there exists a relative equilibrium in the labour market where foreign workers often fill positions that garner limited interest from Libyans. This presents an opportunity for IOM to advocate for the benefits of a diverse workforce in this context, hence encouraging foreign workers employment.

As the private sector expands, job opportunities will emerge, presenting prospects for both migrant workers and local Libyans. Given the reluctance of Libyans to engage in the private sector, migrants continue to fill labour gaps across various sectors and skill levels. While the private sector grows and generates employment, migrants are likely to occupy lower-skilled positions, aligning with the demand for jobs that necessitate minimal education or experience. Studies show that there is generally no significant imbalance between the supply and demand for lower-skilled jobs in the sectors of interest, except in Misrata. The private sector's current requirements largely revolve around low-skilled labour, particularly in agriculture, construction, and to a lesser extent, food processing and the care economy. These roles involve physical labour, manual skills, or easily trainable skills. Despite the demand for these lower-skilled yet unsustainable jobs, they align with the preferences

⁸² All FGD respondents. More details in the enablers section.

of low-skilled migrants seeking income opportunities. Moreover, migrants often represent a source of income for the local community, which makes a profit from providing services to them.⁸³

II.5.Existing IOM programmes

Enabler 2: Existing PSE programmes, such as YESS, demonstrate some successes. Companies that collaborate with IOM also seem satisfied with the collaboration. This therefore also represents an opportunity for IOM to identify what already works and to build PSE engagement from there.

While it is difficult to provide a complete review of IOM’s YESS programme, it seems to be well perceived by both IOM and participating private sector entities.⁸⁴ In 2022, 347 participants took advantage of YESS services (Tripoli and Benghazi). In 2023, the target was to train 630 youths. Course topics seemed appropriate to fill the skills gap in Libya. The number of sessions delivered by course also seems appropriate.⁸⁵

All FGD participants who already collaborate with IOM, especially in Benghazi, have mentioned that they enjoy engaging with IOM migration projects. They perceive their involvement as a contribution to a humanitarian cause, supporting their communities. These companies emphasised that collaborating with IOM has proven beneficial for their businesses. Not only have they sustained their operations, but they have also expanded their client network, hired additional staff, and extended their business to other locations within Libya. Overall, the consensus among these companies is that working with IOM has been pivotal to business development.

III. Conclusion and recommendations

Given the findings, it appears that achieving fully fledged PSE at the highest level of the engagement spectrum, involving activities such as co-creation, service delivery and extensive collaboration, is currently not entirely feasible in Tripoli, Benghazi and Sebha.⁸⁶ The challenges within the Libyan context, including its macroeconomic landscape, business environment, policy framework and the low levels of trust and interest companies have in international organisations, make extensive PSE efforts challenging.

The table below is used as a conclusive assessment of the findings. It presents the conceptual framework introduced in section 1 and assesses the level of fulfilment of each condition in Libya.⁸⁷

Table 2: Conditions of PSE in the Libyan context and their level of fulfilment

Condition	Level of fulfilment
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⁸³ Emma Borgnäs, Linda Cottone, and Tassilo Teppert.; Juillard H., Robalino D. Kitchingman-Roy D., Ossandon, M. and Charlot, C, “Labour Market Assessment Libya.”

⁸⁴ KIIs with IOM staff and government officials, and FGDs with companies in Benghazi. **Note that reviewing the YESS initiative does not constitute one of this report’s objectives.**

⁸⁵ YESS programme data have been sent internally by IOM Libya.

⁸⁶ The depth of engagement spectrum refers to the conceptual framework figure presented [above](#).

⁸⁷ Colour code is used to structure the conditions by findings’ themes: **Dark blue:** macroeconomic overview and business landscape; **Dark teal:** policy and regulatory environment; **Aqua:** Social cohesion; **Light blue:** Labour market; **Light blue 2:** existence of successful programmes; **Grey:** partnerships The same colour code is used in the recommendation table.

Macroeconomic overview: A dynamic private sector and a positive economic outlook	Low level of fulfilment
Business landscape: there are high capabilities within private sector to engage in development projects	Low level of fulfilment
Business landscape: private sector actors have knowledge on and interest in ethical recruitment	Medium level of fulfilment
Policy and regulatory environment: legal, regulatory and policy frameworks are conducive to migrant inclusion and employment	Low level of fulfilment
Trust: private sector entities are interested in collaborating with development cooperation actors	Low level of fulfilment
Social cohesion: presence of positive attitudes towards migrants and will for social inclusion	Medium level of fulfilment
Labour market gaps: there is space for a more diverse workforce	Medium to high level of fulfilment
Actor interested in PSE has demonstrated some successes in its programmes and can build upon them	Medium to high level of fulfilment
Partnerships: there are existing links or partnerships with local or national organisations for more sustainable impact	Not directly assessed

Despite this, there remains opportunities for adapted PSE initiatives at the medium and lower ends of the engagement spectrum. The multi-faceted challenges at macro and micro economic levels should mirror in a multi-pronged approach towards PSE with parallel private sector development. There is room to address some contextual challenges to cultivate a more favourable environment for increased engagement with private sector actors, as outlined in the recommendations below.

III.1. First priority recommendations

Examples from PSE in other contexts are presented in the recommendations section when relevant. The research team has also synthesized the best practices identified through the interviews and the literature review; the following points have been retained:

- Evidence-based, participatory, and long-term multi-stakeholder solutions have proven to be important facets of successful PSE, for both governments and international cooperation actors.
- Mappings, advocacy, capacity development, technical assistance, convening, knowledge-sharing, service delivery and collaboration should all be considered in a PSE toolkit, depending on the needs identified.
- It is important to avoid focusing too much on the development aspect of PSE in an organization's rhetoric. It is crucial to balance the goals of the businesses with the organizations' development goals.
- It is important to avoid imposing PSE concepts. Instead, interviewees recommend getting inspired from PSE as a concept to build smaller programmes or activities that would, in the long term, help fulfil some PSE objectives.⁸⁸

⁸⁸ KI quote: "IOM needs to appreciate that this is journey. We have to start the conversation: find an entry point with the private sector that resonates with them and their values and use that as a conversation starter."

Table 3: Recommendation table first priority

#	Recommendation	Example in another context / best practice
1	Partner towards and advocate for private sector development. PSE should be implemented in parallel to private sector development, and IOM should continue to build on its 2021 Labour Market Analysis ⁸⁹ toward macroeconomic level recommendations. ⁹⁰	
1.1	Consider a set of targeted initiatives aiming to mobilise private investment into four economic sectors where there seems to be potential for job creation and economic diversification: i) Agriculture and agribusinesses, ii) Manufacturing; iii) Construction; iv) High-end services: information and communication technologies, digital platforms, and social services.	n/a
1.2	Support the Libyan government in considering strategic investments in sectors/products that, although somewhat distant, could be produced through public-private partnerships.	n/a
1.3	Consider setting up a Jobs Fund to promote investments and job creation in selected economic sectors and regions. Consider linking these efforts with already existing programmes in other countries where post-conflict economic recovery is a priority, such as IOM's Enterprise Development Fund in Iraq and others (e.g. applying best practices).	IOM has set up the Enterprise Development Fund (EDF) in Iraq, Pakistan, Türkiye, Lebanon, Somalia, Ecuador and Ethiopia. In Iraq for example, the programme supports livelihoods at the community level through private sector revitalization and economic development by targeting SMEs. ⁹¹
1.4	Consider entrepreneurship programmes that treat beneficiaries not as real entrepreneurs but more as wage employees, or contract workers, who are paid for the provision of certain goods and services.	n/a
2	Adjust PSE programmes to the specific needs of SMEs.	

⁸⁹ Juillard Hélène., Robalino David. Kitchingman-Roy Danielle., Ossandon, Martin. and Charlot, Clément. "Labour Market Assessment in Libya," 2021. IOM.

⁹⁰ This could and should be done in partnership with like-minded organisations for more impact when feasible, as IOM's reach in that specific realm may be limited in that context.

⁹¹ See: <https://edf.iom.int/>

2.1	Continue developing and implementing awareness campaigns specifically tailored to SMEs, emphasising the tangible benefits of engaging in PSE. Highlight both profit incentives, such as potential business growth, and non-profit incentives, including the importance of community engagement and the value of Corporate Social Responsibility. This can be done through the form of success stories.	n/a
2.2	Deepen the results of this mapping to identify the needs of SMEs to then tailor engagement to their needs. This can be implemented with companies that IOM is already collaborating with, as well as those with which they have yet to initiate engagement. When possible, localise these efforts. This could be done through consultation groups or FGDs with the companies suggested in the database shared by Key Aid. As a preliminary step, IOM could analyse survey responses related to business challenges, specifically focusing on (1) the reasons for hesitancy in hiring foreign workers, (2) business priorities, (3) workforce expansion requirements, and (4) essential skills for growth. Notably, a significant portion of respondents (41 percent) expressed a desire to expand their market reach. Formulating PSE incentives tailored to address these identified needs could be a strategic approach.	This was done successfully in Serbia and other Eastern European countries. The M4SD programme set up consultation groups for SMEs to share their needs and stances <i>vis-à-vis</i> PSE, which helped with trust-building.
2.3	Explore opportunities to encourage PSE through other IOM programmes, which are more oriented towards emergency / humanitarian assistance (e.g. Migrant Resource and Response Mechanism; Direct Assistance; etc.). Engaging with companies through procurement could be an efficient way to not only support the local economy but also foster the creation of decent job opportunities for youth. It could also serve to build trustworthy relationships for future collaboration on job placement.	n/a
2.4	Consider setting up SME networks and/or facilitate networking. This could help SMEs collaborate and interact to share information and resources with one another, which may help with the challenges they encounter. ⁹² Such collaborations can foster knowledge exchange, skill development and capacity-building for SMEs. Larger firms, in turn, can contribute to the growth of SMEs by providing mentorship, guidance and opportunities for joint ventures. For the larger firm, engaging	In Morocco, IOM organized annual forums for small businesses in the region, amongst other networking events. ⁹³ This was done in collaboration with ES.Maroc.Org, a training centre for migrants and local youth.

⁹² For example, company employees appreciated the FGDs conducted for this study as an opportunity for discussion. .

⁹³ See <https://migration4development.org/en/resources/case-study-business-and-employment-support-migrants-and-communities-morocco>

	with SMEs in this manner aligns with the principles of PSE by promoting inclusive business practices. This is also a way for companies that trust IOM to share positive experiences with SMEs that might have reservations about collaboration.	
3	Build trust between SMEs and IOMs through clear communication and strengthened accountability.	
3.1	Continue to develop comprehensive communication strategies to transparently convey the objectives, processes, and outcomes of IOM programmes.	In Ecuador, there was potential for the diaspora to play a more important role in PSE and private sector development. Trust issues between local populations and more expat groups impeded this. IOM and UNDP organized non-threatening trust building activities (e.g. cultural festivals) to try and enhance social cohesion between groups. ⁹⁴ Several IOM projects have demonstrated some successes in other countries. Examples include the work-study internship programme for local youth and migrants in Serbia and Morocco. ⁹⁵ Disseminating these results could help with trust-building and incentive creation.
3.2	Organise interactive workshops designed to directly address businesses' reservations. Facilitate open discussion to clarify misconceptions, provide insights into collaborative benefits and foster a two-way communication channel. Set up a hotline accessible to all entrepreneurs.	
3.3	Disseminate IOM case studies and success stories.	
4	Enhance companies' understanding of ethical recruitment. This can be accomplished by highlighting the benefits of ethical recruitment and offering a clear roadmap on how to implement it, without imposing the concept as a condition for further collaboration.	
4.1	Engage with recruitment agencies by sensitising them about ethical recruitment. Encourage companies to work with recruitment agencies.	IOM could advertise its IRIS Labour Recruiter Capacity Building Program, for example. ⁹⁶

⁹⁴ KILs.

⁹⁵ See: <https://migration4development.org/en/projects/model-improving-competencies-unemployed-youth-order-mitigate-negative-consequences>; <https://migration4development.org/en/projects/economic-integration-and-promotion-entrepreneurial-spirit-young-community-members-through>

⁹⁶ <https://iris.iom.int/getting-started-iris-certification-0>

4.2	Advocate for ethical recruitment practices through active engagement with the MoL: continue building institutional capacity to enforce labour regulations, advocate for minimum labour standards for migrant workers alongside contracts and options for workers (LMA).	n/a
4.3	Develop incentive structures for companies: this may include recognising and rewarding businesses that demonstrate commitment to ethical recruitment through certifications for instance. Here too, the IRIS Labour Recruiter Capacity Building Program is relevant.	n/a
4.4	Develop and implement targeted programmes to sensitise companies about ethical recruitment practices. Develop a tailored curriculum that is relevant to the Libyan context. Business employees or local authorities can both receive the training. This can be useful to capitalise on companies' existing interest in ethical recruitment.	<p>In Ecuador, UNDP and IOM conducted a 'training of trainers' to enhance the capacities and knowledge of local governments. Local authorities gained the capacity to provide support for private sector actors who are willing to learn about ethical recruitment and contracting and can continue training business holders in the future.⁹⁷</p> <p>IOM Libya could also use its global policy network on recruitment and make it relevant to the Libyan context in light of the challenges explored in the report. The policy network intends to facilitate dialogue within and between governments, between national and sub-national authorities other relevant stakeholders.⁹⁸</p>

⁹⁷ For more details on the programmes in Ecuador, see: Migration for Development. "Ecuador - Making Migration Work for Sustainable Development," n.d. <https://migration4development.org/en/about/our-programmes/ecuador>.

⁹⁸ See: <https://iris.iom.int/global-policy-network-recruitment>

III.2. Second priority recommendations

Table 4: Recommendation table priority 2

#	Recommendation	Example in another context / best practice
5	Address the impact of regulatory barriers on company employment.	
5.1	Organise workshops targeting business owners and HR employees to teach them about the correct registration platforms for registering employees and guide them through the required procedures. ⁹⁹	In Ecuador, IOM and UNDP carried out trainings for HR staff on how to go about with ethical hiring. ¹⁰⁰ UNDP also trained municipal staff on the importance of ethical recruitment and working conditions to ensure that the benefits of these training programmes would be sustainable.
5.2	Engage in advocacy efforts with governmental bodies to advocate for the streamlining and simplification of procedures related to migrant employment. IOM should also continue its efforts to improve the local and national government's migration governance approach.	In Jamaica, regulatory barriers impeded migrant employment and access to social services. The M4SD programme supported local and national authorities in mainstreaming migration considerations in development policies and planning. ¹⁰¹
5.3	Facilitate platforms for dialogue between governmental bodies and private sector stakeholders. These platforms can serve as spaces for open discussion on the challenges posed by existing regulations and to explore collaborative solutions to simplify and enhance the migrant employment process.	n/a
6	Capitalise on the potential of a diverse workforce.	

⁹⁹ For instance, <https://www.wafed.ly/>

¹⁰⁰ For more details on the programmes in Ecuador, see: Migration for Development. "Ecuador - Making Migration Work for Sustainable Development," n.d. <https://migration4development.org/en/about/our-programmes/ecuador>.

¹⁰¹ IOM, UNDP. "EMPOWERING MIGRANTS AND COMMUNITIES: Private Sector Engagement for Inclusive Sustainable Development," 2023.

6.1	Implement awareness campaigns to underscore the benefits of a diverse workforce. Although IOM is already conducting such initiatives, there is room to broaden the reach of these campaigns and explore additional channels for dissemination beyond academia and journalism.	In Ecuador, IOM and UNDP carried out several activities to facilitate greater understanding by the private sector on the contributions that migrants can bring to their businesses. ¹⁰² This initiative was considered very effective by interviewees.
6.2	Continue implementing awareness campaigns on the importance of skills development. ¹⁰³ Skilled workers make individual companies and industry sectors more competitive, and skills development helps to lift individuals out of the poverty cycle. Multiple benefits accrue to businesses that adopt skill development strategies in the context of their overall business strategy.	n/a
7	Capitalise on existing IOM programmes that already demonstrate some successes.	
7.1	Consider expanding the reach of successful YESS trainings.	Best PSE practices have shown that it is useful to adopt a general rule of scaling up what already works. ¹⁰⁴ Several IOM projects have demonstrated some successes in other countries. Examples include the work-study internship programme for local youth and migrants in Serbia and Morocco. ¹⁰⁵ It would be useful to disseminate program results in Libya when trying to
7.2	Monitor programme outcomes, tracking the individuals entering the labour market and assessing cohort results. Disseminate these findings when feasible and appropriate (e.g., considering political sensitivities).	

¹⁰² For more details on the programmes in Ecuador, see: Migration for Development. "Ecuador - Making Migration Work for Sustainable Development," n.d. <https://migration4development.org/en/about/our-programmes/ecuador>.

¹⁰³ It could be highlighted that skills development, through the provision of vocational skills, underpins economic growth and supports social cohesion by providing employment pathways into work. The key message is that skills development should not be considered or provided in isolation. Skills development is a way to foster decent work, improve productivity and promote economic and social development. Note that successful youth workforce development programmes are ones that are demand driven and responsive to growth market trends.

¹⁰⁴ Mentioned by all KIs.

¹⁰⁵ See: <https://migration4development.org/en/projects/model-improving-competencies-unemployed-youth-order-mitigate-negative-consequences>; <https://migration4development.org/en/projects/economic-integration-and-promotion-entrepreneurial-spirit-young-community-members-through>

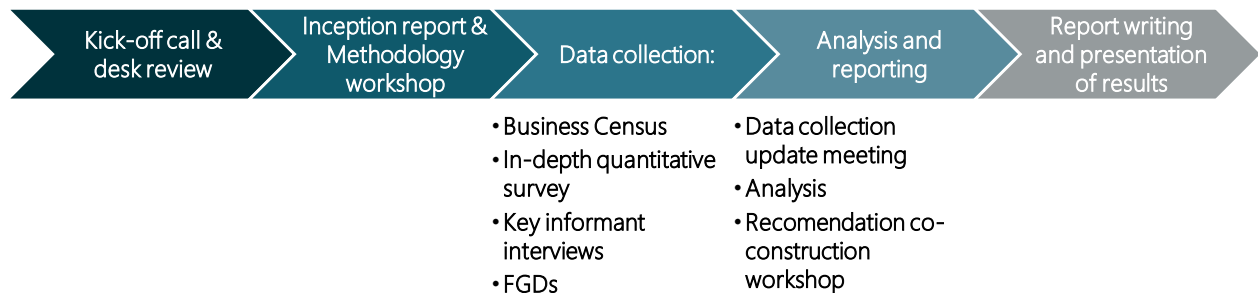
		engage with the private sector and/or migrants and youth.
8	When feasible, prioritise multi-stakeholder engagement.	
8.1	Undertake a comprehensive stakeholder mapping exercise at the national level to identify key municipalities, migrant community leaders or civil society organizations that would be willing to support initiatives or programmes. Some may already be involved in some, and it would be useful to piggy-back on these initiatives, to scale up what already works.	<p>In Serbia, one of the M4SD programme's successes was closely linked to the local government's pre-existing relationship with a community organization that supported community members' employment. IOM-UNDP launched an open call for proposals from local governments in order to identify potential partners.</p> <p>In Morocco, one of the M4SD programme's successes was closely linked to UNDP already having private sector partners.</p>
8.2	It could be useful to further engage with public and UN agencies involved in the United Nations Sustainable Development Cooperation Framework 2023-2025 (UNSDCF), as sustainable economic development is an important pillar of the framework. ¹⁰⁶ As IOM is actively accumulating knowledge and brainstorming strategies for effective PSE in Libya, there is an opportunity to share this knowledge with other agencies and collaborate on complementary approaches.	n/a

¹⁰⁶ United Nations Libya. "United Nations Sustainable Development Cooperation Framework 2023-2025," n.d. Sustainable Economic Development as defined in the UNSDCF: "Increased and equitable access to decent work and employment opportunities is essential for inclusive poverty reduction. Economic diversification and removal of impediments to sustainable private sector development will be necessary to transition the economy from its overreliance on the state-controlled hydrocarbon sector, which is a source of highly contentious competition over access amongst political groups, as well as to stimulate rights-based employment generation. Support to women and youth entrepreneurship and micro, small, and medium enterprises will be key in this regard."

IV. Annexe

IV.1. Annexe 1 – Methodology

The research team employed a participatory and user-centred approach throughout the consultancy, consisting of the following steps:



IV.1.1. Inception

The review started with an **in-depth briefing** on **March 15, 2023**, involving two IOM Libya staff members and two representatives from KAC. Beyond fostering a more detailed understanding of the background of the consultancy and the content of the ToR, this briefing was used to refine the list of documents to be used for the initial desk review and determine the logistics for data collection.

Following the briefing, the KAC team conducted an extensive structured **literature and desk review** of documentation related to the Libyan context and private sector engagement. The desk review harnessed available best practices on private sector engagement both in Libyan and from other contexts around the world.

The consultants then produced a **draft inception report**, including a refined analytical framework, key findings from the desk review and an updated timeframe on **May 15, 2023**.

After review from IOM, the methodology workshop (see below) and integration of comments on the first version of the report, the consultants produced a final version of the which was submitted on **June 9, 2023**. The final inception report was validated on June 23.

IV.1.2. Methodology Workshop

This remote workshop took place with key IOM team members remotely on **May 23rd**. The main objective of this workshop was to complement information gathered during the literature review and refine the discussion around private sector engagement for IOM in Libya, the target sectors of interest, incentives to propose to companies to increase rate of participation in the survey.

Three topics were covered:

- What does private sector engagement mean for IOM Libya?
- What criteria should be used to choose companies to interview in survey and choice of companies to invite to KIIs?

- What incentive strategies can the data collection team use to encourage companies to participate?

IV.1.3. Primary data collection

This stage of the consultancy complemented initial findings from the desk review and Inception Phase, with a particular emphasis on gathering primary data in respect of the labour and demand objectives.

IV.1.3.1. Business census

Based on KAC previous experience, having access to reliable and comprehensive lists of business points of contact can be very challenging. These lists are often outdated or not comprehensive enough for specific sectors of interests or tend to focus on large size firms. KAC therefore suggested developing a **new list of businesses via a business census** in the three target locations.

Given the lack of updated and representative private sector data across cities, for setting the targets of the census the consultants considered:

- Population size of the cities (larger cities are expected to have more businesses);
- Identify businesses in all the sectors considered;
- Resources allocated for the census¹⁰⁷.

The census consisted of a short questionnaire that was meant to take no longer than 10 minutes. The objective was identification, whereas a more in-depth survey were used at a later stage to gather more detailed information. Based on their previous experience in Libya, the consultants have estimated a rate of 8-12 businesses taking the census per enumerator per day. Whereas in some cases the process might go quicker (for example, businesses located in the same building), in other cases going from one point to another might take longer.

With an estimated rate of 8-12 businesses taking the census per enumerator per day, the consultants expect to gather the information of 500 businesses as per

Table 5:

Table 5. Data Collection Census

City	Est. Population (2018)	Target # Companies	Actual Companies	# Enumerators	Actual Enumerators	# Days for data collection	Actual Duration
Benghazi	836 000 ¹⁰⁸	210	279	4	14	5	17 July – 3 August
Sebha	130 000 ¹⁰⁹	80	95	3	4	3	12 July – 3 August

¹⁰⁷ Originally, only two cities were meant to be considered for the study and KAC planned for 40 working days. An additional city (Sebha) was included later, but the budget remains the same. Hence those 40 working days are now split between three cities.

¹⁰⁸ UN-Habitat, "City Profile of Benghazi, Libya," 2018.

¹⁰⁹ UN-Habitat, "City Profile of Sebha, Libya," 2018.

Tripoli	1 158 000 ¹¹⁰	210	240	4	17	5	24 Jul – 3 August
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As per Table 1, it took one week to complete the census, along with two days per enumerator for training and piloting of the census and the quantitative survey. In total, 614 firms were reached.

To ensure a diverse sample of businesses taking the census, and to the best of the research teams' ability, Tripoli and Benghazi had minimum and maximum requirements of businesses identified per sector to ensure that certain businesses that are easier to cross by, such as wholesale, are not overrepresented.¹¹¹

IV.1.3.1.1. Census sampling strategy

For data collection, the consultants relied on a combination of door-to-door research and the snowballing technique.

First, the team tapped into its experience in the country to reach out to contacts or target areas where they knew they could find a fair number of companies from the sectors considered for the study. Second, the enumerators did door-to-door research, walking or driving around the city to identify businesses from the respective sectors. Depending on the sector of interest, a GPS coordinate was allocated to each enumerator, and while walking in a specific direction, enumerators had to reach out to each business encountered. Lastly, the consultants used snowball sampling to identify businesses within a sector or a related one.

Incentive to participate:

- Enumerators mentioned the following to businesses: *"By participating, you will be considered (if you wish) to be part of IOM's vendor list and part of the community of practice that IOM is coordinating, where you may easily be in contact with skilled graduates/future interns."*

At the end of the census, the enumerators explained to businesses the next steps of data collection and asked if they were interested and available to participate in a follow-up survey. Enumerators also inquired about their preferred survey method: in person, by phone, or online.

Quality Check during data collection:

- Regular progress updates: enumerators were required to submit a daily progress report, highlighting any challenges or deviations from the initial plan.
- Data validation: a "KOBO" system was implemented to validate the collected data periodically to ensure its accuracy and completeness.
- Field supervision: field supervisors were assigned to monitor the enumerators' performance and provide guidance when necessary.

IV.1.3.1.2. List of relevant sectors

- The report proposed an **initial list of relevant sectors** that were considered for data collection, alongside their likelihood to meet IOM's basic due diligence criteria and align with IOM's values. This list was based on the International Labour Organisation's (ILO) International Standard Industrial Classification of All Economic Activities (ISIC).

¹¹⁰ Central Intelligence Agency – The World Factbook, available [here](#).

¹¹¹ These are flexible targets that might change based on the experience on the ground.

Table 6: Selected Sectors

Sector	Targeted Tripoli	Actual Tripoli	Targeted Benghazi	Actual Benghazi	Targeted Sebha	Actual Sebha	ISIC Section
Accommodation & food services activities	20	17	20	30	7	13	I
Agriculture, forestry & fishing	13	18	13	19	8	10	A
Arts, entertainment & recreation	20	17	20	18	5	5	R
Construction	15	17	15	13	7	8	F
Electricity; gas, steam and air conditioning supply	13	16	13	20	6	7	D
Human health & social work activities	20	21	20	17	6	6	Q
Information & communication	17	23	17	21	7	8	J
Manufacturing	20	22	20	32	8	10	C
Professional, scientific & technical activities	20	22	20	33	7	8	M
Transportation & storage	17	21	17	22	6	6	H
Water supply; sewerage, waste management and remediation activities	18	22	18	26	6	8	E
Wholesale and retail trade, repair of motor vehicles & motorcycles	17	24	17	28	6	6	G

The following sectors **were not covered** as they were not currently priorities for IOM: Administrative & support service activities; Education; Mining and quarrying; Personal & Household Services; Financial & insurance activities; and Real estate activities.

IV.1.3.2. Criteria to be selected for longer quantitative survey

Initially, the team and IOM had agreed to use the following criteria to determine which companies would be called back for the longer quantitative survey, following the census:

- Company has separate bookkeeping between their personal and business finances
- Company is not located within a home (company can be attached the home but must be a separate location from main living area)

- Company is interested in participating in a longer survey with IOM

Upon thorough examination of the data however, this criterion was slightly revised. To respect the contextual realities in Libya, the team suggested changing one of the criterion listed above: "company has a separate bookkeeping between their personal and business finances" to "company has a formal bookkeeping". This suggestion was made after realizing that the number of firms that reported having a separate bookkeeping was relatively low, which would have led to a much lower target sample for the questionnaire (more on this point below). KAC and IOM agreed together that this criterion could be changed. Therefore, the final conditions to select census firms for the survey were the following:

- Company has a formal bookkeeping
- Company is not located within a home (company can be attached the home but must be a separate location from main living area)
- Company is interested in participating in a longer survey with IOM

IV.1.4. Quantitative survey

Based on the validated list of business, enumerators rolled out a 30 to 45 min survey with each chosen target companies that passed the initial selection criteria. The survey composed of closed-ended questions and open-ended questions. The objective of the survey was twofold. Firstly, it served as the initial objective of narrowing down the companies with the potential and interest to collaborate with IOM in private sector engagement in the future. Secondly, it also served as a database that IOM could use for future research and collaborations. The survey was done in person at the business location (unless flagged otherwise by the business).

All enumerators have a validated experience in data collection for humanitarian and development purposes. Nevertheless, to ensure the quality of the data being collected, the consultants conducted daily high-frequency checks of the data registered in KoBo the day before and flagged any issues to the consultant managing the enumerators. Moreover, the consultant managing the enumerators maintained an open communication channel with them, such as a WhatsApp group, allowing enumerators to share their questions or issues directly, and ensuring that answers were shared with everyone.

Incentive to participate:

- Access to skilled students, linkages with students who have the skills they need
- Visibility on IOM website if they become partners
- Networking opportunity with companies in Europe, with which IOM is in contact

Sample Size

The team filtered census results according to the criterion mentioned above. With this revised criterion, the target sample for the survey was 370 firms: 157 in Benghazi, 56 in Sebha, and 157 in Tripoli. While the target for Sebha was lower than what had been suggested in the inception report, KAC and IOM agreed that this number reflected the realities of the context: it was collaboratively agreed that respecting the conditions for firm selection were more important than aiming for a larger sample size. Moreover, the sample chosen exhibited a relatively homogenous representation of all sectors.

To encourage a high response rate, the KAC team offered to implement different processes:

- **Waiting list:** to mitigate a low response rate, the consultants prepared a waiting list of firms so that enumerators can reach their targets.

- **Use different data collection methods:** in addition to the survey being rolled out in person and by phone, there was the possibility to fill in the survey online for those business owners that have not been available two times.

IV.1.4.1. Survey reach

A total of 322 firms responded to the survey, resulting in a success rate of 87 percent. Out of the 322 respondents, 13 individuals declined to fill out the survey, resulting in a total of 309 respondents. Geographical distribution of the respondents who filled the survey is as the below shows:

Table 7. Data Collection Survey Reach¹¹²

City	Target # Companies	Actual companies	# Enumerators	Actual enumerators	# Days for data collection	Actual duration
Benghazi	157	133	4	8	8	N/A
Sebha	56	59	3	4	5	N/A
Tripoli	157	117	4	12	8	N/A

The consultants expected to conduct four to five surveys per day per enumerator. The survey was projected to take two weeks to complete, but the duration ultimately depended on the availability of businesses. In instances where companies could not be reached physically due to access constraints, alternative contact through phone communication would be employed. In the end, the data collection for the survey lasted 3 weeks.

IV.1.4.2. Challenges encountered during data collection

The data collection team faced several challenges, including logistical obstacles such as company closures or unavailability of owners. Trust issues emerged, with some companies seeking proof of IOM's project commission. Sensitivity from owners regarding questions about foreign workers and working conditions was also notable, and there was a perceived lack of incentive for participation.

IV.1.5. Key Informants Interviews (KII) and focus-groups discussions (FGDs)

KAC and IOM initially planned to conduct key informant interviews (KII) with promising companies from the survey sample, government officials, private sector experts, or private sector engagement experts; and staff from international/national organization. However, upon further consideration, KAC and IOM jointly opted to target solely government officials, migrant community leaders, private sector engagements experts and staff from international/national organizations who engaged in PSE in the past. This decision to exclude KIIs with promising companies was motivated by concerns about data collection fatigue among survey participants.

Instead, KAC and IOM collaboratively opted to conduct focus-group discussions (FGDs) with companies that have either collaborated with IOM in the past or are currently under consideration for potential Private Sector Engagement (PSE) initiatives. The purpose of these FGDs was to better understand the needs, hiring practices, and willingness of companies to interact with Libyans and foreign worker and youth and explore how they would like to engage with IOM. The FGDs were conducted in Benghazi and Tripoli in Arabic.

¹¹² Note that the survey reached 322 companies, but 309 companies filled it.

The KIs' objectives were useful able to shed light on good PSE practices accumulated over the experience. KIs with government counterparts provided context and help created buy-in for this study. Interviews were conducted by phone, Zoom, or in person, in either Arabic or English. Each of these KIs took 45 to 60 minutes.

In total, 8 KIs and 2 FGDs (6 companies each) were conducted.

Table 8: KI breakdown per type of stakeholder

Stakeholder type	#
International organization (IOM, UNDP)	5
Migrant community leader (Chad, Sudan)	2
Government	1

Table 9: FGD participants and location

Companies	Location
Lamsat Afkari – Toyota – Arkan – HiveSpace – Rakayez – Frame	Tripoli
Tatwer – Asarya – B.T.CC.CAT – Why Studio – Tripple F – Vision RTC – Kreek Co	Benghazi

IV.1.6. Data analysis

Qualitative and quantitative disaggregated data were recorded and coded to analyse relevant emerging trends. The analysis was done iteratively to be able to adjust the data collection tools and explore some of the trends in more depth. Data was then triangulated across sources to ensure accuracy.

- Regarding the quantitative analysis of the survey, the data was first cleaned to ensure accuracy.
- The analysis was done in Microsoft Excel. For each variable, the research team disaggregated the data according to location (Benghazi, Tripoli or Sebha).

IV.1.6.1.1. Reporting, final presentation and consolidation of the findings

This final stage of the consultancy involved three key steps, namely:

- Data Collection Update / Preliminary Findings Presentation** with IOM staff, in particular those involved since the inception phase, to present the preliminary findings of data collection and analysis and prompt feedback to enrich the final reporting phase. This was done after week 2 of collecting survey data.
- Recommendation Co-Construction Workshop with IOM staff**, particularly those involved since the inception phase. During that workshop, the research team presented their preliminary finding to the IOM Libya team and collaboratively worked on choosing the most relevant recommendations for the report.
- Drafting and finalisation of the consultancy report.** This part of the process has included IOM review and feedback prior to necessary subsequent revision by the consultant, culminating in a final report.

4. **Presentation of findings** with IOM/external stakeholders to present the findings and/or recommendations from the study. The agenda/theme for this 90-minute presentation will be set with IOM after data collection alongside the list of those who are to be invited.

V. Annexe 2 – Key PSE elements from the literature

The Organization for Economic Cooperation and Development (OECD) defines PSE as “an activity that aims to engage the private sector for development results.”¹¹³ This activity, or process, can be led by a multitude of actors, including national or local governments or international development cooperation actors.

The positive link established between engagement with the private sector and development results is based on the assumption that the private sector remains an important driver of job creation and economic growth, thereby improving a country’s overall development levels.¹¹⁴ Beyond the latter, the private sector has, in theory, the power to contribute to the fight against forced labour and the protection of workers’ rights throughout supply chains; the power to bring forward technical knowledge to co-design solutions (e.g. with the government) for the protection of workers and the inclusion of migrants; and the power to influence policy and decision-making (see the figure below).¹¹⁵

Figure 20: Ways the private sector can contribute to sustainable development



PSE covers a spectrum of cooperation and involves small steps to build the trust required to develop more robust long-term engagement strategies.¹¹⁶ On different ends of the spectrum, PSE activities can include **advocacy** or **awareness-raising campaigns** (informing private sector entities about the necessity and advantages of involving, employing, empowering, and fostering partnerships with migrants), **the organization of workshops or trainings** (to gather data about private sector or

¹¹³ OECD. “Private Sector Engagement for Sustainable Development,” 2016.

¹¹⁴ IOM, UNDP. “EMPOWERING MIGRANTS AND COMMUNITIES: Private Sector Engagement for Inclusive Sustainable Development,” 2023.

¹¹⁵ Ibid.

¹¹⁶ The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRI), “Best Practices Guidelines and Toolkit on Engaging the Private Sector in Skills Development” (UNDP, 2017).

migrants needs, to consult the private sector on their hiring practices and communicate information about ethical recruitment), **the co-creation of employment tools with local authorities**, such as for example job matching platforms, **or the creation of an enabling environment for PSE** (such as addressing regulatory barriers imposed by the government on the rights of migrants).¹¹⁷

As such, one should understand PSE as a means to an end. The decision to partner with the private sector should be rooted in a theory of change that establishes whether and how the private sector is best placed to help realize specific development results, and it should be contextually informed. Engagements should be informed by **clear criteria** for partnership.¹¹⁸ The goal of private sector engagement should be to increase the relevance of skills development outcomes while sharing the costs of skills formation; it should not replace what the private sector is already doing in skills-building.¹¹⁹

At the local or micro-level, identifying local skills demand and customizing learning resources to meet those needs helps to make training more relevant to local business. There is widespread recognition that the private sector has an essential role to play in enhancing the integration of labour market requirements in training provision and ensuring that students and trainees, especially among disadvantaged groups. Companies with low-skilled workers can find training beneficial to their enterprises when moving from low value to high value-added companies.¹²⁰

To be successful, PSE collaborations must be perceived as a joint endeavour by the partners involved. In order to achieve a high degree of motivation and mobilisation of resources on all sides, the benefits of the specific collaboration must be clearly spelled out for each partner.¹²¹ There is widespread agreement that training programmes provide only part of the solution when working to address skill shortages and skill mismatches; training programmes on their own do nothing to guarantee skills utilization, employment or retention. Taking a sectoral or cluster approach to skills development is more likely to produce positive outcomes¹²²

¹¹⁷ IOM, UNDP. "EMPOWERING MIGRANTS AND COMMUNITIES: Private Sector Engagement for Inclusive Sustainable Development," 2023.

¹¹⁸ OECD, "The Holistic Toolbox for Private Sector Engagement in Development Co-Operation," Private Sector Peer Learning Policy Brief 1, n.d.

¹¹⁹ The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), "Best Practices Guidelines and Toolkit on Engaging the Private Sector in Skills Development."

¹²⁰ The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC).

¹²¹ Swiss Agency for Development and Cooperation, "SDC Handbook on Private Sector Engagement," n.d.

¹²² The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), "Best Practices Guidelines and Toolkit on Engaging the Private Sector in Skills Development."

V.1. Annexe 3: Recommendations: Feasibility and Impact

On the 18th of December 2023, Key Aid Consulting organized a recommendation co-construction workshop where the IOM Libya team was given the opportunity to vote on the feasibility and impact of suggested recommendations. Most of these recommendations are present above but have been slightly edited to consider the IOM team's comments and insights on them throughout the report's versions.

Figure 21: Feasibility vs Impact (first set of recommendations)

Recommendations - Specific

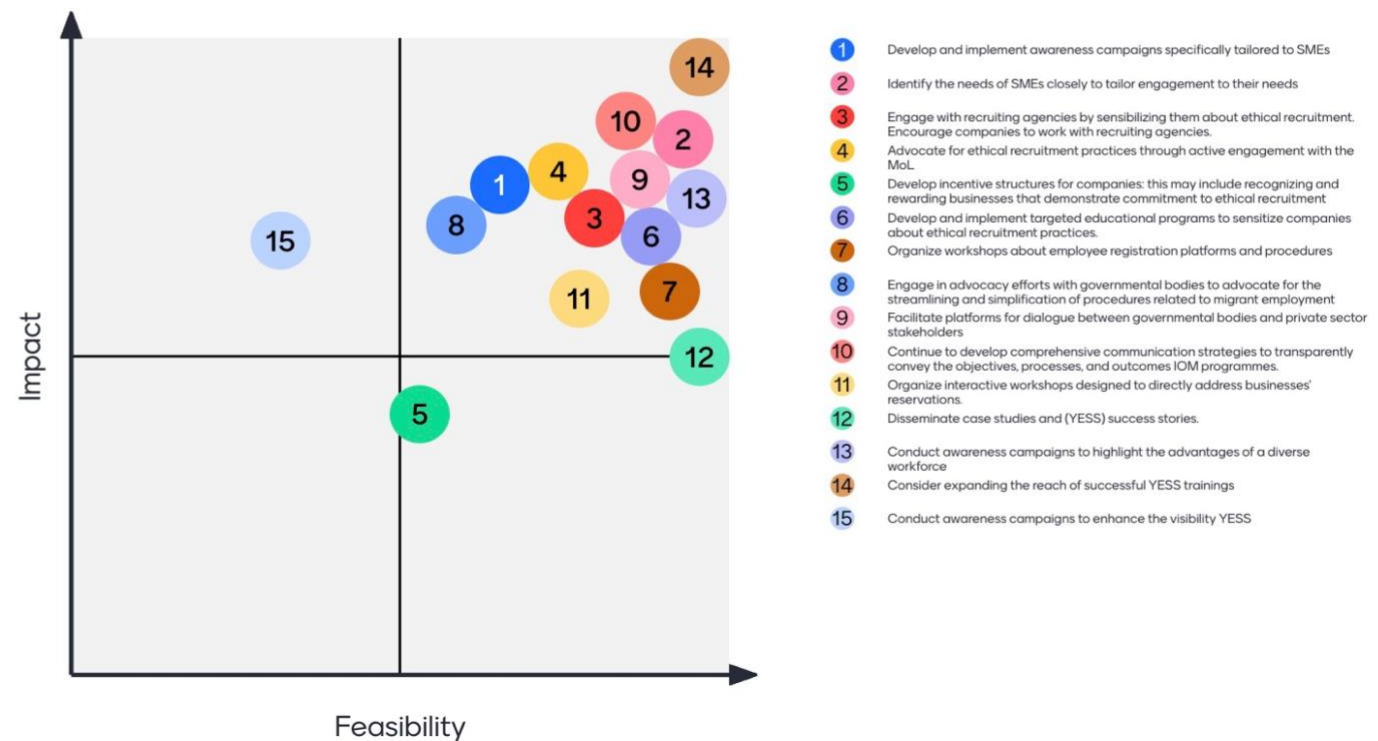
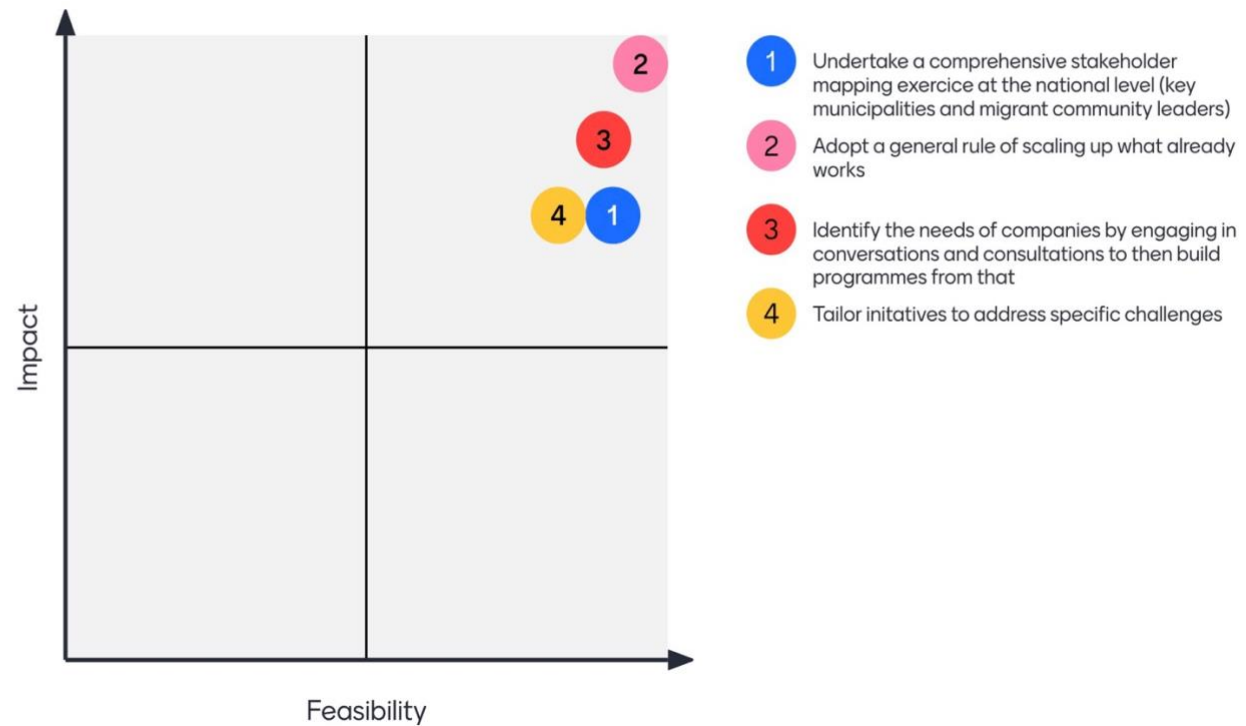


Figure 22: Impact vs feasibility (second set of recommendations)

Recommendations - General



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