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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX 2

to the Commission Implementing Decision on the financing of the special measure in favour of Libya for 2023

Action Document for EU4SKILLS in Libya

MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and measure in the sense of Article 23(4) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title OPSYS Basic Act	EU4SKILLS in Libya: Promoting Skills and Employability for Private Sector Development Special measure in favour of Libya for 2023 OPSYS business reference: ACT-61956 ABAC Commitment level 1 number: JAD. 1172721 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Economic and Investment Plan (EIP)	No
EIP Flagship	No
3. Team Europe Initiative	No
4. Beneficiar(y)/(ies) of the action	This action shall be carried out in Libya (across the entire country).
5. Programming document	The situation in Libya remains unpredictable and marked by political instability and occasional armed conflict. A declaration of crisis was issued in 2011. It has been consistently renewed and recently extended until June 2024. A high level of flexibility and responsiveness is needed to adapt EU programmes to this unstable environment. The EU has planned its cooperation since 2017 through annual 'Special Measures'.
6. Link with relevant MIP(s)	N/A

objectives/expected results				
PRIORITY AREAS AND SECTOR INFORMATION				
7. Priority Area(s), sectors	<ul style="list-style-type: none"> - 114 Post-Secondary education - 321 Industry - 220 Communications - 310 Agriculture, Forestry, Fishery 			
8. Sustainable Development Goals (SDGs)	<p><u>Main SDG: 4 Quality Education</u> 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p> <p><u>- SDG 8: Decent work and economic growth</u> 8.6: Substantially reduce the proportion of youth not in employment, education or training. 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p> <p><u>- SDG14: Life below water</u> <u>- SDG15: life on land</u> <u>- SDG 17: Partnerships for the goal</u> 17.8: Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology</p>			
9. DAC code(s)	<ul style="list-style-type: none"> - 11420 : Post-Secondary Education - 22040: Communications (Digitalisation) - 31110: Agriculture, Forestry, Fishery - 32110: Blue/Green Economy - 24081: Banking & Financial Sector 			
10. Main Delivery Channel @	10000: Public Sector Institutions; 40000: Multilateral Organisations			
11. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
12. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective

	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers @	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	EIP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	EIP Flagship	YES <input type="checkbox"/>		NO <input checked="" type="checkbox"/>
	Tags	YES		NO
	transport	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	energy	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	environment, climate resilience	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	digital	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	economic development (incl. private sector, trade and macroeconomic support)	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	human development (incl. human capital and youth)	<input checked="" type="checkbox"/>		<input type="checkbox"/>
health resilience	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
migration and mobility	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
agriculture, food security and rural development	<input checked="" type="checkbox"/>		<input type="checkbox"/>	

	rule of law, governance and public administration reform	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	other	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Tags	YES	NO
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital entrepreneurship	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital skills/literacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Tags	YES	NO
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	education and research	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION

14. Amounts concerned	Budget line(s) (article, item): 14.020110 Southern Neighbourhood Total estimated cost: EUR 7 000 000 Total amount of EU budget contribution: EUR 7 000 000
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MANAGEMENT AND IMPLEMENTATION

15. Implementation modalities (management mode and delivery methods)	Indirect management with the entity to be selected in accordance with the criteria set out in section 4.3.1
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1.2. Summary of the Action

The lack of employment opportunities can lead to social unrest, declining confidence in government and society as a whole, as well as informal or illicit activities. Economic growth in Libya does not translate into sufficient job creation, and the jobs that are created are often low productivity posts not providing a realistic option for the increasing number of educated young people entering the labour force.

In Libya, the public sector is still the largest provider of jobs. According to the International Organisation for Migration, about 70% of Libya's active labour force works in the public sector. The private sector is facing difficulties finding skilled and experienced employees due to poor educational outcomes and the gap between education and training institutions and the labour market.

Apart from general macroeconomic instability, ineffective business regulation, low levels of competitiveness, limited competition and the lack of adequate access to finance, a skills gap constitutes a considerable obstacle to private sector development in Libya. The country suffers from a weak link between education and employment needs, generating a gap between the demand and supply of skilled labour.

Skills are significant drivers of economic growth. There is a clear need to support private sector development by reinforcing relevant policies, programmes and systems with the aim of providing the population with the right skills and opportunities for successful integration into the labour market. Actions need to be taken to enable the private sector to survive the conflict era, to live up to its potential and create a solid foundation for post-conflict growth. Libya requires a comprehensive strategy aimed at supporting the creation of jobs and new livelihoods, by filling market demand for a skilled workforce.

Recently, eastern Libya was severely affected by large-scale flooding when Storm Daniel made landfall on 10 September 2023. This resulted in thousands of lives lost, over 43,000 persons displaced and significant damage to public infrastructure and housing. New skills and competences for disaster recovery and for enhancing the resilience of local communities will be key to rebuilding lives and livelihoods in eastern Libya.

Support from the international community, particularly in terms of technical assistance, will be important in ensuring the rapid recovery, stabilisation, recovery and transition needed for the sustainable economic development of Libya.

Building on the support provided so far in technical and vocational education and training (TVET) for start-ups and small and medium-size enterprises (SMEs), and based on the skills needed by the SME sector, the EU will provide further technical assistance and dedicated European expertise to Libyan institutions (such as economic, training and vocational training, higher education) both at central and local levels, to sustain and expand the work done so far in this field and to promote youth and women empowerment.

Entrepreneurship, knowledge and skills can offer solutions to the many challenges in the Southern Mediterranean region. This implies a stronger and structured dialogue between higher education, vocational training, governments, the business sector and civil society to support long lasting employability solutions, job creation and better policies.

The EU4Skills action will have the general objective of better aligning the skills of the Libyan workforce to the needs of the labour market, by promoting specific technical skills for private sector development and strengthening the capacities and services of key public institutions. The focus of the action will be on three specific areas: the blue/green economy, digitalisation and the financial sector. Specific attention will be also given to disaster risk reduction, climate change adaptation and mitigation.

The action is in line with the European Year of Skills which aims to give an impetus to lifelong learning, empowering people and companies to contribute to the green and digital transitions, supporting innovation

and competitiveness. It will help companies, in particular small and medium enterprises, to address skills shortages and help people to get the right skills for quality jobs.

This action is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of Sustainable Development Goals (SDG) 4 on Quality Education, SDG 8 on Decent Work and Economic Growth, SDG 14 on Life below water, SDG 15 on Life on land and SDG 17 on Partnerships for the goals. In addition, this action will contribute to the New Agenda for the Mediterranean for a green, digital, resilient and just recovery, guided by the 2030 Agenda for Sustainable Development, the Paris Agreement and the European Green Deal.

1.3. Beneficiar(y)/(ies) of the Action

The action will cover the entire country. The direct beneficiaries of the action are the main stakeholders benefitting from an improved quality of the Higher Education and TVE systems' outcomes, namely the Ministry of Higher Education and Scientific Research, the Ministry of TVE, the Ministry of Economy, the Ministry of Labour, the General Information Authority, the Ministry of Planning, the Ministry of Local Governance and the Ministry of Agriculture, the Central Bank of Libya and the Libyan citizens. In addition, among the main beneficiaries of this action further actors are: relevant administrative departments of the targeted ministries, employers/Private Sector *latu sensu*, the unemployed, Universities, TVE schools and students.

Main beneficiaries under outcome 1: Ministry of Higher Education and Scientific Research, Ministry of Technical and Vocational Education, selected universities, selected technical colleges, Ministry of Labour and Rehabilitation, Ministry of Local Governance, selected municipalities, National Training Institute for Local Administration and the Libyan General Union of Chambers of Commerce.

Main beneficiaries under outcome 2: Ministry of Environment, Ministry of Higher Education and Scientific Research, Ministry of Technical and Vocational Education, selected universities, selected technical colleges, Ministry of Labour and Rehabilitation, Ministry of Economy and Trade and Libyan Business Unions.

Main beneficiaries under outcome 3: Ministry of Higher Education and Scientific Research, Ministry of Technical and Vocational Education, selected universities, Ministry of Labour and Rehabilitation, General Information Authority and private sector representatives.

Main beneficiaries Under outcome 4: Central Bank of Libya, Institute of Banking financial institutions including commercial banks, micro-finance institutions, MSMEs, Start-ups and investors.

2. RATIONALE

2.1. Context

Since the 2011 revolution that overturned the former regime, Libya has faced several challenges, including limited opportunities for integrating youth into the labour market, a high unemployment rate, a weak private sector, and freezing all national development projects owing to the country's poor security situation. Nevertheless, Libya remains an oil-rich country with a population of 6.9 million and with a nominal GNI per capita of USD 8,430 in 2021. It is expected that the population of Libya will reach 8.4 million by 2030, with the working-age population in Libya (14-55) rising from 4.1 million in 2006 to 6.5 million in 2030, paving the way towards potential economic development in the future.¹

Employment in the public sector and relying heavily on the government remain deep-rooted challenges inherited from the Gaddafi era. The public sector is still the largest provider of jobs in Libya. The public wage bill is almost 63% of Libyan GDP. According to the International Organisation for Migration, about 70% of Libya's active labour force works in the public sector. As a result, the Central Bank of Libya reported that public sector salaries represent 49.7% of government expenditures. This is a result of public sector employees usually having better benefits than private sector employees. Most public sector workers are covered by some social insurance, whereas only 46% of private sector workers have such coverage. Public sector employees also benefit from better job security; private sector companies are more likely to offer informal contracts or no contracts at all. Libya is also heavily dependent on oil and gas production as the main source of national income. This capital-intensive industry offers limited opportunities for employment expansion. Despite repeated efforts to diversify the Libyan economy, the hydrocarbon sector has accounted for over 70% of Libyan GDP, 94% of government revenue and over 95% of exports in recent years while employing only 2% of the Libyan workforce.²

Meanwhile, the **private sector** is facing difficulties finding skilled and experienced employees due to poor educational outcomes and the gap between educational institutions and the labour market.

In terms of **higher education**, Libya's performance is considered the highest among neighbouring countries, with a ratio of 60.5% for both genders. However, the quality performance in Libyan higher education and training remains poor, with Libya ranked 102 of 144 countries; in labour market efficiency, 133 of 144; in technology readiness, 130 of 144; in innovation, 143 of 144.

In spite of this, Libya's oil dependency and an economic system dominated by a bloated public sector, there remains a significant potential for the private sector to grow and diversify its activities—reconstruction needs, underserved consumer demand, abundant natural resources and new emerging sectors such as the digital and blue/green economy sectors can provide concrete opportunities for domestic and foreign investors.

Support to skills development is amongst the action points included in the Joint communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Renewed partnership with the Southern Neighbourhood - A new Agenda for the Mediterranean³.

¹ The World Bank, "Libya Economic Update."

² <https://data.worldbank.org/country/libya>

³ {SWD(2021) 23 final}

The EU has shown a strong commitment to supporting Libya in diversifying its economy and developing the private sector, by improving access to finance and engaging the private sector as a provider of goods and services, as a driver of job creation and as a generator of public revenues. The main areas of EU support to private sector development in Libya have included a business-enabling environment, technical and vocational training, competitiveness and strengthening sector productive capacities, innovation, business development, enhancing the investment climate and promotion, and access to finance and financial sector development.

The blue and green economy have an untapped potential for inclusive prosperity and growth. Despite the fact that no clear sustainable development strategies have been developed by the Libyan government regarding the blue and green economy, several sectors may trigger economic development and contribute to the stability of the country through the creation of jobs and innovative business opportunities.

Traditional sectors, such as aquaculture, fisheries, coastal and maritime tourism, shipping, ship-building or repair, and emerging maritime economy sectors, such as blue biotechnology, ship recycling, ocean energy, show enormous potential for sustainable development, a potential which is inextricably linked to the provision of technical expertise and qualified workforce. New generations in Libya are showing growing interest in entrepreneurship and self-employment. The blue economy could be an attractive alternative, if coupled with appropriate know-how, new effective fishing practices, enhanced value chains and an enabling environment.

As for the green economy, the Libyan market lacks technical expertise. The education system may not be raising systematic awareness of environmental matters including the climate change risks, and the green economy is still unknown for most Libyans. Nevertheless, some promising grassroots initiatives have been launched in the past five years, and there is a strong potential for growth with regard to renewable energy production, environmentally friendly and climate resilient agricultural and fisheries sectors and livelihoods, including through the promotion of innovative, modern and green agricultural practices, the sustainable management of natural resources, sustainable transport, solid waste management and recycling industries.

In addition to more conventional areas of support to the green/blue economy, the devastation wrought by Storm Daniel highlighted additional needs for skills to protect key sectors of the economy from natural hazards and shocks and to reduce disaster risk. Municipalities, notably urban planners and civil protection officers, need to strengthen their capacities related to climate change adaptation, climate risk awareness and management (including coast protection, crisis management, etc.).

The **digital sector** plays in increasing economic opportunity and efficiency, trade and competitiveness, and global economic integration. Following a study performed by USAID,⁴ Libya's digital sector has grown in the last few years, despite an unclear policy environment that lacks key enabling laws. The sector is creating new job opportunities and showcasing the talents of Libyan entrepreneurs.

Skills are at the forefront of digital innovation and transition. In Libya, there is a growing polarisation of labour-market opportunities between high and low-skilled jobs, increasing the mismatch between skills provided and job requirements. Technology-driven skill sets are emerging, and the capabilities and competencies required for the future are changing.

The **financial sector** is struggling to keep up with the skills needed in the post-pandemic era. A World Bank Financial Sector Review highlighted several weaknesses. These include gaps in the enabling environment,

⁴ Libya Digital Ecosystem Country Assessment, USAID, 2022.

sector governance, skills weaknesses (both among the commercial banks and the Central Bank of Libya) and no regulatory framework for Islamic finance.⁵

Given the underdeveloped state of the financial sector, micro, small and medium-sized enterprises (MSMEs), individuals and households, as well as refugees and migrants, tend to be underserved. The inability of banks to assess the risks and returns of investing in SMEs, a non-conducive business environment and limited efforts to support SMEs via capital markets affects the capacity of the financial sector to function and to contribute to the economy. Given the industry's importance in overall national economies, governments can, and must, step in to work with the financial industry to start exploring long-term solutions to upskilling and reskilling to bridge the skills gap, moving away from a demand for process skills and capabilities toward complex problem-solving, technology skills.

The prospects of political change provide a new window of opportunity for creating the foundation for a more sustainable economic model that does not reproduce the weaknesses and risks of the previous hydrocarbon-dependent model. Libya has the opportunity to build a new economy, more diversified and geared towards achieving sustainable economic development and growth and, simultaneously, one that is **aligned with the global blue, green and digital transitions**.

2.2. Problem Analysis

The Arab Spring in the Neighbourhood South region raised high hopes for democratisation and freedom of expression and for youth to be a driver of change. However, a decade later young men and women in the region still face considerable obstacles in finding decent and productive employment and becoming a driving force for social and economic development in their countries.

Libya still faces higher youth unemployment and inactivity levels compared with other countries in the region, posing a challenge to its socio-economic development for the post-conflict era. In Libya, the public sector is still the largest provider of jobs. According to the International Organisation for Migration, about 70% of Libya's active labour force works in the public sector.⁶

The **private sector is facing difficulties finding skilled and experienced employees** due to poor educational outcomes and the gap between education and training institutions and the labour market. Apart from general macroeconomic instability, ineffective business regulation, low levels of competitiveness, limited competition and the lack of adequate access to finance, the skills gap remains one of the main challenges for the private sector to achieve its full economic and employment potential.

The current low quality and lack of relevance of education and training for the needs of the Libyan private sector often results from the absence of mechanisms to analyse labour market needs, weak capacities of key public sector institutions to align education and technical training provisions. Sound analyses of the trends and challenges facing the Libyan labour market are difficult to produce owing to the lack of accurate and reliable data. Statistics have not been officially updated since the 2011 revolution, and there is no labour force survey conducted in Libya.⁷ In addition, it is difficult to assess with a degree of certainty how the inefficiency of the labour market is impacting the private sector.

These are the **main challenges to be addressed**:

⁵ Libyan Financial Sector Review, World Bank 2020.

⁶ The Economist, Intelligence Unit, Country report 2022-2023.

⁷ Labour Market and Employment Policy in Libya, European Training Foundation, 2016.

High unemployment rate

Libya's unemployment rate was **19.6% in 2020**,⁸ mainly affecting women and youth. Public administration workers represent about 74% of the entire workforce. However, most public sector workers lack skills, do not have real jobs or assigned duties and contribute little to economic growth. Libya's high unemployment rate stems from a set of factors, including Libyan state policies that have hindered the growth of the private sector, increased population growth, and the failure of the education and training system to provide qualified workers able to satisfy labour market needs.

Undiversified economy and weak private sector

Libya has one of the most undiversified economies in the world: hydrocarbons account for approximately 70% of the GDP, more than 95% of exports and approximately 90% of government revenue, therefore determining decisively the economic performance of the country.⁹ Political instability, ongoing sporadic conflict and international involvement in Libyan politics undermine the country's attractiveness to investors.

The conflict in Libya has significantly affected the private sector. Several factors have hindered its growth and foreign investments, namely the weakness of the rule of law, the dominance of state-owned enterprises, lack of competition, the unpredictability of policy, red tape, poor economic governance and lack of access to finance, skills and quality infrastructure. Competitiveness still suffers from the absence of a skilled workforce, poor infrastructure and telecommunication networks run by the state, barriers to entry for foreign and domestic firms, a fragmented financial sector, a small domestic market, lack of business innovation and widespread corruption.¹⁰ A decade of conflict, state dominance of the economic system and the absence of competition eroded incentives for innovation and created considerable import dependency.

Distortions from the public sector

In Libya, the legacy of public sector employment and employment intervention under the state-led redistributive model of development continues to have a major influence on labour market developments. In the late 1960s, the government nationalised major companies and took direct control of economic production. In 1978, the Confiscation Law destroyed the entire economic and social structure and, as a consequence, public sector employment became the primary engine for job creation. The advantages offered by these types of jobs determined the rise of the public sector in employment and became a key factor in fragmenting the labour market.

The exceptionally high level of public sector employment in Libya has caused further complexity by leading to reduced productivity of the human capital base, unrealistically high wage expectations, direct influence on educational choices and negative work attitudes to manual work. In addition, there is significant over-employment in the state-dominated sectors and companies. A number of new employment opportunities in the public sector are declining, and public sector staff will have to be absorbed by a weak private sector.¹¹

Significant role of the informal economy

⁸ <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=LY>

⁹ <https://data.worldbank.org/country/libya>

¹⁰ UNDP LMA Assessment 2021

¹¹ Labour Market and Employment Policy in Libya, European Training Foundation, 2016.

The inability to create enough employment within the formal labour market has given rise to a significant expansion of informal sector jobs in Libya. The informal sector, sometimes described as the ‘non-observed’ economy, consists of employment and production outside the reach of formal regulations, labour laws and taxes. Features of the informal sector include ease of entry, small-scale activities, micro-enterprises with a high proportion of family workers, limited capital and equipment, labour-intensive work and low levels of organisation.

The size of the informal sector in Libya is uncertain but large: informal employment is estimated to be about 40-60% of total employment. The peculiarity of the informal sector makes this a dynamic and heterogeneous sector that provides employment for a large segment of the population, especially for school dropouts and those with only basic education. About 1.6 million people are informally employed, mainly in agriculture, construction and retail trade. Informal employment represents a significant share of Libya’s job opportunities, forming an important element in labour market demand and outcomes.¹²

Skills Gaps: Mismatches between supply and demand

The mismatch between the education system and labour market needs is reflected in the high unemployment rate, especially for university graduates. Libya performs poorly in terms of the overall quality of education, ranking 128th for primary education and 138th for higher education of 139 countries. There is a real disconnect between the university system and the demands of employers. The Libyan system of education faces many challenges in meeting the demands of an employment market that needs a ‘job-ready’ workforce.

Economic experts have mentioned an urgent need for a human resource strategy in Libya including a review of the education system to achieve a better match between the skills acquired in formal education and the requirements of a modern economy. Skills are significant drivers of economic growth. The skills being supplied in the labour market are therefore an important economic parameter. Ensuring that employment growth potential is realised requires that in-demand skills are supplied in the labour market.¹³

Technical and Vocational Education and Training tends to be provided in relative isolation from the labour market. No systematic approaches or actions have been efficiently put into place to reduce the gap between technical skill supply and demand, and there are no efficient institutional mechanisms to connect with the labour market and companies at either national or local level.

Digital and Blue/Green economy news skills requirements

The digital transformation has been recognised as one of the cornerstones of sustainable development. Libya’s emerging digital sector has a strong potential for success. It will help the country benefit from a more digitised economy and enhance the digital capacity of key groups including women and people with disabilities, ultimately creating new jobs while boosting human development. Despite progress made over the past decade, digitalisation remains unsatisfactory. To improve this situation and accelerate digitalisation, it is crucial to strengthen Libya’s performance in a number of fields, including education. Adapting education and training to digitalisation requirements is a top priority to support the private sector and to accelerate growth. Ensuring the widespread availability of digital skills will require revamping education programs according to current needs and trends in the digital sector.

¹² Labour Market and Employment Policy in Libya, European Training Foundation, 2016.

¹³ UNDP Labour Market Assessment, 2021.

The same trend and the same needs are observed within all the emerging sectors of the blue and green economy. Particularly important sources of blue/green jobs could be the renewable energy and the environmental goods and services sectors, including waste, energy and water management. In existing occupations, workers need reskilling or upskilling (e.g. via the use of green materials, knowledge of new techniques for recycling, waste management, water treatment etc.). In new blue/green jobs, highly technical skills are requested (e.g. solar panel installation, wind turbine installation). Further support to the national authorities is needed in partnership with the private sector for developing skills of this kind.¹⁴ Also, education and training in the relevant sectors (agriculture, transport, water management, etc.) should reflect a growing need for addressing environmental including climate change risks to ensure further development of these sectors is well adapted and resilient.

Financial sector weaknesses and the skills gaps

The financial sector is crucial for supporting private sector development, as it provides the resources for investment. In Libya, this sector is going through significant changes due to new regulations and the digital transformation. However, according to a World Bank Financial Sector Review,¹⁵ this sector remains very fragmented and inefficient. A major competitiveness constraint limiting the growth performance of many start-ups and SMEs in Libya is inadequate access to financial services. There is strong demand for technical skills such as risk assessment and management, data analysis, compliance and audit. The majority of the country's financial institutions do not have either qualified staff or an up-to-date curriculum that matches the financial industry's skills needs.

Gender and Vulnerable Groups

Gender-based discrimination continues to be significant due to social norms and gender stereotyping that restrain women's participation in the labour market. Young women are particularly vulnerable, and the impact on their participation is also reflected in a range of labour market disparities. For instance, gender inequality is a significant factor in terms of wage gaps, as men with the same experience as women are paid 7% - 10% more.¹⁶ In addition, women tend to be overrepresented in relatively low-wage fields (horizontal segregation), and men tend to be overrepresented in management and leadership roles (vertical segregation).

The COVID-19 pandemic has caused further challenges, as lockdowns and subsequent effects on economic activity, especially informal, have resulted in increased unemployment, inactivity and underemployment, especially among young people and women. Moreover, vulnerable youth, such as migrants, refugees and persons with disabilities, face even greater challenges to find decent employment, and they are more exposed to discrimination, poverty and social exclusion.¹⁷

In conclusion, the country does not have well-functioning active labour market programmes or employment services; in addition, education and skills development are not well connected or responsive to the demands of the labour market. It is crucial to promote employability, in cooperation with key public sector institutions and the private sector, through tailor-made assistance for supplying relevant knowledge, skills and competences and for responding to current and future labour market needs and to support private sector development. Against this backdrop, the institutions and organisations active in the fields of employment and (re)training will need to increase their capacities and design a new generation of interventions fit for a variety

¹⁴ Expertise France, Project EU4PSL, 2022.

¹⁵ Libyan Financial Sector Review, World Bank 2020.

¹⁶ Libya Labour Market Assessment, UNDP 2021.

¹⁷ Labour Market and Employment Policy in Libya, European Training Foundation, 2016.

of needs and beneficiary profiles. Transformations such as digitalisation and the greening of the economy mean that both policy design and implementation will have to reflect a very dynamic labour market situation with more frequent transitions and enhanced fluidity in skills demand.

Identification of main stakeholders and corresponding institutional and organisational issues (mandates, potential roles, capacities) to be covered by the action

Ministry of Labour

The Ministry of Labour is the most important government agency overseeing Libya's labour market and providing public sector employment services. The main responsibility of the ministry is to match labour supply and labour demand efficiently and effectively both in the public and private sectors to accommodate qualified local and foreign jobseekers. It currently fulfils three main functions of facilitating job placement for unemployed people: follow-up on the staffing of government bodies, training and capacity building.

Ministry of Economy

The Ministry of Economy represents the most demand-side driven actor. It is involved in the labour market via its National Programme for Small and Medium Enterprises. One focus is to facilitate access to loans by simplifying guarantee requirements. The National Economic Development Board (NEDB), affiliated to the Ministry of Planning, was established in 2007 to advise the Ministry of Labour and Rehabilitation and the Ministry of Economy on strategies for boosting employment within the public and private sectors.

Ministry of Higher Education and Scientific Research

The Ministry of Higher Education and Scientific Research is responsible for executing government policies and vision in improving higher education and the associated institutions.

Ministry of Technical and Vocational Education

The Ministry of Technical and Vocational Education **is responsible for all public** technical and vocational education institutes (18 technical colleges, 111 higher technical institutes, 382 intermediate vocational institutes) across the country.

Ministry of Planning

The Ministry of Planning is responsible for identifying and programming the government policies and general budget allocations.

Ministry of Environment

The Ministry of Environment is responsible for executing government policies in the environmental sector.

Ministry of Agriculture and Ministry of Maritime Resources

This ministry is responsible for executing government policies in the environmental sector, agriculture and maritime affairs.

Ministry of Local Governance

This ministry, responsible for implementing government policy towards municipalities, will be associated with addressing aspects of this action at municipal level.

Central Bank of Libya

The primary mission of the central bank is to achieve and maintain price stability within the context of monetary policy in the interest of balanced and sustainable economic growth in Libya. It also plays a pivotal role in ensuring financial stability. The Institute of Banking and Financial Studies is part of the Central Bank of Libya and will be targeted in the context of component 4.

Other entities

Chambers of commerce and business associations

The involvement of chambers of commerce remains important to this action. A better understanding of the company-specific constraints that the private sector is facing will allow the chambers of commerce to design better services for their members to help them overcome key challenges, grow and generate employment.

2.3. Lessons learnt

This action is based on lessons learnt from the EU's previous experience in Libya in providing technical support to both public and private sectors.

In the context of the **EU Libya Technical and Vocational Education and Training (TVET) Delivery and Development Project**, the EU, in cooperation with the British Council, has worked since 2013 to enhance the quality and relevance of training provision in a selected number of TVET schools and to reinforce stakeholders' capacity representing the demand side of the labour market, such as employers' organisations and trade unions. The project highlights the need for Libya to take up the challenges of digitization and sustainable development, and to engage in reforming the present TVET system. Not only TVET sector institutions (institutes and colleges) should be part of this process but also higher education institutions and private sector.

From 2019 until January 2023, through the **EU for Private Sector Libya (EU4PSL)** project, the EU provided technical support to the Libyan Ministry of Higher Education and Scientific Research and 12 public universities. This has included support for a task force to address employability in Libya, capacity-building for entrepreneurship and innovation centres within universities and the introduction of the entrepreneurship curriculum as an accredited course within Libyan universities. EU4PSL interventions also focused on digitalisation and access to finance.

From 2016 to 2019, the **SLEIDSE** project initiated the creation of Entrepreneurship and Innovation Centres with 11 partnered universities in cooperation with the Ministry of Education. The aim was to establish incubators and accelerators within the universities' structure to help students develop their entrepreneurial skills and oversee all entrepreneurship-related activities. In addition, several boot camps and workshops were organised to provide these institutions with the tools and knowledge to launch activities in the same area.

Further support was provided by the EU and its implementing partners to the Ministry of Higher Education to create a task force addressing employability in Libya. In cooperation with **UNIMED**, a study visit to Rome was organised for several Libyan institutions on how to link higher education with the labour market.

Since March 2022, the **E-nable** program has represented the foundation for digitalisation and the green economy. In digitalisation, an assessment of the way economic administrations work and manage their databases has been carried out. This assessment has been shared with the General Information Authority (GIA). To increase the use of digital solutions within economic institutions and to improve the business environment, an agreement with the United Nations Conference on Trade and Development and the General Commercial Registry (GCR) has been signed to implement an 'e-single' window in Libya. This will allow for online company registration. E-nable also aims to promote investments in the green economy.

The **main lessons learnt** from EU cooperation in Libya can be summarised as follows:

- Considering the Libyan context, characterised by political and economic instability since 2011, projects should be based on an **adaptable and flexible approach**. This is important to assure that activities are adjustable to changing circumstance and to avoid project failures or unforeseen delays;
- Libyan authorities are increasingly open to cooperating with international donors. However, they often have **weak capacities** or mandates, which hampers such cooperation;
- There is an absence of specific legislation to regulate **practical learning**, internships and training, which prevents higher education institutions from mandating training as part of the learning process;
- There is **weak communication** between higher education and the labour market, which has led to a skills mismatch and increased the unemployment rate among graduates;
- There is an **absence of technical skills** and capacities for staff of the Ministry of Higher Education and universities to provide services to students, such as student advisors, career counselling and internships;
- Considering the fact that the concept of **green economy** is fairly new to the Libyan environment, further support must be extended to policy-makers and final beneficiaries in terms of knowledge and skills to lay a solid foundation on which the transition to a green economy can be carried out;
- As the **Financial Sector** in Libya is going through significant changes due to new regulations and digital transformation, this has created a strong demand for skills such as risk management, data analytics, customer satisfaction surveys, etc. However, the Institute of Banking and Financial Studies, a training centre belonging to the Central Bank of Libya with the purpose of developing skills in the financial sector, has neither qualified staff nor an up-to-date curriculum that matches the financial industry's skill needs;
- **Digital training** for the public administration and private sector are essential to support Libya's digital transition and to close the gap with other countries of the region, especially when digital transformation presents many opportunities for youth employment;
- An important element of previous EU assistance has been a **weak policy dialogue** with Libyan authorities at central and decentralised level. A new phase of cooperation is now starting, showing a clear interest of Libyan authorities to cooperate with the international community and foster the policy and the political

dialogue. The RPBA (Resilience and Peace Building Assessment)¹⁸ is a good example of a common effort towards structural reforms and long-term cooperation. This political change should be very much encouraged and supported. This will be crucial to ensure the success of this action and other related interventions, for addressing the needs and challenges of the Libyan labour market and some of the weaknesses of the private sector.

In addition, an **evaluation** of EU financed actions in technical and vocational education and training will be carried out in 2023. Its findings will certainly provide relevant elements for fine tuning EU cooperation in relation to employability and skills and eventually re-design activities under this action.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The **Overall Objective/Impact** of this action is to:

Libyan workforce skills are better aligned to the needs of the labour market in the country.

The Specific Objective(s) (Outcomes) of this action are:

- S.O. (1) The capacities and services of key public institutions for **enhancing employability governance and mechanisms** are strengthened;
- S.O. (2) Skills and **employability on blue/green economy** for both private and public sector are reinforced;
- S.O. (3) Employability, job creation and facilitating business opportunities for the **digital transition** are supported;
- S.O. (4) Capacity and **skills of the Financial Sector are strengthened** with a focus on the CBL and commercial banks training systems and SMEs financing.

The action includes an inception period of six months to better identify the target population through specific ad-hoc assessments.

The **Outputs** to be delivered contributing to the corresponding Specific Objectives (Outcomes) are:

COMPONENT 1 – Enhancing employability governance mechanisms

- 1.1: The employability rate among Higher Education and Technical Institutions graduates is increased;
- 1.2: Communication mechanisms between the educational institutions and labour market are improved;
- 1.3: The capacity of the MoHE and MoTVE to develop employability strategies is strengthened;

¹⁸ The EU-UN-WB Recovery and Peace Building Assessment (RPBA) process is ongoing between the EU, the UN, the World Bank and the Libyan government since end of 2021. Under the overarching goal of accompanying and assisting the government in formulating a National Development Plan, the first phase has consisted of data consolidation, followed by prioritisation (second phase) and the formulation of a National Development Plan and costing plan (third phase).

- 1.4: A strategy to implement practical learning methodology and internships for higher education and technical education students and graduates is developed;
- 1.5: A decentralisation strategy for employability is defined within educational institutions, the Ministry of Local Governance, selected municipalities and the private sector.

COMPONENT 2 – Employability for the Blue/Green Economy

- 2.1: Priorities to cover the gap between education sector and job market are identified for blue and green economy priority sectors;
- 2.2: Blue/green economy curricula are designed with a participatory approach to fit the job market priority needs;
- 2.3: Capacities of the Ministry of Environment, Agriculture and Fisheries and the Ministry of Economy and Trade and other relevant ministries are reinforced to facilitate blue/green economy employability in collaboration with educational institutions and the private sector;
- 2.4: Blue/green economy employability mechanisms are developed facilitating collaboration and coordination between the public and private sectors.

COMPONENT 3 – Employability for the Digital Transition

- 3.1: Priorities for both public and private actors in terms of training support are identified after a comprehensive analysis of digital opportunities and needs in the country;
- 3.2: Employability is supported through the creation of a higher education digital curriculum and vocational training is supported;
- 3.3: Capacities of the General Information Authority and the Digital Lab are reinforced to facilitate digital employability in collaboration with educational institutions and the private sector;
- 3.4: Digital employability mechanisms are developed facilitating the collaboration and coordination of both public and private sectors.

COMPONENT 4 – Upskilling the Financial Sector

- 4.1: The capacity of the Institute of Banking and Financial Studies to deliver high quality training (train the trainers) and to better meet skills needs in the financial sector is strengthened;
- 4.2: The capacity of the financial sector to serve SMEs (technical assistance to expand lending activities) is developed;
- 4.3: Financial literacy trainings to entrepreneurs are provided.

3.2. Indicative Activities

COMPONENT 1

Activities related to Output 1.1:

- Conducting a skills gap assessment among MoHE, MoTVE for the elaboration of a capacity development plan.

Activities related to Output 1.2:

- Skills demand analysis tools are developed, piloted and then implemented across selected sectors to understand labour market needs, in close cooperation with the private sector.

Activities related to Output 1.3:

- Deliver capacity-building workshops, trainings and study tours to improve the overall capacities of the MoHE, MoTVE, universities, technical colleges and the Ministry of Labour to implement a national employability strategy;
- Modernisation of training centres, in cooperation with the private sector. Career counselling is integrated in VET centres and tertiary education.

Activities related to Output 1.4:

- Designing and pilot implementation of a system of validation and recognition of acquired skills;
- Designing and approving a roadmap at Institutional level.

Activities related to Output 1.5:

- Define a national strategy for decentralised employability and skills mechanism, including the Ministry of Labour, the private sector, the Ministry of Local Governance and selected municipalities.

COMPONENT 2

Activities related to Output 2.1:

- An *ad hoc* analysis is developed to understand new emerging skills needs in the blue and green economy, also in view of the diversification strategy of the country.

Activities related to Output 2.2:

- New curricula are designed in consultation with relevant target groups to respond to new labour market needs and emerging needs related to disaster risk reduction and management. Existing curricula are upgraded and revised;
- Upskilling and reskilling mechanisms are designed to ensure new skills for workers in the selected sectors.

Activities related to Output 2.3:

- Skills gap assessment to be conducted in the Ministry of Environment, Agriculture and Fisheries and the Ministry of Economy and Trade, as well as other relevant ministries;

- Support to the above stakeholders on the best practice to design a development plan and new employability programmes (target audience, type of training, etc.).

Activities related to Output 2.4:

- Internship and work-based learning schemes are developed with companies in the two sectors to favour the integration of new entrants in the market.

COMPONENT 3

Activities related to Output 3.1:

- Skills needs analysis in a few selected sectors for the digital transition.

Activities related to Output 3.2:

- Implement capacity-building activities according to the results of the skills needs analysis at vocational education and training level. Develop training schemes for employed and unemployed people at basic and advanced levels;
- Introduce digital skills within the curricula at basic and advanced levels for both students and teachers at vocational education and higher education levels.

Activities related to Output 3.3:

- Support the Digital Lab to become a resources centre and a digital campus;
- Train the trainers program for Digital Lab staff on the latest digital topics to create a pool of experts able to train youth;
- Support the GIA and the Digital Lab through study cases to enable them to support and accompany the digital transition of private sector.

Activities related to Output 3.4:

- Internship and work-based learning schemes are developed with companies in the two sectors to favour the integration of new entrants in the market.

COMPONENT 4

Activities related to Output 4.1:

- Review and update existing training programs of the Institute of Banking and Financial Studies to ensure alignment with the identified skills needs;
- Develop new training modules with a focus on the identified skill gaps and organising regular workshops led by industry experts to supplement trainings provided by the Institute of Banking and Financial Studies.

Activities related to Output 4.2:

- Develop training modules for improving commercial banks’ SME lending systems, processes and capacity (i.e. credit scoring systems, procedures for cash flow-based lending, collateral evaluation and registration, internal audit, portfolio supervision systems, etc.);

Activities related to Output 4.3:

- Elaborate learning frameworks for financial education/literacy initiatives (including training) targeting MSMEs and potential entrepreneurs.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Tackling climate change and improving environmental protection requires increased awareness and new skills sets for education stakeholders, policy makers, academics and the private sector. New skills are needed in a broad range of sectors, not only those directly linked to environment and climate change like forestry, waste management or renewable energy, but also those that can contribute most to sustainability and climate action such as agriculture, energy, infrastructure, digital, the circular economy and banking. This can include opportunities for re-training and continuous professional development in targeted areas of the labour market as well as open up opportunities for new (blue/green) jobs.

Several clusters of activities, under this action, will be organised around the following general targets:

- Ensuring higher education and technical and vocational education and training (TVET) develop the knowledge and skills needed by employers and policy makers on environment and climate change.
- Raising awareness of policy makers, businesses, workers, consumers and the wider public on the benefits arising from the implementation of circular, resilient, and resource efficient activities, notably ‘growth and jobs’ opportunities, new and innovative products and production processes, but also benefits to people’s welfare such as reduced exposure to pollution or availability of more sustainable and long-lasting products.
- Creating an enabling digital environment to unleash the green potential of digitalisation.

Outcomes of the Strategic Environmental Assessment (SEA) screening (relevant for budget support and strategic-level interventions):

- A SEA is not required but key environment and climate-related aspects will be addressed during implementation.

Outcomes of the Environmental Impact Assessment (EIA) screening (relevant for projects and/or specific interventions within a project):

The EIA screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design). EIA will be undertaken in SO (2) “Skills and **employability on blue/green economy** for both private and public sector are reinforced”. In addition climate risk will be addressed as part of an EIA.

Outcome of the Climate Risk Assessment (CRA) screening (relevant for projects and/or specific interventions within a project):

The CRA screening concluded that in some SOs a proper CRA will be undertaken for specific interventions, particularly on SO 2 on employability for green/blue economy.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the significant gender gap detected in the country (see problem analysis) shall be tackled within the four action components. Gender equality and increased labour market participation of women, shall be at the core of all the activities. Promoting equity, inclusivity and access, will be key to achieve real diversity. The action will elaborate a strategy ensuring that women's and men's differing experiences and concerns will be taken into account at every step of the policy decision, implementation, and monitoring process. This will require a commitment not only from the EU, but also from the Libyan institutions targeted by this action. Specific policies and initiatives should be introduced by defining explicit mechanisms and procedures for addressing the gender gap, restraining women's participation in the labour market. Particular attention should be dedicated to tackling horizontal and vertical segregation, in order to reduce the concentration of women and men in different labour market sectors and occupations, as well in different job levels.

Human Rights

The principle of applying a rights-based approach for the implementation of this action includes addressing root causes of inequalities and discrimination, strengthening capacities and opportunities for active and meaningful participation of also the most marginalised in society. Specific mechanisms for verifying the integration and implementation of a rights-based approach in the action will be deployed through all the stages of its cycle.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. Disability mainstreaming should be a significant objective of this action. This implies that different entities need to ensure that their respective spheres of responsibility provide the necessary opportunities and access to persons with disabilities, on an equal basis with others. A disability-inclusive approach should be adopted with regard education and youth policies, employment, skills and labour market policies.

The action should aim at removing barriers and disincentives to, and provide incentives for, participation in the labour market, in particular for those most excluded from it. Support to people with disabilities, enabling them to participate in the labour market should be mainstreamed through the overall action's activities.

Democracy

Education at all levels and of all strands plays an essential role in developing and maintaining a democratic culture and social inclusion, provided that current and future opportunities and challenges are taken into account. Mainstreaming democracy in education and training activities will be a significant objective of the action. The beneficiaries should be empowered to exercise and defend their democratic rights and responsibilities in society, to value diversity and to play an active part in democratic life, with a view to the promotion and protection of democracy and the rule of law.

Conflict sensitivity, peace and resilience

This action will aim at mainstreaming social cohesion and resilience and integrating the concepts of conflict sensitivity and peace in its activities. Inclusive mechanisms for mediating and managing conflicts will be developed and used amongst all the stakeholders targeted by this action. The EU's engagement, especially in a fragile country like Libya, will have the objective of maximising the positive impact on peace.

Disaster Risk Reduction

Libya's vulnerability to the impacts of climate change and environmental degradation necessitates proactive measures against potential consequences. Disaster risk reduction plans will set out the goals and specific objectives for reducing disaster risks and natural hazards at national and community level. They should be specific to each level of administrative responsibility and adapted to the different social and geographical circumstances, including roles and responsibilities regarding disaster response management. Linkages to sustainable development and climate change adaptation plans should be made where possible in the formulation of targeted university curricula and private sector skill development and strategy.

3.4. Risks and Assumptions

Category	Risks	Likelihood	Impact	Mitigating measures
External environment	The eruption of armed conflict and/or increased insecurity and/or political instability hamper the implementation of the action.	Medium	High	The action is coordinated with national stakeholders; where necessary, activities can be conducted remotely (capacity building, technical assistance) or prepared remotely (awareness campaigns) to avoid significant delays in the implementation of the action.
Planning, processes and systems	Activities are delayed due to conflicting priorities of the Libyan authorities.	Low	Medium	The action is designed to allow adaptive programming during implementation to respond to emerging and shifting priorities.
People and the organisation	Lack of responsiveness of targeted institutions and staff for technical assistance and/or capacity building activities.	Low	High	The action is designed in close coordination with national stakeholders to ensure that activities are aligned to national priorities and needs. Continued policy dialogue with concerned institutions will raise the need for engagement of staff at all levels and the retention of staff whose capacities have been built to the extent possible.
Legality and regulatory aspects	The targeted public institutions are willing that the country satisfies the conditions for economic diversification and green/digital transition and are	Medium	High	Based on the experience of previous actions in Libya, the action will coordinate closely with technical levels of Libyan authorities to seek possible alternative solutions if need be.

	ready to support this type of intervention.			
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External Assumptions

Key external factors that have to be considered are as follows:

- Sufficient political stability allows constant dialogue and coordination with Libyan stakeholders;
- Libyan ownership of the intended actions concerning reforms and stabilisation of the economy;
- Openness of the key institutional stakeholders to cooperate, assist and contribute to a regular collection and information management system, which is actually hindering effective sectoral planning and development;
- Constant commitment and capacity of key stakeholders already supporting Libyan authorities in developing a strategic view on the diversification of the economy and support to private sector development, including job creation;
- Project partners and stakeholders are committed and willing to continue cooperation even in conflict areas;
- Travel of staff and partners within the country remains possible despite the current visa restriction policy adopted by the Libyan authorities.

3.5. Intervention Logic

The transition to employment and income-generating opportunities from other sources than the hydrocarbon and public sector is a vital question for Libya's economy. Therefore, promoting productivity and employability, through a tailor-made assistance for supplying relevant knowledge, skills and competences is key to unleashing private sector potential and boosting economic development. Due to the inefficiencies of the Libyan labour market, the country suffers from the lack of linkage between education and private sector employment needs, causing a significant disparity between demand and supply of skilled workforce.

The intervention logic of this action is based on the needs and challenges identified during the consultations carried out with the relevant stakeholders, the experience from the past and ongoing EU-funded projects in higher education, TVET and private sector development, as well as the recommendations and key findings elaborated by other donors implementing similar or complementary programmes in the country. This intervention intends to support the private sector and strengthen the capacities and services of key public institutions with the aim of providing the population with the right skills and opportunities for **successful integration into the labour market.**

The reinforcement of the job creation through both reforming relevant Libyan public institutions and the support to the private sector will also contribute to reconciliation. Because of this, actions are targeted in the entire country (including West, East and South areas) permitting a coherent impact in all the different geographical areas of Libya. Providing similar skills and reinforcing equal opportunities in the whole Libya the action supports peace and reunification too.

This action will focus on key competitiveness areas, with emphasis on **digital integration and transition and blue/green economy**, and it will contribute to fill in the skills gap of the **financial sector** with targeted pilot

actions. The first component will be mainly dedicated to capacity building activities, analysis, needs assessment in support of the Ministry of Education, Ministry of TVE, Ministry of Labour and Ministry of Local Governance, with the objective of enhancing the governance mechanisms of employability.

The three sectoral components in digitalisation, blue/green economy and the financial sector will entail activities identifying specific sectoral needs, developing new curricula and training as well as the elaboration of new learning schemes and framework, in line with the labour market new challenges in the country. The involvement of the private sector, at all levels, will be key for achieving the action's objectives.

The activities to be implemented under this action will be designed following a rights-based approach, ensuring a gender and diversity-sensitive programming through participatory approaches.

Considering that digitalisation can extensively contribute to the transition to a carbon neutral, green and circular economy, in basically all sectors, and considering that the EU's new green growth strategy is aiming at climate-neutral, resource-efficient and competitive economies, particular attention will be given to the integration of environment and climate change in several clusters of activities.

3.6. Indicative Logical Framework Matrix

Results	Main expected results	Indicators	Baselines	Targets	Sources of data	Assumptions
Impact 1	Libyan workforce skills are better aligned to the needs of the labour market in the country.	1. Number of policies, measures, regulations supported by the EU to establish, modernise labour market efficiency; 2. Total public expenditure on Higher education and TVET as percentage of GDP or of total government expenditure.	1. Baseline surveys (2022-2023) 2. Current public expenditure on HE/TVET as percentage of GDP (2023)	To be determined during inception phase	1. Progress Reports 2. National statistics offices, Ministry of Economy and Ministry of Finance	<i>Not applicable</i>
Outcome 1	The capacities and services of key public institutions for enhancing employability governance and mechanisms are strengthened.	1.1 Extent to which the National Strategy for Employment comprises systemic dialogue between social partners, VET providers and education institutions.	1.1 Baseline assessments (2022-2023)	1.1 To be determined during inception phase.	1.1 Progress Reports 1.1 Experts analysis 1.1 Existing reports of project implemented in this area	Responsiveness of targeted institutions and staff
Outcome 2	Skills and employability on blue/green economy for both private and public sector are reinforced.	2.1 Extent to which the partner country's labour market policy is informed by sector-specific analysis (blue/green sectors)	2.2.1 Baseline surveys (2022-2023)	2.1 1. To be determined during inception phase	2.1 Experts analysis and progress reports 2.2 Baseline and endline assessments conducted and budgeted by the EU-funded intervention	Responsiveness of targeted institutions staff and active participation of the private sector
Outcome 3	Employability, job creation and facilitating business opportunities for the digital transition are supported.	3.1 Extent to which the partner country's labour market policy is informed by sector-specific analysis (digital sector)	3.1.1 Baseline assessments (2022-2023)	3.1.1 To be determined during inception phase	3.1.1 Baseline and endline assessments conducted and budgeted by the EU-funded intervention	

Results	Main expected results	Indicators	Baselines	Targets	Sources of data	Assumptions
Outcome 4	Capacity and skills of the Financial Sector are strengthened with a focus on the CBL and commercial banks training systems and SMEs financing.	4.1 Number of specific training programmes elaborated (type of trainings to be determined following needs assessment)	4.1 Baseline assessments (2022-2023), beneficiary databases	4.1 To be determined during inception phase	4.1.1 Baseline and endline assessments conducted and budgeted by the EU-funded intervention	
Output 1 related to Outcome 1	1.1: The employability rate among higher education and technical institutions graduates is increased.	1.1.1 Percentage of jobseekers who found formal employment within 1 year after participating in a EU-funded intervention, disaggregated by sex, population group, disability status, age.	1.1.1 Baseline surveys (2022-2023)	1.1.1 To be determined during inception phase	1.1.1 Beneficiaries databases 1.1.1 Baseline and endline surveys conducted and budgeted by the EU-funded intervention	Systematic and increased support of the key public institutions targeted by the action
Output 2 related to Outcomes 1	1.2: Communication mechanisms between the educational institutions and labour market are improved.	1.2.1 Number of HE/VET plans/programmes jointly revised or drafted by education regulators, VET institutions and social partners with support of EU.	1.2.1 Baseline assessments (2022-2023)	1.2.1 To be determined during inception phase	1.2.1 Progress Reports 1.2.1 Expert analysis	Responsiveness of targeted institutions staff and active participation of the private sector. Regular, effective internal and external communication lines in place.
Output 3 related to Outcomes 1	1.3: The capacity of the MoHE and MoTVE to implement employability strategies is strengthened.	1.3.1 Number of public officers trained by the EU-funded intervention who increased their skills disaggregated by gender and institution.	1.3.1 Existing reports and studies of EU-funded projects	1.3.1 To be determined during inception phase	1.3.1 Database of training participants, pre- and post- training test results	Targeted institutions have enough human resources and technical capacities and fully implement their mandate.

Results	Main expected results	Indicators	Baselines	Targets	Sources of data	Assumptions
Output 4 related to Outcomes 1	1.4: A strategy to implement practical learning methodology and internships for higher education and technical education students and graduates is developed.	1.4.1 Number of national sector strategies are developed/improved	1.4.1. Baseline assessments (2023)	1.4.1 To be determined during inception phase	1.4.1 Baseline and endline studies conducted	Responsiveness of targeted institutions staff.
Output 5 related to Outcomes 1	1.5: A decentralisation strategy for employability is defined within educational institutions, the Ministry of Local Governance, selected municipalities and the private sector.	1.5.1 Number of facilities offering employment services with the support of the EU-funded intervention, disaggregated by sector - public (private or civil society); 1.5.2 Number of private sector representatives involved in the systemic dialogue supported by the EU-funded interventions, disaggregated by gender age and disability status.	1.5.1 – 1.5.2 Baseline survey (2022-2023)	1.5.1-1.5.2 To be determined following desk review	1.5.1 Database of beneficiaries 1.5.2 Baseline and endline surveys conducted and budgeted by the EU-funded intervention	Decentralisation process will continue to be implemented by the government
Output 1 related to Outcome 2	2.1: Top priorities to cover the gap between education sector and job market are identified for blue and green economy priority sectors related to Libya's economic diversification.	2.1.1 Number of sectoral skills needs assessments conducted with EU support	2.1.1 Baseline assessments (2022-2023); 2.1.1 Analysis of existing reports of EU-funded projects.	2.1.1 To be determined following desk review	2.1.1 Skills needs assessment reports.	Government willingness to support economic diversification and green/digital transition.
Output 2 related to Outcome 2	2.2: Blue/green economy curricula are designed and implemented to fit the job market priority needs and those related to disaster risk reduction and management.	2.2.1 Percentage of Higher Education/VET/skills development curricula, related to Blue/Green Economy's sectors, jointly revised or drafted by education regulators.	2.2.1 Baseline survey (2021-2023).	2.2.1 To be determined following specific skills needs assessments.	2.2.1 Baseline and endline surveys conducted and budgeted by the EU-funded intervention; 2.2.1 Skill needs assessment reports.	Specific Labour market data are available and reliable.

Results	Main expected results	Indicators	Baselines	Targets	Sources of data	Assumptions
Output 3 related to Outcome 2	2.3: Capacities of the Ministry of Environment, Agriculture and Fisheries and the Ministry of Economy and Trade and other relevant ministries are reinforced to facilitate blue/green economy employability in collaboration with educational institutions and the private sector.	2.3.1 Number of government representatives/employees trained/upskilled by the EU-funded intervention with increased knowledge on employability for the Blue/Green transition.(disaggregated by gender and institution)	2.3.1 Baseline surveys (2021-2023).	2.3.1 To be determined following desk review.	2.3.1 Institutional/ministerial databases/reports; 2.3.1 Database of training participants, pre- and post- training test results.	Targeted institutions have enough human resources and technical capacities and fully implement their mandate.
Output 4 related to Outcome 2	2.4: Blue/green economy employability mechanisms are deployed facilitating collaboration and coordination between the public and private sectors.	2.4.1 Number of beneficiaries receiving a certificate having completed an EU-funded VET programme, disaggregated by gender, age, disability status and sector; 2.4.2 Percentage of beneficiaries of EU VET programmes who gained relevant work experience with apprenticeship, disaggregated by beneficiaries' sex, age, disability status; 2.4.3 Employment rate, disaggregated by gender, rural/urban, age, disability and displacement status.	2.4.1-2.4.2-2.4.3 Baseline surveys (2022-2023).	2.4.1-2.4.2-2.4.3 To be determined during inception phase.	2.4.1 Database of training participants with certification results; 2.4.2 Baseline and endline surveys conducted and budgeted by the EU-funded intervention; 2.4.3 WB/ILO databases https://data.worldbank.org/country/libya https://ilostat.ilo.org/data/country-profiles/	Sufficient capacity to absorb the technical assistance.

Results	Main expected results	Indicators	Baselines	Targets	Sources of data	Assumptions
Output 1 related to Outcome 3	3.1: Top priorities for both public and private actors in terms of training support are identified after a comprehensive analysis of digital opportunities and needs in the country with a special focus on gender.	3.1 Number of sectoral skills needs assessments conducted with EU support.	3.1.1 Baseline assessments (2022-2023).	3.1.1 To be determined during inception phase/desk review.	3.1.1 Skill needs assessment reports.	Priorities are clearly identified at institutional level.
Output 2 related to Outcome 3	3.2: Employability is supported through the creation of a higher education digital curriculum and vocational training with special focus on gender.	3.2.1 Percentage of HE/VET and skills development curricula, related to the Digital sector, jointly revised or drafted by education regulators, VET institutions and social partners that are adopted, out of all VET and skills development curricula used in the country. 3.2.2 Employment rate, disaggregated by gender, age, disability status and displacement status.	3.2.1 Baseline assessments (2022-2023); 3.2.2 Previous reports of EU-funded projects.	3.2.1 – 3.2.2 To be determined during inception phase/desk review.	3.2.1 Experts analysis and progress reports; 3.2.2 Baseline and endline assessments conducted and budgeted by the EU-funded intervention.	Sufficient capacity to absorb the technical assistance.
Output 3 related to Outcome 3	3.3: Capacities of the General Information Authority and the Digital Lab are reinforced to facilitate digital employability in collaboration with educational institutions and the private sector.	3.3.1 Percentage of beneficiaries having their performance/technical skills as apprentice rated by their employers as satisfactory, disaggregated by beneficiaries' sex, age, disability status.	3.3.1 Baseline survey (2022-2023).	3.3.1 To be determined during inception phase	3.3.1 Employer surveys	Staff responsiveness. Targeted institutions have enough human resources and technical capacity and fully implement their mandate.

Results	Main expected results	Indicators	Baselines	Targets	Sources of data	Assumptions
Output 4 related to Outcome 3	3.4: Digital employability mechanisms are deployed facilitating the collaboration and coordination of both public and private sectors.	3.4.1 Number of beneficiaries receiving a certification having successfully completed a VET programme designed/implemented with EU support, disaggregated by sex, age, disability status and sector.	3.4.1 Baseline assessments (2022-2023); 3.4.1 Previous reports of EU-funded projects.	3.4.1 To be determined during inception phase/desk review.	3.4.1 Database of training participants with certification results.	
Output 1 related to Outcome 4	4.1: The capacity of the Institute of Banking and Financial Studies to deliver high quality training (train the trainers) and to better meet skills needs in the financial sector is strengthened.	4.1.1 Percentage of beneficiaries of EU trainings who gained relevant work experience with apprenticeship, disaggregated by sex, age, disability status. 4.1.2 Percentage of beneficiaries having their performance/technical skills as apprentice rated by their employers as satisfactory, disaggregated by beneficiaries' sex, age, disability status.	4.1.1 Baseline surveys (2022-2023); 4.1.2 Employer surveys (2021-2023).	4.1.1 -4.1.2 To be determined during inception phase	4.1.1 Baseline and endline surveys conducted and budgeted by the EU-funded intervention; 4.1.2 Employer surveys conducted and budgeted by the EU-funded intervention.	Responsiveness of targeted institutions and staff. Additional spending, resources are used for improving the quality of trainings.
Output 2 related to Outcome 4	4.2: The capacity of the financial sector to serve SMEs (technical assistance to expand lending activities) is developed.	4.2.1-Number of jobs supported, upskilled, disaggregated by sex; 4.2.1-Number of beneficiaries with access to financial services with EU support - (c) people with access to digital financial services.	4.2.1 – 4.2.2 Baseline surveys (2022-2023).	4.2.1 – 4.2.2 To be determined during inception phase/desk review.	4.2.1 Intervention M&E system; 4.2.2 Annual and final reports from implementing organisations, ROM reviews, evaluations.	The financial sector is responsive and willing to offer additional services to SMEs.
Output 3 related to Outcome 4	4.3: Financial literacy trainings to entrepreneurs are provided.	4.3.1 Number of beneficiaries receiving a certificate having completed an EU-funded programme, disaggregated by sex, age, disability status and sector.	4.3.1 Baseline surveys (2022-2023).	4.3.1 To be determined during inception phase/desk review.	4.3.1 Database of training participants with certification results.	Responsiveness of targeted institutions and staff.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with Libya.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer in duly justified cases.

4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁹.

4.3.1. Indirect Management with a pillar-assessed entity

This action may be implemented in indirect management with a pillar-assessed entity, which will be selected by the Commission's services using the following criteria:

(1) specific technical competence and specialisation in Private Sector Development, Employment and Skills and Digitalisation, (2) fully operational in Libya and able to provide a concrete added value (3) results achieved with previous cooperation in Libya and/or in the region.

Transparency, accountability and absence of conflict of interest will be considered as mandatory selection criteria.

The implementation by this entity entails the implementation of all the outcomes mentioned under section 3.

4.3.2. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

Taking into account the risks in terms of deterioration of the political and security context, the action that is foreseen to be implemented in indirect management may be reconsidered to be implemented under direct management modality (grants).

¹⁹ EU Sanctions Map. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Implementation modalities – cf. section 4.3	
Indirect management with a pillar-assessed entity – cf. section 4.3.1	7 000 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	will be covered by another Decision
Strategic communication and Public diplomacy – cf. section 6	will be covered by another Decision
Contingencies	N/A
Totals	7 000 000

4.6. Organisational Set-up and Responsibilities

Each implementing partner will be responsible for regular reporting to the EU, ideally by setting up a Steering Committee, involving national counterparts, targeted by this specific action. If possible, such steering structure would also involve other implementing partners and/or key stakeholders implementing similar programmes in the same cooperation areas, with the objective to foster coordination and synergies. Steering Committees for each component will meet regularly and be mandated to (1) review implementation against prior established work plans and planned achievements; (2) review work plans where necessary; (3) facilitate the involvement of different stakeholders, if pertinent and (4) discuss other issues relevant to the action and its environment.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

4.7. Pre-conditions

Political stability.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partners responsibilities. To this aim, each implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Monitoring activities may include regular Result Oriented Monitoring (ROM) reviews, as well as third-party monitoring reviews in addition to on-the-spot monitoring by the EU Delegation's operational and financial managers to complement implementing partners' monitoring, if the security situation allows. These monitoring exercises are aimed at ensuring sound follow-up on earlier recommendations as well as informing the EU management.

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring include specific terms of reference for a steering structure per action will be elaborated in the specific implementation contract or agreement prior to a signature of such contracts and agreements.

5.2. Evaluation

Having regard to the nature of the action, a mid-term and a final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for learning purposes, in particular with respect to the strategic value of an employability and skills action for the country. It will also be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this action will complement other programmes targeting private sector Development. In addition, this action introduces an innovative pilot for upskilling the financial sector, which needs to be tested and further evaluated for future interventions.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join.

The Commission shall inform the implementing partners at least 1 month in advance of the dates envisaged for the evaluation exercise and missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the

conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [*Communicating and raising EU visibility: Guidance for external actions*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as:

Contract level (i.e. Grants, Contribution Agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same Action Document)		
<input checked="" type="checkbox"/>	Single Contract 1	foreseen individual legal commitment (or contract)