

## Action Fiche for Libya

### 1. IDENTIFICATION

Title/Number	Public administration capacity-building facility (ENPI/2011/276-708)		
Total cost	EU contribution: EUR 4.5 million		
Aid method / Method of implementation	Project approach – <i>Joint management</i>		
DAC-code	15110	Sector	Public sector policy and administrative management

### 2. RATIONALE

#### 2.1. Sector context

The Gaddafi government hindered the development of modern state institutions. At the same time, the public sector is inflated because public employment was used as an instrument in an extensive patronage system. A large state provided substantial transfers to the population and massive investment into the country's infrastructure. The population is used to a reasonable level of service delivery but suffered from the lack of accountability and transparency. Lack of sector policies and strategic planning undermined the efficiency of public expenditure.

The challenge is to continue service delivery while reforming the public sector and the public financial management to fulfil the demands of the Libyan population for transparency and accountability. This is also of immense importance for the international community, in order to justify the unfreezing of the Libyan assets and the revitalisation of oil exports. The demonstration of the new Government taking control over public finances and the Central Bank in an accountable manner will be essential for proceeding with the unfreezing of Libyan assets.

The National Transitional Council (NTC) expressed that they intend to retain most of public sector staff but the events have already led to a loss of both institutional capacity and memory. Considering the extensive patronage system not all existing public sector employees may be qualified and "reformable". Under Gaddafi, excessive centralisation of decision making and funds allocation undermined local governance and at the same time promoted the existence of parallel systems. Local authorities could become powerful agents of service delivery and some basic local councils seem to form in some parts of the country. The rather sensitive question of the future role and modernisation of local governance structures might need early attention and professional advice.

Until a fully legitimised new government takes over it is considered crucial for the stability in the country that basic service delivery continues and the state can still

fulfil its key functions. In this crisis situation urgent and immediate response to the recovery needs of the shattered and weak public administration is of utmost importance. The character of this Facility should be therefore to provide immediate response to needs for Technical Assistance and professional advisory services in a flexible manner. The NTC has requested this kind of support at several meetings with international organisations. As the Gaddafi regime has blocked the development of a modern and transparent administration it can not be fully understood at this moment what the exact needs for capacity-building and Technical Assistance will be and how the path to modernisation will develop. The ongoing post-conflict needs assessment will identify more specific priorities and possibly sequencing for public sector modernisation according to urgency. The proposed implementation method and agency specifically address this need of flexibility.

## **2.2. Lessons learnt**

This programme is a response to the need for support to public administration capacity-building expressed by the NTC at several meetings with the international community. No projects of this kind have been implemented recently in Libya. The problem analysis presented above is based on the insights gained by a UN pre-assessment report and recent missions by Commission staff. The programme design and the implementing agency draw on experience in other countries where the international community and the EU in particular supported recovery and state building after a regime breakdown.

## **2.3. Complementary actions**

EU co-operation activities with Libya began in 2005 with the gradual normalisation of Libya's foreign relations. EU co-operation has focused on health and HIV/AIDS, through the Benghazi Action Plan and Instrument for Stability action, and on migration, via the Thematic Programme for Cooperation with Third countries in the Areas of Migration and Asylum and its predecessor AENEAS. In the health sector, the EU was the most important donor.

Since 22 February 2011, all aid co-operation with Libya was temporarily suspended, but the EU immediately provided humanitarian assistance. Since June 2011, activities to support the emerging civil society under the Instrument for Stability scheme started and others are being contracted under the European Instrument for Democracy and Human Rights (EIDHR) and the European Neighbourhood and Partnership Instrument (ENPI). In addition to activities in the health and migration sector, proposals to provide immediate support to the education sector and to the civil society are being considered.

In response to NTC's requests for immediate assistance, the Commission has sent in-house experts on procurement and media management to Libya for short assignments. Simultaneously, the Commission will provide for Technical Assistance on procurement systems and public messaging through the Global Allocation to bridge the gap between the immediate needs with the announcement of the Government and the implementation of this facility. By the time this facility is mobilised, it will be possible to build upon the insights and work of the preceding expert missions.

## **2.4. Donor co-ordination**

At the moment, the presence of the donor community in Libya is limited but it is assumed that it will grow rapidly depending on the security situation. At present, the EU co-ordinates its planned activities through its frequent co-ordinated missions. After the post-conflict needs assessment, division of labour among donors will ensure that overlap is avoided. The UN is entrusted with the overall donor co-ordination since the Libyan side will not yet be able to take on that task. The EU Delegation in Libya will therefore co-ordinate closely with the UN and other donors who might engage in the field of public administration reform, in particular the UN World Bank and the International Monetary Fund (IMF). With these organisations a delineation regarding assistance to Public Financial Management and Public Administration will be sought once the post crisis needs assessment has been developed.

## **3. DESCRIPTION**

### **3.1. Objectives**

The overall objective is to contribute to the modernisation, stabilisation and functioning of the public administration in Libya.

The specific objective is to respond to needs for Technical Assistance expressed by the National Transitional Council in managing the transition of the public sector.

### **3.2. Expected results and main activities**

The facility shall support the NTC in securing stability through

- Stabilisation of key functions of the state (e. g. processing of salaries of public employees, retaining staff for public service delivery, processing social allocations delivery);
- Ensuring administrative requirements for the functioning of public economic infrastructure;
- Credible public financial management, accountable administration of increasing oil revenues and currency stabilisation;
- Planning capacity for democratic transition (including electoral and constitutional processes);
- Preparing the overall modernisation of the public sector.

The NTC expressed needs for capacity-building, training, and technical expertise in the modernisation of the following fields:

- Public administration;
- Strategic planning and budgeting for key sectors like education;
- Public Financial Management;

- Monetary Policy and Central Bank Management;
- Local Governance;
- Preparation and implementation of elections.

Interventions will have to be flexible and the methodology will be proposed in more detail by the implementing agency based on the results of the post-conflict needs assessment and after a brief inception phase in Libya.

Activities include but are not limited to:

- Providing training facilities, workshops, seminars and conferences;
- Delivering tailor-made training courses;
- High-level expertise on legal, administrative and financial matters;
- Institutional assessments and studies;
- Exchange and twinning with counterparts from the EU and/or Arab countries in the region.

### **3.3. Risks and assumptions**

The major risk relates to the political priorities and administrative capacities of the future new legitimate Libyan Government as well as of the regional and local institutions in making full use of the Technical Assistance on offer.

Another risk relates to the role of civil servants who were in service under the Gaddafi regime: while the NTC expressed its intention to retain as much staff as possible on one side, structural changes in the public administration might meet resistance of the more experienced staff.

Finally, it is essential that the new Libyan Government facilitates the issuance of recognised entry permissions for the international experts in order to carry out the programme.

### **3.4. Crosscutting Issues**

There is an opportunity for supporting women's participation in future Government by ensuring their access to the programme's capacity-building measures for public service as well as gender mainstreaming in public sector strategies and policies.

### **3.5. Stakeholders**

Main stakeholders and direct beneficiaries are members of the Executive Committee of the NTC, its attached "working groups" and their succeeding institutional entities. Other direct beneficiaries include civil servants in remaining or evolving ministries, public agencies and institutions and local governance structures, legal institutions.

## 4. IMPLEMENTATION ISSUES

### 4.1. Method of implementation

The programme will be implemented via Joint Management through the signature of an agreement with the International Management Group (IMG) in accordance with Article 53d of the Financial Regulation. IMG complies with the criteria provided for in the Financial Regulation. The European Commission intends to sign a Standard Contribution Agreement with IMG.

IMG is a Europe-based international organisation with experience in supporting the recovery of fragile countries. They also have experience in Libya.

IMG will install a co-ordinating office in Tripoli headed by a senior co-ordinating international expert (the Co-ordinator). The Co-ordinator will receive all requests for assistance by a nominated counterpart in the National Transitional Council and will serve as the contact point with the EU. The Co-ordinator will draft Terms of Reference for all requested assistance and organise the appropriate responding activities and experts. IMG will mobilise expertise either from the European Public Sector or from the private sector for (short-and/or medium-term) missions. During an inception phase the Co-ordinator will agree with the EU Delegation and the NTC on the detailed implementation methodology.

The change of management mode constitutes a substantial change except where the Commission "re-centralises" or reduces the level of tasks previously delegated to the beneficiary country, international organisation or delegatee body under, respectively, decentralised, joint or indirect centralised management.

### 4.2. Procurement and grant award procedures

All contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by the relevant International Organisation.

### 4.3. Indicative budget and calendar

The Action will be financed by the European Union with a contribution of **EUR 4.5 million** covering 100% of the programme budget.

The indicative breakdown of the budget is as follows:

<b>Indicative Budget</b>	<b>EU contribution (in EUR)</b>
International and local experts and staff, office and running costs	4,500,000
<b>Total</b>	<b>4,500,000</b>

The operational duration of the Action is 24 months. Activities are foreseen to start on 1 December 2011 in Tripoli and are planned to end by 30 November 2013.

#### **4.4. Performance monitoring**

During the inception phase the Co-ordinator will propose a lean method to monitor performance of the Technical Assistance. Since a large number of experts and different forms of capacity-building are expected to take place, performance monitoring is crucial and has to be designed according to the specific objectives of each intervention.

#### **4.5. Evaluation and audit**

An external evaluation and audit will be carried out by independent consultants recruited directly by the Commission in accordance with EU rules and procedures and in line with specifically established terms of reference. These evaluations and audits will be funded from other sources than the project budget

The Commission reserves the right to carry out verification missions, in agreement with the contribution agreement.

#### **4.6. Communication and visibility**

The selected international organisation will ensure visibility of the programme, and its EU funding, in co-ordination with the Commission and the Delegation.