Libyan Women in Business: The Blazing Paths Toward Economic Empowerment

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After the toppling of Muammar Gaddafi in Libya in 2011, and contrary to the desires of most of the population, there have been no profound reforms and advances in the business and employment policies capable of activating the country’s economy and social richness despite initiatives such as the Small and Medium Enterprises Programme and people’s growing interest in entrepreneurship. Women have most suffered the consequences of the economic instability in these years but, although there is no reliable data on their participation in business projects and they face sustained uncertainty and numerous financing and administrative procedure obstacles, the fact is that many Libyan women have started their own business. There is an urgent need to change the situation in the country for women to get more support in their projects and contribute with all their potential to its economic development.

Libyan women account for almost half of the Libyan population; they are the most educated and, therefore, the most innovative and the group who can most ably contribute to the economy and keep pace with the development process. All these factors make up women’s real potential, which has hitherto remained untapped in Libya.

Unemployment and a longing for a welfare state were among the factors that led to the toppling of Muammar Gaddafi in 2011. Nevertheless, there have been no profound reforms in business and employment policies during the political transition phases that followed the fall of the previous regime.

In the years following the uprising in 2011, the country witnessed the spread of a culture of entrepreneurship, and many small and micro projects started to provide diverse services. However, despite the increased interest in encouraging the private sector and entrepreneurship, Libya still ranked 186th out of 190 countries in the recent Doing Business Report published by the World Bank.

The government has recognised the importance of entrepreneurship since 2005, with efforts to reform and open up its economy to the world. As a result of the National Economic Strategy, a Small and Medium Enterprises Programme (SMEP) was established in 2007. The SMEP trained hundreds of Libyans who wanted to start their business. However, there were no transparent methods of applying for the programme. Most applicants were not entrepreneurs but job seekers or fresh graduates seeking financial aid. In 2012, the programme
was linked to the Ministry of Economy and Investment. The SMEP was renamed the Libyan Enterprise (LE), and four main business centres and three incubators were set up across Libya; one of these business centres was dedicated to women-owned startups.

These reform efforts faced several challenges, as the approaches to an innovative way of working and more practical financing schemes were not applied. Consequently, government efforts to promote small and medium-sized enterprises (SMEs) and startups succeeded only in training entrepreneurs and, to some extent, advising them on technical and economic matters. These efforts failed to link initiatives with credit institutions so that they could obtain needed financing. It is important to mention that there is a lack of data and information on women’s participation in these efforts, particularly concerning the effect of the current business ecosystem on the development of women-owned projects in Libya.

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A decade on from the Libyan uprising, women’s economic empowerment is still an issue: the economic conditions and ongoing political instability are getting worse, and there is a lack of vision to create policies to improve the economic situation. Consequently, the unemployment rate has risen, the illicit economy has evolved, and, taken together, this has negatively impacted employment opportunities in the country.

Therefore, despite the increase in the number of women in business, women’s participation in the market remains low and does not reflect either educational achievement or the legal framework that supports women as an active force in the economy. This article will examine the significant challenges facing women in business.

**The Challenges Facing Libyan Women in Business**

The section categorises the challenges facing Libyan women in business into general challenges related to the situation in Libya and specific ones, including financial, operational and cultural.

**General challenges**

The lack of security and instability is the most urgent challenge for Libyans, especially the women who suffered from dire living conditions, displacement or local armed conflicts and unrest, in addition to the deterioration of the economy as the war on Libyan territory has considerably drained its economy. This has resulted in a lack of liquidity and a decline in the value of the Libyan dinar against the dollar, not to mention the problems of fuel shortages and water and electricity outages. Although these problems affect society as a whole, the deterioration of these services creates more burden on women and results in the inability to carry out business activities to improve their livelihood.

Another challenge faced by the Libyan business ecosystem, in general, is the lack of economic vision. The fierce conflicts in Libya diverted the focus on winning political privilege instead of enhancing the economic situation in the country. Therefore, there were no actual attempts to diversify the economy or reform the current economic policies to encourage entrepreneurship and the private sector.

**Challenges facing women-led businesses**

**Access to finance**

Whether the business is in the startup or expansion and development phase, access to
finance remained the main challenge facing entrepreneurs in Libya, mainly women who have to overcome more barriers.

In rural areas, women often find it difficult to open a bank account and to obtain loans and financing from commercial banks. Banks require high collateral to guarantee the loans, including legal registration and properties officially registered in the borrower’s name, which is not available to a large percentage of Libyan women, who own only 12% of properties and land in Libya, according to the Organization for Economic Co-operation and Development (OECD) Gender Index.

The Libyan financial institutions still cannot address the needs of SMEs. New microfinance services have been launched in Libya; it is difficult to assess their performance due to a lack of data but it is likely that the constraints mentioned above still apply to women-owned projects.

**Operational challenges**

One of the operational constraints is the legal environment. As women entrepreneurs encounter legal challenges that limit their commercial activities, the legal registration is mainly lengthy and costly compared to the size and returns of women-owned micro-enterprises. The high governmental fees and the requirements to present commercial renting documents and find partners create further hurdles for businesses owned by women, who prefer to operate informally to avoid these complications.
Women also face knowledge gaps that hinder the management and expansion of their businesses; this may be due to the gaps in the education system and its curricula, which lack the focus on the principles of project and business management. The modern methods that depend on critical thinking and strategic analysis are not used for teaching. In addition, most of the development interventions in the past years focused only on promoting entrepreneurship and spreading its concept and did not focus on building capacities in marketing, sales, finance, and so on.

Cultural challenges

Many cultural constraints hinder women’s participation in public life and economic activities; as in many other countries, women in Libya are disproportionately burdened with household responsibilities. The dire security situation limits women’s movement and forces many of them to work from home. These socio-cultural constraints also limited economic activities of women, who preferred to start businesses in traditional activities, including catering, textile and education, where interaction with men was limited.

In light of the above, it is clear that, despite the increased participation of women in entrepreneurship and SMEs in Libya, their role remained marginalised to a large extent by the economic policy-makers.

Many women in Libya have started and managed their businesses in recent years, which was no easy task. They had to face many difficulties and overcome many barriers to become successful in their businesses, including bearing the burden of proving their credibility and dealing with society’s scepticism, discrimination and additional social limitations.

Libyan women were tremendously affected by the inadequate economic and commercial policies, as most women-owned businesses effectively contributed to reducing poverty and creating local economic development in the current conflict. In addition, women’s businesses have the potential to create direct and indirect jobs and support other businesses’ supply chains.

In conclusion, women’s businesses will continue to have a slimmer chance to grow and expand their activities if policy-makers do not realise the different challenges facing women and, more importantly, understand their potential to contribute to the country’s economic development.