



Brussels, 15.12.2021  
C(2021) 9268 final

**COMMISSION IMPLEMENTING DECISION**

**of 15.12.2021**

**on the financing of the special measure in favour of Libya for 2021**

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## on the financing of the special measure in favour of Libya for 2021

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>1</sup>, and in particular Article 110 thereof,

Having regard to Regulation (EU) 2021/947<sup>2</sup>, of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument - Global Europe and amending and repealing Decision No 466/2014/EU and repealing Regulation (EU) 2017/1601 and Council Regulation (EC, Euratom) No 480/2009, and in particular Article 23(4) thereof,

Whereas:

- (1) In order to ensure the implementation of the special measure in favour of Libya for 2021, it is necessary to adopt an annual financing Decision, which constitutes the annual work programme, for 2021. Article 110 of Regulation (EU, Euratom) 2018/1046 ('Financial Regulation') establishes detailed rules on financing Decisions.
- (2) The envisaged assistance is to comply with the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>3</sup>.
- (3) The objectives pursued by the measure to be financed under the Neighbourhood geographic programme of the Neighbourhood, Development and International Cooperation Instrument are to contribute to the sustainable economic recovery of Libya and to foster a functioning, rights-based participatory and representative democracy.
- (4) The situation in Libya remains unpredictable and marked by political instability and armed conflict. A declaration of crisis has been issued in 2011. It was consistently renewed since then and extended again in June 2021. A high level of flexibility and responsiveness is needed to adapt EU programmes to this volatile context. The EU has planned its cooperation since 2017 through yearly 'Special Measures', rather than

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<sup>1</sup> OJ L 193, 30.7.2018, p.1.

<sup>2</sup> OJ L 209, 14.6.2021, p.1.

<sup>3</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) 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.

through a multiannual programming process, thus allowing optimal responses to the rapidly changing situation in the country in order to adapt to unforeseeable circumstances. The Libyan economic context remains fragile and unstable and there is a need to support economic recovery in the country. The current Libyan crisis is also a governance crisis and there is a need to promote inclusive governance and rule of law in Libya. This special measure aims at addressing those two issues.

- (5) The action entitled ‘EU for Economic Recovery in Libya’ aims to contribute to the sustainable economic recovery of Libya.
- (6) The action entitled ‘EU Mouwatana for Libya – EU support to inclusive governance and rule of law in Libya’ aims to foster a functioning, rights-based participatory and representative democracy.
- (7) It is appropriate to authorise the award of grants without a call for proposals and to provide for the conditions for awarding those grants.
- (8) Pursuant to Article 26(1) of Regulation (EU) 2021/947, indirect management is to be used for the implementation of the measure.
- (9) The Commission is to ensure a level of protection of the financial interests of the Union with regards to entities and persons entrusted with the implementation of Union funds by indirect management as provided for in Article 154(3) of the Financial Regulation.

To this end, such entities and persons are to be subject to an assessment of their systems and procedures in accordance with Article 154(4) of the Financial Regulation and, if necessary, to appropriate supervisory measures in accordance with Article 154(5) of the Financial Regulation before a contribution agreement can be signed.

- (10) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of the Financial Regulation.
- (11) In order to allow for flexibility in the implementation of the measure, it is appropriate to allow changes which should not be considered substantial for the purposes of Article 110(5) of the Financial Regulation.
- (12) The measure provided for in this Decision is in accordance with the opinion of the Neighbourhood, Development and International Cooperation Instrument – Global Europe Committee established under Article 45 of Regulation (EU) 2021/947.

HAS DECIDED AS FOLLOWS:

*Article 1*  
*The measure*

The annual financing Decision, constituting the annual work programme for the implementation of the special measure in favour of Libya for 2021, as set out in the Annexes, is adopted.

The measure shall include the following actions:

- Annex I: EU for Economic Recovery in Libya;
- Annex II: EU Mouwatana for Libya – European Union support to inclusive governance and rule of law in Libya.

*Article 2*  
*Union contribution*

The maximum Union contribution for the implementation of the measure for 2021 is set at EUR 20,000,000, and shall be financed from the appropriations entered in the budget line 14.020110: EUR 20 000 000.

The appropriations provided for in the first paragraph may also cover interest due for late payment.

*Article 3*  
*Methods of implementation and entrusted entities or persons*

The implementation of the actions carried out by way of indirect management, as set out in the Annexes, may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in point 4.3.3 of the Annexes.

*Article 4*  
*Flexibility clause*

Increases or decreases of up to EUR 10 million and not exceeding 20% of the contribution set in the first paragraph of Article 2, or cumulated reassignments of funds between actions contained in an action plan not exceeding 20% of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 110(5) of the Financial Regulation, where these changes do not significantly affect the nature and objectives of the actions.

The authorising officer responsible may apply the changes referred to in the first paragraph acting in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 15.12.2021

*For the Commission*  
*Olivér VÁRHELYI*  
*Member of the Commission*



**EN**

**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX I**

**of the Commission Implementing Decision on the financing of the special measure in favour of Libya for 2021**

**Action Document for EU for Economic Recovery in Libya**

**ANNUAL MEASURE**

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

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title CRIS/OPSYS Basic Act</b>	EU for Economic Recovery in Libya Annual measure in favour of Libya for 2021 CRIS number: NDICI-GEO-NEAR/2021/43121 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Libya and Tunisia
<b>4. Programming document</b>	N.A. – in view of the volatile security situation, the Country Strategy Paper 2014-2016 is no longer valid
<b>5. Link with relevant MIP(s) objectives/expected results</b>	N/A
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	Economic Recovery
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG: SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Other significant SDGs and where appropriate, targets: SDG 1: End poverty in all its forms everywhere SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

	SDG 12: Responsible consumption and production			
<b>8 a) DAC code(s)</b>	<b>151 Government and Civil Society</b> 1511 Public Financial Management (PFM) 15114 Domestic revenue mobilisation 15155 Tax policy and administration support <b>240 Banking &amp; Financial Services</b> 24010 Financial policy and administrative management 24020 Monetary institutions <b>250 Business &amp; Other Services</b> 25010 Business policy and administration 25030 Business development services 25040 Responsible business conduct			
<b>8 b) Main Delivery Channel @</b>	International NGO – 21000 Private sector in provider country – 61000 Other public entities in donor country - 11004			
<b>9. Targets</b>	<input checked="" type="checkbox"/> Migration <input type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <sup>1</sup> <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>

<sup>1</sup> For Neighbourhood, activities related to education shall be marked as part of the "Social Inclusion and Human Development" target, in line with the NDICI-GE programming guidelines.

	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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11. Internal markers</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @ Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Connectivity @ Tags: transport people2people energy digital connectivity	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>BUDGET INFORMATION</b>			
<b>12. Amounts concerned</b>	Budget line: 14.020110 Total estimated cost: EUR 12 000 000 Total amount of the EU budget contribution: EUR 12 000 000			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Implementation modalities (type of financing and management mode)</b>	Project Modality <b>Direct management</b> through: - Grants - Procurement <b>Indirect management</b> with the entity to be selected in accordance with the criteria set out in section 4.3.3			

## 1.2. Summary of the Action

Following the fierce conflict of 2019 and part of 2020, the peace process initiated in January 2020 as part of the Berlin Process, led to a ceasefire and a political dialogue that selected a government of national unity (GNU), approved by the House of Representatives (HoR) in March 2021. The conclusions of the Berlin Process identified a distinct path towards economic and financial reforms, calling the key economic

institutions of the country to restore their unity and improve their integrity and capacity. To this end the international community committed to providing, upon request from these Libyan authorities and in full accordance with the principles of national ownership, technical assistance to improve transparency, accountability and effectiveness, to bring those institutions into conformity with international standards. Despite the relative progress on key issues of economic governance, the overarching economic context remains fragile and challenging. 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. The lack of alternative revenue sources makes Libya vulnerable to oil price fluctuations or, as manifested during 2019 and 2020, oil blockades. The existing economic policies, carrying the legacy of the past and promoting a dominant centralised economic model, give little room for sustainable economic recovery, diversification and growth. Private enterprises suffer from unfair competition with public enterprises in sectors where the state dominates. The poor business environment is a key constraint for economic diversification and private sector growth. This is reflected in the low ranking of Libya in most relevant indexes, notably the ease of doing business ranking of the World Bank. The **overall objective (impact)** of the action is to contribute to the economic recovery of Libya. The action will follow three different, yet mutually reinforcing approaches: (a) actions supporting the emergence of the start-up ecosystem, (b) actions providing direct support to SMEs, to address their binding constraints to growth, and render them poles of employment generation and technological innovation and, (c) actions addressing the contextual barriers to growth, resulting in policies with a positive impact on the fiscal, monetary, financial sector stability, and macro-economic functions of the country. The action is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG 1 No Poverty, SDG 8 Decent Work and Economic Growth, SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation while also contributing to SDG 12 Responsible consumption and production. In addition, the action will contribute to the New Agenda for the Mediterranean, for a COVID-19 green, digital, resilient and just recovery, guided by the 2030 Agenda for Sustainable Development, the Paris Agreement and the European Green Deal.

## 2. RATIONALE

### 2.1. Context

Following the February 2011 revolution and regime change and after several years of attempts to bring about peace in the country, the Berlin Process (initiated in January 2020) has managed to gain momentum. In November 2020, a Libya political dialogue forum convened in Tunis started, selecting a new interim government in February 2021 and determining a calendar for democratic elections.

The conclusions of the Berlin Process identified a distinct path towards economic and financial reforms, calling the key economic institutions of the country to restore their unity and improve their integrity and capacity. To this end the international community committed to providing, upon request from these Libyan authorities and in full accordance with the principles of national ownership, technical assistance to improve transparency, accountability and effectiveness, to bring those institutions into conformity with international standards.<sup>2</sup> In support of the economic dialogue among key constituents, the Berlin Process formed an Economic Working Group (EWG), and facilitated the creation of an inclusive Libyan Expert Economic Commission (LEEC) composed of Libyan officials and experts reflecting the country's institutional and geographical diversity. This body developed economic policy reform recommendations on issues of revenue management/redistribution, banking sector reform and reconstruction. Notable achievements became possible in the context of the economic dialogue, including the lifting of a nearly one-year long oil blockade that suffocated the Libyan economy, the official devaluation of the Libyan dinar, and in February 2021, an

<sup>2</sup> <https://unsmil.unmissions.org/berlin-international-conference-libya-19-january-2020>



agreement for the first unified budget for part of 2021. In the absence of an agreed economic policy framework, the EWG and the LEEC are at for the moment the only platforms that reflect a common understanding among Libyan stakeholders on the directions of economic policies, with emphasis on improving public financial management, a fairer redistribution of oil revenues for development priorities and the need for economic diversification. However, the divided government so far precluded the possibility of formulating and implementing fundamental economic policies for the country. Libya does not have a national development plan. Under the UNSMIL (United Nations Support Mission in Libya) supported coordination mechanism between the Government of National Accord and the international community the Economic Recovery Group has not convened since late 2017, while the Livelihoods Working Group has been meeting on a frequent basis since its inception in mid-2020.

Despite the relative progress on key issues of economic governance, the overarching economic context remains fragile and challenging. 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. The lack of alternative revenue sources makes Libya vulnerable to oil price fluctuations or, as manifested during 2019 and 2020, oil blockades. Moreover, the reliance on import of goods makes the economy subject to currency fluctuations and inflationary pressures. In the last years, expenditure inefficiencies have been keeping the fiscal and current account in a fragile stance, resulting in continual pressure on foreign reserves that had to cover the bloated wage bill and subsidies, which account for more than 12% of the GDP. The effectiveness of monetary policy remains limited; cash shortages have frequently occurred due to the split in the banking sector, lack of public trust in banks and problems of provisioning banks especially in the South. Despite the recent devaluation of the Libyan Dinar (LYD), access to foreign currency for citizens and businesses remains restricted. Although declining, inflation remains high, reflecting market disruptions due to supply shortages of goods and services along with still very active parallel foreign exchange markets. The cumulative inflation over the last 5 years has adversely affected Libyan households, and it is estimated that they have lost more than half of their purchasing power.<sup>3</sup>

The 2020 budget depicted a huge deficit due to high and rigid expenditures in a context of the domestic and global health and economic crisis, resulting in oil supply and demand shocks.<sup>4</sup> The Government of National Accord adopted a budget for 2020 underlying a deficit of LYD 29.2 billion (LYD 19.3 billion for West and LYD 9.9 billion for East), representing 90.6 percent of GDP, the highest deficit ever. The budget estimated an amount of LYD 19.2 billion as total revenues for 2020 (59.5 percent of GDP), almost a third of last year's share. By mid-April 2020, facing a new reality of a possible lengthy blockade of oil facilities and its corollary of a collapse in revenues, the GNA resorted to enacting new fiscal measures aiming to control expenditures and reduce the deficit.

The existing economic policies, carrying the legacy of the past and promoting a dominant centralised economic model, give little room for sustainable economic recovery, diversification and growth. Private enterprises suffer from unfair competition with public enterprises in sectors where the state dominates. The poor business environment in Libya is reflected in the low ranking of Libya in most relevant indexes, notably the ease of doing business ranking of the World Bank.<sup>5</sup> The majority of public expenditure is channelled into salaries and subsidies, accounting for approximately 70% of total public expenditure in 2020.<sup>6</sup> This has resulted in a chronic neglect of development spending in critical sectors such as electricity, health, education and oil/gas infrastructure.

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<sup>3</sup> Libya Economic Outlook, October 2018. MENA Economic Outlook Brief. Washington, DC: World Bank Group.

<sup>4</sup> Libya Economic Monitor, July 2020, Washington, DC: World Bank Group.

<sup>5</sup> Libya was ranked 186 out of 190 countries in the Ease of Doing Business ranking for 2020.

<sup>6</sup> *ibid*

Libya continues to be a country of destination for migrant workers, despite the many challenges the country is facing, and migrants continue to contribute to filling gaps in the Libyan labour market. Entrepreneurial efforts at the local level, ranging from construction activities to smaller-scale farming and light industries, depend to a significant degree on migrant labour. Moreover, migrants often represent a source of income for the local community, which makes a profit from providing services to them. From an economic point of view, migrants have historically contributed substantially to the Libyan economy and attempts to improve the economic opportunities for them will contribute to the process of economic recovery of the country as a whole.

The threats of climate change and environmental degradation contribute to the further fragility of the overarching economic reality. Libya is one of the driest countries in the world. Less than 2 percent of the country receives enough rain to support agriculture, and only 5 percent of the country receives more than 100 mm of rainfall per year. Climate change is expected to increase mean annual temperature by 2°C by 2050, resulting in more frequent heat waves and fewer frost days; increases the frequency of droughts, dust storms, sandstorms, and floods, along with increased desertification; and produce a 7 percent decrease in mean annual precipitation by 2050, with an increase in intensity of rainfall events.

The action is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG 1 No Poverty, SDG 8 Decent Work and Economic Growth, SDG 9 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation while also contributing to SDG 12 Responsible consumption and production. In addition, the action will contribute to the New Agenda for the Mediterranean<sup>7</sup>, for a COVID-19 green, digital, resilient and just recovery, guided by the 2030 Agenda for Sustainable Development<sup>8</sup>, the Paris Agreement<sup>9</sup> and the European Green Deal<sup>10</sup>.

Broad-based economic growth is essential for long-term sustainable and inclusive development. The EU Commission supports sustainable and inclusive growth and creation of decent jobs for all. In partner countries, EU support aims to improve investment climate that includes the use of structured dialogue with the private sector and encourage increased trade and investments as outlined in policy documents such as the New European Consensus on Development<sup>11</sup>, the communication “A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries”<sup>12</sup> and the 2017 “Aid for Trade” Communication<sup>13</sup>. In addition, the Sustainable Business for Africa platform is rolled out to increase structured dialogue with the private sector. The action is consistent with the efforts of the Government of National Unity (GNU) to improve the economic governance of the country as well as to support opportunities for the private sector.

The objective of economic recovery and diversification is often the subject of policy dialogue and interactions with the Libyan authorities. However, the country lacks a comprehensive vision for its gradual economic

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<sup>7</sup> 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 Mediterranean. 9.2.2021. JOIN(2021) 2 final.

<sup>8</sup> <https://sdgs.un.org/2030agenda>

<sup>9</sup> <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

<sup>10</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions. The European Green Deal. 11.12.2019. COM(2019) 640 final.

<sup>11</sup> The new European consensus on development ‘our world, our dignity, our future’. Joint-statement by the Council and the Representatives of the Governments of the Member States meeting within the Council, the European Parliament, and the European Commission.

<sup>12</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries. 13.5.2014. /\* COM/2014/0263 final \*/

<sup>13</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Achieving Prosperity through Trade and Investment. Updating the 2007 Joint EU Strategy on Aid for Trade. 13.11.2017. COM(2017) 667 final.

transformation. Moreover, the impact of the decade long conflict, coupled with macro-economic instability and COVID-19 impact, has contributed to an understanding among national stakeholders that economic recovery would require institutional capacities and cohesive policy initiatives. In general, there is absence of strategy, policies and support programmes that would support these objectives. The donor-funded programmes drive most of the policy initiatives, while national initiatives have mainly a character responding to economic emergencies. The Ministry of Economy represents a good example of a Ministry that has developed an understanding about the need for business environment reforms. Progress under the project *EU for private Sector in Libya (EU4PSL)*, notably the development of digital portal and nascent digital services to simplify the registration of businesses, and develop trade facilitation structures, manifests a policy understanding to improve the business environment. Similarly, the Ministry of Finance, against the backdrop of the conflict in Tripoli in 2019 and 2020, has embarked on an ambitious reform policy of the PFM system, one that however hinges upon the broader political settlement and fiscal decentralisation in Libya. The action is aligned with the conclusions of the Berlin International Conference on Libya<sup>14</sup>, particularly those that concern key economic issues. This sets a framework of mostly urgent economic priorities, embedded in the peace process. Consultations with Libyan stakeholders both public and private, CSOs and the donor community have indicated that the priority areas of this action, are valid and address broadly accepted needs.

The action is aligned with the economic track of the Libyan peace process. The economic track consists of both an intra-Libyan dialogue and an international dialogue, addressing the economic root causes of the Libyan crisis: The intra-Libyan economic dialogue has a technical level and a decision-making level. At the technical level, a Libyan Expert Economic Commission (LEEC) was created as an interim mechanism bringing together Libyan economic experts, representing the different political and geographical parties of Libya. Its purpose is to support an inclusive economic dialogue between Libyan institutions with a view to develop proposals for economic policies and reforms, as well as support the institutional unification. At decision-making level, the intra-Libyan dialogue has consisted of an Economic Dialogue between Libyan economic institutions that met for the first time in Geneva in December 2020. The international dialogue established by the Berlin Conference consists of the Economic Working Group (EWG), hosted by UNSMIL and co-chaired by the European Union, the United States of America and Egypt. The main objectives of the EWG are to oversee the implementation of the economic conclusions of the Berlin Conference, support the LEEC in developing harmonised economic policy recommendations and support the economic dialogue amongst Libyan institutions.

The priority areas identified by this action are consistent with the findings of key reports on economic and private sector development in Libya conducted by the Organisation of Economic Co-operation and Development (OECD)<sup>15</sup>, the World Bank<sup>16</sup>, the United Nations Socio-Economic Framework for the Response to COVID-19 in Libya and an EU-funded study identifying actions in the field of private sector development and access to finance. The priority areas build on the results achieved by past and complement ongoing EU-funded actions such as *'EU for Private Sector in Libya (EU4PSL)'*, *'Libya Competes - Competitiveness Facility for Libyan SMEs (CFLS)'*, *'Strengthening Local Capacities for Resilience and Recovery (SLCRR)'*. The action will also build on the progress achieved under the multi-donor trust fund *'Strengthening Governance Practices and Building Technical Capacity in Libya'*, implemented by the World Bank. Moreover, the action is complementary and will coordinate closely with USAID funded project *'Public Financial Management (LPFM)'*, and the BMZ funded *'Libya Socioeconomic Dialogue Project'*, and the French funded *'Raqam-e'*. Moreover, the action will build on the presence of entrepreneurship support infrastructures developed by other EU and donor funded initiatives, such as the Stream incubator in Tripoli, the TEC incubator in Benghazi, the Janzour coding academy, and coding schools developed in other areas. These structures will host entrepreneurship and digital trainings, as well as other activities in an attempt to stimulate the start-up ecosystem in the country.

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<sup>14</sup> [https://unsmil.unmissions.org/sites/default/files/berlin\\_conference\\_communique.pdf](https://unsmil.unmissions.org/sites/default/files/berlin_conference_communique.pdf)

<sup>15</sup> SMES in Libyan Reconstruction; OECD, 2016.

<sup>16</sup> Rahman, Aminur, and Michele Di Maio. 2020. The Private Sector amid Conflict: The Case of Libya. International Development in Focus. Washington, DC: World Bank.

## 2.2. Problem Analysis

### **Priority Area 1: Support the emergence of a dynamic, innovative and sustainable start-up ecosystem**

#### *Short problem analysis*

Since the breakout of the 2011 revolution a dynamic private sector has consistently tried to consolidate its presence amid the difficulties of the conflict environment. Notable efforts have been made by the emerging ecosystem of start-up companies since 2016. Several EU and other donor-funded initiatives have closely supported young entrepreneurs, with material and immaterial means, therefore cultivating a positive trend towards the idea of entrepreneurship and the private sector in general. However youth unemployment was since 2011, and remains, an acute challenge especially in the light of demographic trends in Libya. In 2020, according to ILO estimates, half of the youth was unemployed.

The lack of enabling environment makes start-ups in Libya indeed a high-risk venture. Libya ranks below average in most of the entrepreneurial framework conditions according to the methodology of the Global Entrepreneurship Monitor. Governmental aid programmes that aim at fostering and encouraging entrepreneurship in the country are very small and if available do not work effectively. Therefore, potential entrepreneurs are struggling to find support with putting their entrepreneurial ideas into practice. The problems most commonly mentioned by the start-up ventures include the lack of dedicated support structures, expertise, policies, information asymmetry and funding that would allow them to scale their businesses. In the absence of adequate support the existing trend towards entrepreneurship will be seriously undermined, if faced by disappointment following the failed attempts of start-up ventures to be viable and grow. Libya does not have a national policy to support the start-up entrepreneurship. This pertains both to the lack of favourable regulation and infrastructure in support early and later stages start-up ventures. Until enabling framework conditions are sufficiently developed, donor funded programs that foster start-up entrepreneurship are a necessity. In recent years, several attempts have been made by donors and the government to establish business support structures for entrepreneurship. The most notable, and possibly the only delivering impactful services, are the Tatweer Research Centre in Benghazi and the Stream incubator in Tripoli.

The findings of a recent evaluation, carried out in mid-2021, of EU funded actions in support of youth demonstrated a strong and increasing trend towards entrepreneurship. Around 85% of young people participating in a focus group discussion under this evaluation claimed to be more in favour of going private than to seeking their future in the public sector. There is an increase in comparison to the results of a youth survey conducted under another EU funded project in 2016, where approximately 50% of the young people interviewed believed there is a low to medium interest in entrepreneurship among other youth, and only 10% had a strong interest. The World Bank notes similar upward trend of entrepreneurship, particularly among youth and women, one that could be nurtured in post conflict Libya by further developing an entrepreneurial ecosystem. Already in 2013, according to the Global Entrepreneurship Monitor, the Libyan youth led the entrepreneurial intentions among all the Arab oil producers. In reality too, figures show an encouraging trend, always taking into account the adversities of the Libyan business environment. This is illustrated by EU funded projects in the sector, which have provided of support in the form of technical assistance and funding to approximately 200 start-ups, out of which approximately 50 still exist and have created approximately 400 jobs.

However, in order to maintain this positive trend, there is a need for continuity and expansion of the donors' involvement, with increased attention to national ownership and sustainability. The COVID-19 crisis as well as the transformative character of the decade long conflict have created windows of opportunities for the so-called digital economy. The current private market model is experiencing disruption in some sectors and

rapidly adjusting to the needs of Libyan customers, with a considerable boom documented in the e-commerce and financial technology (fintech) solutions. Women face additional difficulties, encountering socio-cultural restrictions as regards employment as well as in doing business. According to the World Bank, women make up for approximately 34% of the workforce.

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

The main stakeholders of this priority area are the community of start-ups from the main cities of Libya, including remote areas of the South, the municipalities who could play a significant role in developing economic opportunities at the local level, a network of high profile businessmen/businesswomen across the country who can act both as investors and mentors for young start-uppers. In parallel, the regulatory authorities, and notably the Ministry of Economy and Trade and other authorities, will be closely involved in an attempt to raise their awareness on the needs for better regulation and an incentive framework for start-ups, as well as to envisage opportunities and support start-ups towards green and circular economy. Finally yet importantly, CSOs who have collaborated with EU funded projects in support of women entrepreneurship will act as a funnel of expertise and knowledge of the local entrepreneurship context.

## **Priority Area 2: Foster the competitiveness of SMEs with employment generation and growth potential, in high-value added chains**

### *Short problem analysis*

Small and medium enterprises (SMEs) dominate the private sector in Libya. A survey and a private sector mapping carried out by the World Bank in 2015 confirms this statement: 82% of the sample companies are SMEs, out of which 59% are considered small (5-19 employees) and 23% medium (20-99 employees). There is no official data on the number of SMEs in Libya. The 2006 Business Census reported a total of 117,828 enterprises, but the figure is likely to have increased drastically since then. In Libya, private sector firms face a variety of constraints to enterprise growth, increased competitiveness, and job creation. While improvements to the business environment can help lifting these constraints, there are also significant constraints to growth at the company-level. At the same time conflict-torn economies such as Libya's are complex, dynamic and full of business opportunities, due to the collapse of traditional business models and technological disruption.

During 2018, the World Bank conducted the Libya Enterprise Survey of 400 firms across 26 different sectors in all regions in Libya.<sup>17</sup> The findings show that the continued conflict has reduced firms' revenue, increased firms' difficulty in accessing inputs and raw materials, exacerbated investment risk, made access to foreign labour more difficult, and led access to finance to become a critical obstacle. The findings show that the continued conflict has reduced firms' revenue, increased firms' difficulty in accessing inputs and raw materials, exacerbated investment risk, made access to foreign labour more difficult, and led access to finance to become a critical obstacle. Informal and illegal economic activities and rent seeking have also increased.<sup>18</sup> In 2020, the project EU4PSL, in cooperation with several Libyan chambers of commerce, carried out a survey covering 567 firms across Libya, which resulted in very similar findings.

The conflict has not caused all firms to lose revenue. On average, the conflict has led to a decline in revenues for 51 percent of firms, according to their reported annual revenues in the Libya Enterprise Survey of the World Bank. 41 percent of the companies reported revenue increases.<sup>19</sup> This shows a degree of resilience,

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<sup>17</sup> Rahman, Aminur, and Michele Di Maio. 2020. The Private Sector amid Conflict: The Case of Libya. International Development in Focus. Washington, DC: World Bank.

<sup>18</sup> *ibid*

<sup>19</sup> *ibid*

which is promising for the post-conflict prospects of the private sector. One-third of businesses sell to other businesses as customers which in turn has an important bearing on the need to reduce information failure and search costs for suppliers finding buyers and vice versa.<sup>20</sup> Digital technology, through online platforms and digital marketing media, could potentially reduce these costs, particularly when the conflict makes face-to-face interactions costlier and less secure. Online platforms and e-commerce are increasingly becoming important instruments for the facilitation of international trade, and COVID-19 has accelerated this trend.

Traditional business sectors such as light manufacturing, construction, healthcare services and retail have huge needs in terms of operational, quality assurance and productivity improvements. Such specialised support requires expertise that is either very expensive or difficult to find in Libya. Despite the challenging macro-structural environment, our initial conclusions drawn in the context of the EU funded project ‘Libya Competes’ indicate that growth opportunities exist for Libyan SMEs across a range of key economic sectors, specifically, a) agriculture and agribusinesses; b) light manufacturing; c) construction; and d) high-end services: information and communication technologies, digital platforms, and social services. Targeted technical and training support in key competitiveness enhancement areas, with emphasis on digital integration and transition, as well as sustainable production and consumption can help Libyan firms in these sectors to realise opportunities for sustainable growth and directly enhance green job and income-earning opportunities in the short-to-medium term.

A labour market assessment carried out jointly by the UNDP and IOM in 2020 concludes that these sectors have the biggest potential for employment generation for Libyans and migrant populations. Recent survey suggests that the economic opportunities in the private sector for migrants have been shrinking since 2011, and even more acutely because of the COVID-19 pandemic.<sup>21</sup> The survey results showed that a majority of IDPs (64%) and migrants (85%) reported to have been engaged in some form of paid work prior to the outbreak of the virus. The assumption is that IDPs – accustomed to having the financial security provided by permanent jobs – would be less likely to undertake daily labour, thus reducing the job opportunities available to them. While the majority of both groups stated that they continue to be engaged in paid labour, the percentage dropped from 64% pre-COVID-19 to 60% today for IDPs, and from 85% to 81% for Migrants. Furthermore, when asked if their job situation/livelihood has been affected since the start of COVID-19, 75% of IDPs and 88% of migrants answered that it had. In this context, improving the employment generation capacities of SMEs in different localities can have a major positive effect in terms of community stabilisation.

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

The main stakeholders of this priority area are individual enterprises and the business community as represented by the chambers of commerce and other business associations. The involvement of the chambers of commerce is of significant importance. A better understanding of the company specific constraints that the private sector is facing will allow the chamber of commerce to design better service offerings for their members to help them overcome key challenges, grow and generate employment. The latter will maximise synergies with the EU funded projects looking into enhancing the capacities and service delivery functions of the chambers of commerce. Moreover, chambers of commerce could implement actions directing and sensitising SMEs towards green transition.

### **Priority Area 3: Enhance the institutional capacity of key economic institutions in designing and implementing policy reforms for economic recovery**

*Short problem analysis*

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<sup>20</sup> *ibid*

<sup>21</sup> Assessment of the Socio-Economic Impact of COVID-19 on Migrants and IDPs in Libya, EU funded study, 2021, IOM

Libya's key economic institutions have suffered serious fragmentation since 2011, but their problems are not merely a symptom of the post-2011 period. Certain economic institutions were established under the Gadhafi era with essentially a purpose of rewarding a social group loyal to the ruler, thereby deliberately masking the dominance of informal structures of authority over formal ones. This deliberate institutional design has in turn blurred the lines of institutional mandates and seriously affected the autonomy, transparency and performance of economic institutions.<sup>22</sup> Only two economic entities, both tracing their origins to the pre-Gadhafi era, were created with a genuine degree of independence: the Central Bank of Libya (CBL) and the National Oil Corporation (NOC).

While the public sector in Libya occupies a large share of the GDP and consumes most of Libya's state revenues, it is yet far from being an effective service provider or a facilitator of private sector growth. The lack of capacity and coordination between public institutions is striking and amongst the lowest in the region, according to the World Bank's Governance Indicators. Indeed, compared to other North African countries, Libya consistently scores lowest on indicators such as 'regulatory quality', 'rule of law', 'voice and accountability' and 'control of corruption'. According to a World Bank study on public investment, Libya has never in its history possessed the basic requirements of good governance and efficient management of the public sector<sup>23</sup>.

Developing a coherent vision for, and management of, the country's economy will require addressing the most urgent and fundamental challenges of Libya's economic institutions. Firstly, evidence-based policy making is hampered by a weak national statistical system (NSS). Decision-makers lack access to basic macroeconomic and demographic indicators, as well as information on key sectors such as health, education and the private sector. Within the Paris 21 framework, the Ministry of Planning has developed a National Statistics Development Strategy 2018-2023<sup>24</sup>, but the legal framework for the NSS is outdated, institutional coordination is weak and human, financial and physical resources are in need of upgrading<sup>25</sup>. This has resulted in outdated datasets, seriously hampering the ability of authorities to assess the impact of policy decisions, such as the latest devaluation of the Libyan Dinar, on households, businesses and the macro-economic level.

Secondly, public financial management capacities remain low across executive and legislative institutions. Since 2012, the annual budget preparation has suffered from the institutional split and has been characterised by short-term ad-hoc arrangements approved by the executive only, with no clear macro-fiscal policy framework or reference to longer-term policies and objectives<sup>26</sup>. There is little guidance to agencies regarding how to prepare budget submissions, and inconsistent coverage of spending units across budget chapters. Moreover, from a systemic point of view, Libya does not have a treasury single account (TSA), and cash resources are disbursed through numerous bank accounts. Also, commitment control systems, the cash management function and budget classification and accounting/auditing systems remain underdeveloped.<sup>27</sup> Finally, management of public investment is in serious need of modernisation. There has been no multi-annual planning since 2010 and institutional arrangements for preparing and managing public investment remain confused, opaque and inefficient. There are no consistent and uniform guidelines for project preparation and

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<sup>22</sup> [Jason Pack, It's the Economy Stupid: How Libya's Civil War Is Rooted in Its Economic Structures, Instituto Affari Internazionali \(IAI\), 2019.](#)

<sup>23</sup> [Libya: Managing Public Investment After the Revolution. Background, Activities, Results and Proposals, 2014, Washington, DC: World Bank](#)

<sup>24</sup> <https://paris21.org/sites/default/files/2018-04/NSDS-Libya-En.pdf>

<sup>25</sup> [https://www.paris21.org/sites/default/files/NSS-Assessment-Report\\_Libya\\_final.pdf](https://www.paris21.org/sites/default/files/NSS-Assessment-Report_Libya_final.pdf)

<sup>26</sup> [Supporting Peace and Stability in Libya, 2019, EU-UN-WB joint mapping exercise.](#)

<sup>27</sup> *ibid*

appraisal, while rules and procedures for public procurement and project execution need to be updated and enforced.<sup>28</sup>

Moreover, Libya's financial sector is experiencing serious imbalances due to the institutional split, as well as capacity development needs across the board. The World Bank's 2020 "Libya Financial Sector Review" provides a comprehensive overview of capacity and development needs across the banking system, capital markets, the insurance industry, non-bank financial activities and the country's financial infrastructure. Key issues identified include the dominance of the state in the banking system, gaps in financial infrastructure (e.g. Land Registry and Credit Bureau), weak sector governance systems and skills weaknesses both among the banks and within the central bank. Another key obstacle to the sector's development includes the hurried introduction of Islamic banking and prohibition of interest in 2013, contrary to the recommendations of the Central Bank. This political decision came without consideration of its practical implications and led to a further drop in the already limited financing available to companies. In 2018, loans and credits accounted for only 13 percent of bank assets<sup>29</sup>.

Finally, yet importantly, Libya ranks below average in most of the entrepreneurial framework conditions according to the methodology of the Global Entrepreneurship Monitor.<sup>30</sup> A favourable business environment is critical to enabling the growth of the private sector, including SMEs. The low ranking of Libya in most relevant indexes, notably the ease of doing business ranking of the World Bank, reflect the adverse business environment in the country.<sup>31</sup> This affects negatively the existing businesses but also the aspiring entrepreneurs. Business laws and regulation, bankruptcy regulation, administrative burdens for entry and growth for businesses, lack of access to credit, land and property rights and the tax system are among the issues affecting the business environment in Libya.<sup>32</sup> The objective should be to assist the creation of a modern trade and investment related regulatory framework based on EU best practices including the encouragement of alignment with EU standards and rules to promote good economic governance and the sustainable and digital transformation of the economy, thereby also increasing trade and investment opportunities.

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

Stakeholders for this priority area are the key economic institutions who have a policy, oversight/regulatory or executive role to plan in the Libyan economy, such as, but not limited to the National Statistics Bureau, the CBL, the Audit Bureau, the Ministry Economy, the Ministry of Finance, the Ministry of Labour and the parliamentary committee on budgetary/financial affairs

### **3. DESCRIPTION OF THE ACTION**

#### **3.1. Objectives and Expected Outputs**

The Overall Objective (Impact) of this action is to of the action is to contribute to the sustainable economic recovery of Libya.

The Specific Objectives (Outcomes) of this action are to

1. Improve conditions and skills fostering the emergence of an innovative start-up ecosystem.

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<sup>28</sup> Libya: Managing Public Investment After the Revolution. Background, Activities, Results and Proposals, 2014, Washington, DC: World Bank

<sup>29</sup> Libya Financial Sector Review, 2020, Washington, DC: World Bank

<sup>30</sup> Omar, A., Ali, F., & Imhamed, S. 2020. Exploring Entrepreneurial Framework Conditions in Libya

<sup>31</sup> Libya was ranked 186 out of 190 countries in the Ease of Doing Business ranking for 2020

<sup>32</sup> SMES in Libyan Reconstruction; OECD, 2016



2. Improve sustainable productive capacities of MSMEs.
3. Improve policies and institutional capacities for economic recovery

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are

- 1.1 contributing to Outcome 1 (or Specific Objective 1): Improved business support structures and services dedicated to start-up entrepreneurship;
- 1.2 contributing to Outcome 1 (or Specific Objective 1): Improved skills of youth on entrepreneurship, business development and digital literacy (e.g. coding, programming, web/app development, data analytics etc);
- 1.3 contributing to Outcome 1 (or Specific Objective 1): Increased financial literacy and bankable projects for start-ups, with a focus on youth entrepreneurship;
- 2.1 contributing to Outcome 2 (or Specific Objective 2): Increased capacity for business innovation and entrepreneurship, including on sustainable and digital solutions
- 2.2 contributing to Outcome 2 (or Specific Objective 2): Increased employment generation capacity of targeted SMEs.
- 3.1 contributing to Outcome 3 (or Specific Objective 3): Enhanced institutional capacities to better design, manage and implement economic policies;
- 3.2 contributing to Outcome 3 (or Specific Objective 3): Enhanced regulatory, oversight and executive competencies of key economic institutions;

### **3.2. Indicative Activities**

Activities related to Outputs **1.1, 1.2 and 1.3**

- Training, mentoring and provision of hands-on support to start-up ventures, including support to envisage opportunities towards green and circular economy;
- Digital skills development for young entrepreneurs;
- Establishing and equipping a network of incubators in urban centres;
- Seed/capital funding to selected start-ups, and dedicated support in securing financing from the investor community;
- Organisation of public events and competitions to promote the culture of entrepreneurship and boost sustainable economic opportunities in local communities.

Activities related to Outputs **2.1 and 2.2**

- Value-chain analyses to define sectors of high growth and employment generation potential;
- Definition of needs and objectives that will help selected enterprises achieve measurable growth and employment creation;
- Provision of on-the-job advisory services, technical support and training for selected enterprises, including focus on green and circular economies;
- Workforce development and pre-employment training.

Activities related to **Outputs 3.1 and 3.2**

- Technical assistance for economic policy development based on Libyan priorities;
- Technical assistance to improve the business environment for SMEs, notably to encourage start-up entrepreneurship;
- Technical assistance and on-the-job training to improve governance, management and technical capacities of key statistical, economic and financial institutions;
- Capacity building to statistical, economic and financial institutions to improve their regulatory, oversight and enforcement functions;
- Capacity building on environmentally sustainable investments;
- Technical studies, impact assessments and policy recommendations

### **3.3. Mainstreaming**

#### **Environmental Protection, Climate Change and Biodiversity**

The environmental and climate change risk screenings carried out in the design stage concluded that no further action was required. The action will seek to support innovation in productive sectors that leads to cleaner production and consumption. Promoting sustainable business models in the private sector by introducing solutions at firm level can indeed result in cleaner and more efficient production processes. Behavioural change will be sought at firm and firm personnel level to link more responsible production capacities with cost considerations and therefore lead to change management. Success stories of the action can be promoted to build awareness among civil society and consumers on benefits of responsible consumption and production. At the same time, the cultivation of digital innovation within the start-up community will generate smart and sustainable business solutions that promote client-business integration in seamless ways, thereby improving end-to-end visibility and resulting in more efficient services or products. In addition, at the policy level, improving macroeconomic and public financial management functions means that resource allocation for public investments will become more programme based and rationalised, responding to strategic needs. Public investments properly planned and sequenced can among others address the pressing needs for energy diversification and promote investments for the use of renewable energy.

**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 C (no need for further assessment).

**Outcome of the Climate Risk Assessment (CRA) screening** (relevant for projects and/or specific interventions within a project). The CRA screening concluded that this action is no or low risk (no need for further assessment).

#### **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 particular attention will be given to ensure gender mainstreaming in the design of projects to strengthen female participation in professional, social and economic sectors at all levels. Specific initiatives will support start-up companies established, owned or managed by women.

#### **Human Rights**

The action will contribute to an overall improved rights-based and inclusive economic growth model. This, in turn, is expected to increase resilience of Libyan citizens towards conflict and radicalisation. All specific priorities under this action will be designed following a rights-based approach, ensuring a gender, age and diversity-sensitive programming through participatory approaches.

#### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that while disability is not a direct objective of the action, participation of citizens with disabilities will be encouraged in entrepreneurship competitions, promoting business ideas that can improve the connectivity and accessibility of people with disabilities.

#### **Democracy**

The action will seek to support the development of policies and regulatory frameworks that stimulate unrestricted economic activity, transparency and predictability for economic actors. The development of free market institutions will contribute to the consolidation of democratic institutions.

#### **Conflict sensitivity, peace and resilience**

A conflict-sensitive approach will be applied by the action in the selection of specific locations and beneficiaries for action interventions.

## Disaster Risk Reduction

N/A

### 3.4. Risks and Lessons Learned

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
External environment	The eruption of armed conflict and/or increased insecurity and/or political instability hamper the implementation of the action.	<b>Medium</b>	<b>High</b>	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.	<b>Low</b>	<b>Medium</b>	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.	<b>Low</b>	<b>High</b>	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	Elections do not take place, hampering the adoption of revised legislation and/or the engagement with the House of Representatives.	<b>Medium</b>	<b>High</b>	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 (e.g. the adoption of administrative decrees in lieu of legislation) to proceed with actions.

#### Lessons Learned:

The main lessons learned from EU's financial assistance since 2016 in the broader field of the economy can be summarised as follows:

- Given the particular Libyan context, including an increased precariousness of the security situation since 2014, projects in Libya should be based on an adaptable and flexible approach. This is important to ensure that activities are adjustable to different and changing circumstance on the ground as well as to avoid project failures or unforeseen obstructions.
- As a consequence of the volatility of the security context, most projects continue to being implemented remotely, exclusively through implementing partners. A regular in-depth dialogue with implementing partners is therefore indispensable, as is close (third-party) monitoring and risk analysis.
- Adopting a conflict sensitive approach is crucial to avoid association with sensitive cultural or political issues, which might jeopardise the implementation and readiness of an intervention. Maintaining trustful and participatory relations with CSOs and local actors is vital for minimising negative impacts and ensuring projects' legitimacy and efficiency.
- Implementing partners should provide an integrated management structure, share information with relevant stakeholders as well as clearly define and communicate on the activities and objectives. This is important to ensure coherence of actions and projects' objectives, cost effectiveness of activities and synergies between different counterparts.
- National authorities are increasingly open to engage with international donors. However, limitations in capacity or a lack of mandate often hamper national authorities in performing such a role. Identification of niche institutional players who have the capacity and the mandate to perform the role of a project counterpart is important.

A key element of previous EU assistance has been the absence of a structured and strategic policy dialogue with Libyan authorities at central and decentralised levels. This will be crucial to ensure the success of priority area 3 of this action, where policy development and implementation of economic policy reforms is a key element. In addition to the abovementioned lessons learnt, an evaluation of EU financed actions in the area of economy will be carried out at the end of 2021. The findings of this evaluation will inform further the design of the activities under this particular action.

### **3.5. The Intervention Logic**

The underlying intervention logic for this action is that the recurrent crises, COVID-19 and a decade of conflict, have had a paralysing effect on the Libyan economy. More than anything else, they have proven the fragility of the existing economic model, which is prone to systemic shocks, macroeconomic instability and oil price fluctuations. 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. This transition requires reforms that enable businesses to operate in a stable environment, with an adequate level of business support services and credit infrastructure that can support their growth. In parallel, key policies affecting the business environment, as well as economic, fiscal and monetary policies, are of undisputable importance for the economic recovery and restoration of key economic functions of the Libyan state. Finally yet importantly, the small yet vital and emerging private sector faces enormous problems of organisational, managerial, marketing and financing nature, problems that act as impediments for the further growth of the innovative start-up ecosystem as well the consolidation and expansion of the existing enterprises.

In this context, innovation, digital solutions and skills can accelerate change. The COVID-19 pandemic has significantly boosted the profile and uptake of digital applications worldwide and gives fragile countries a new opportunity to accelerate their digital progress. Digital technology applications have already had a transformative impact in several sectors, catalysing the adaptation of business models during the pandemic in ways that ensured the survival of many enterprises. Most importantly digital solutions have accelerated the

transition towards the so-called platform economy. This trend appears unlikely to be reversed after the pandemic. The action will promote digital mainstreaming due to be the widely manifested and accepted transformative, disrupting and job creation benefits the digital solutions generate for enterprises, governments and value-chains. This could generate benefits at the level of value chains, which subsequently would improve employability for local populations, notably migrants and IDPs as well as open opportunities for livelihoods creation. Moreover, the action will integrate green and circular principles in all three priority areas (start-ups, SMEs, as well as in implementing policy reforms for economic recovery) in line with the recommendations of the New Agenda for the Mediterranean, for a COVID-19 green, digital, resilient and just recovery, guided by the 2030 Agenda for Sustainable Development, the Paris Agreement and the European Green Deal.

Support to sustainable economic recovery and diversification will be approached from three different, yet mutually reinforcing perspectives:

- (a) actions supporting the emergence of the start-up ecosystem, via technical, mentoring and financial support to start-up ventures.
- (b) actions providing direct support to SMEs, to address technical, operational and managerial constraints to growth, increase their revenue sources and rendering them poles of employment generation and technological innovation with wider impact for the value chains as a whole.
- (c) actions addressing the contextual barriers to sustainable growth, contributing to what is widely accepted as an enabling environment for businesses to grow, focusing on the capacities of the major economic institutions, and resulting in policies with a positive impact on the fiscal, monetary, financial sector stability, and macro-economic functions of the country.

This balanced approach, addressing both structural and the microeconomic problems, could generate more sustainable results in the long term because of the action.

### **3.6. Indicative Logical Framework Matrix**

Results	Results chain (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	To contribute to the sustainable economic recovery of Libya	<p>1 <i>Debt as a percentage of the GDP</i></p> <p>2 <i>Percentage of unemployment among youth</i></p> <p>3 <i>Private sector as a share of the GDP</i></p> <p>4 <i>Percentage of public expenditures directed to reconstruction and development priorities</i></p>	<p>1 (baseline to be established by the end of 2021)</p> <p>2 (47% is the estimate for 2020)</p> <p>3 (5%-10% is the estimate in 2021)</p> <p>4 ( 10% in 2020)</p>	<p>1 (2025, debt is than 100% of the GDP)</p> <p>2 (35% in 2025)</p> <p>3 (2025, more than 15% of the GDP)</p> <p>4 (at least 25% in 2025)</p>	<p>1 <i>IMF, World Bank reports and National Accounts</i></p> <p>2 <i>IMF, World Bank, ILO reports and National Accounts</i></p> <p>3 <i>IMF, World Bank reports and National Accounts</i></p> <p>4 <i>IMF, World Bank reports and National Accounts</i></p>	<i>Not applicable</i>
<b>Outcome 1</b>	Improved conditions and skills fostering the emergence of an innovative start-up ecosystem	<p>1.1 <i>Number of new start-ups created, owners disaggregated by sex and age</i></p> <p>1.2 <i>Number of new start-ups sustained, owners, disaggregated by sex and age</i></p> <p>1.3 <i>Number of new start-ups created by migrants/IDPs, owners disaggregated by sex and age</i></p>	<p>1.1 (baseline year 2021, TBC in 2022, with data from mapping or business registry)</p> <p>1.2 ( 0, 2021)</p> <p>1.3. (TBC, 2021)</p>	<p>1.1 (150 start-ups years 2023-2025)</p> <p>1.2 (80, year 2025)</p> <p>1.3 (30, year 2025)</p>	<p>1.1 <i>Intervention progress reports and business registry</i></p> <p>1.2 <i>Intervention progress reports and M&amp;E</i></p>	<p>1. <i>The positive trend towards entrepreneurship remains strong among youth</i></p> <p>2. <i>Access to finance and support services becomes easier</i></p>
<b>Outcome 2</b>	Improved sustainable productive capacities of MSMEs**	2.1 <i>Number of jobs sustained (resulting from the project) in supported firms**</i>	2.1 (0, 2021)	2.1 (400, 2024)	2.1 <i>Intervention progress</i>	<i>SMEs implement effectively the operational</i>

		<p>2.2 <i>Number (or %) of supported firms that report an increase in net income as a results of support, disaggregated by sex of firm owner/head if relevant**</i></p> <p>2.3 <i>Number of supported firms investing in additional staff training identified through business services development disaggregated by sex of firm owner/head if relevant**</i></p> <p>2.4 <i>Percentage of firm sales from new products and/or services supported by programme, disaggregated by product/service type**</i></p>	<p>2.2 (0, 2021)</p> <p>2.3 (TBC, 2021)</p> <p>2.4 (TBC, 2021)</p>	<p>2.2 (60, 2024)</p> <p>2.3 (50, 2024)</p> <p>2.4 ( 25%, 2024)</p>	<p><i>reports and M&amp;E</i></p> <p><i>2.2 Periodic surveys of firms supported as part of intervention M&amp;E system</i></p> <p><i>2.3 Periodic surveys of firms supported as part of intervention M&amp;E</i></p> <p><i>2.4 Periodic surveys of firms supported as part of intervention M&amp;E system</i></p>	<p><i>recommendations of the support programme</i></p>
<b>Outcome 3</b>	Improved policies and institutional capacities for economic recovery	<p>3.1 <i>Number of policies developed by key economic institutions, as a result of programme interventions</i></p> <p>3.2 <i>Number of new decision/decrees/regulations adopted by the government on economic matters</i></p> <p>3.3 <i>Number of policies and (or) financial systems developed that supports sustainable growth</i></p>	<p>3.1 (0, 2021)</p> <p>3.2 (TBC, 2021)</p> <p>3.3 (TBC, 2021)</p>	<p>3.1 (TBC, 2022-2025)</p> <p>3.2 (TBC, 2022-2025)</p> <p>3.3 (TBC, 2022-2025)</p>	<p>3.1 <i>Programme implementation reports; reports issued by public institutions</i></p> <p>3.2 <i>Programme implementation reports; reports issued</i></p>	<p><i>1.The government has developed a set of economic priorities and is willing to receive international expertise to further develop capacities and national systems</i></p>



					<i>by public institutions</i> 3.3 <i>Programme implementation reports; reports issued by public institutions</i>	<i>that serve these priorities</i> 2. <i>Economic institutions are receptive to recommendations made as a result the interventions</i>
<b>Output 1 related to Outcome 1</b>	1.1 Improved business support structures and services dedicated to start-up entrepreneurship	1.1.1 <i>Number of new incubators established with intervention support</i> 1.1.2 <i>Number of firms or individuals that utilise business development services supported by intervention, disaggregated by type of service, type of entity, firm size, and sex**</i>	1.1.1 (0, 2021) 1.1.2 (0, 2021)	1.1.1 (2, 2025) 1.1.2 (150, 2025)	1.1.1 <i>Intervention M&amp;E system</i> 1.1.2 <i>Data collected from the BDS service providers as part of intervention M&amp;E system</i>	1. <i>Human resources to support the operations of business support structures are available in several locations</i> 2. <i>Synergies with the business community to progressively render the business support structures commercially viable</i>
<b>Output 2 related to Outcome 1</b>	1.2 Improved skills of youth on entrepreneurship, business development and digital literacy (e.g coding, programming, web/app development, data analytics etc)	1.2.1 <i>Number of youth completed trainings in entrepreneurship ,sustainable business and digital topics, disaggregated by sex and age</i> 1.2.2 <i>Number of migrants/IDPs completed trainings in</i>	1.2.1 (TBC, 2021) 1.2.2 (TBC, 2021)	1.2.1 (250-400, 2025) 1.2.2 (TBC, 2025)	1.2.1 <i>Intervention M&amp;E system</i> 1.2.2 <i>Intervention M&amp;E system</i>	<i>Youth is receptive to training</i>

		<i>entrepreneurship ,sustainable business and digital topics, disaggregated by sex and age</i>				
<b>Output 3 related to Outcome 1</b>	1.3 Increased financial literacy and bankable projects for start-ups, with a focus on youth entrepreneurship**	1.3.1 <i>Number of projects ready for investments</i> 1.3.2 <i>Number of projects received investments, lending or pre-seed capital</i> 1.3.3 <i>Number of projects with the integrated circular or sustainable production and consumption principles**</i> 1.3.4 <i>Number of people befitting from financial literacy training who can demonstrate/report increased knowledge in financial literacy, disaggregated by sex, age and migrants/IDPs**</i>	1.3.1 (0, 2021) 1.3.2 (0, 2021) 1.3.3 (0, 2021) 1.3.4 (0, 2021)	1.3.1 (50, 2025) 1.3.2 (30, 2025) 1.3.3 (10, 2025) 1.3.4 (300, 2025)	1.3.1 <i>Intervention M&amp;E system</i> 1.3.2 <i>Intervention M&amp;E system</i> 1.3.3 <i>Intervention M&amp;E system</i> 1.3.4 <i>Intervention M&amp;E system</i>	<i>Banks, funds or investors are willing to lend to start-up ventures</i>
<b>Output 1 related to Outcome 2</b>	2.1 Increased capacity for business innovation and entrepreneurship, including on sustainable and digital solutions**	2.1.1 <i>Number of businesses applying digital solutions with intervention support, disaggregated by size of firm, sex of owner**</i> 2.1.2 <i>Number of businesses introducing a new product/service to the market with intervention support**</i> 2.1.3 <i>Number of businesses introducing the circular or sustainable production and consumption principles**</i>	2.1.1 (TBC, 2021) 2.1.2 (0, 2021) 2.1.3 (0, 2021)	2.1.1 (40, 2025) 2.1.2 (40, 2025) 2.1.3 (10, 2025)	2.1.1 <i>Intervention M&amp;E system</i> 2.1.2 <i>Intervention M&amp;E system</i> 2.1.3 <i>Intervention M&amp;E system</i>	<i>SMEs implement effectively the operational recommendations of the support programme</i>

<b>Output 2 related to Outcome 2</b>	2.2 Increased employment generation capacity of targeted SMEs	2.2.1 <i>Number of jobs matched/created with intervention support, disaggregated by sex, age and migrants/IDPs</i> 2.2.2 <i>Number of jobs matched/created for migrants with intervention support, disaggregated by sex and age</i>	2.2.1 (0, 2021) 2.2.2 (0, 2021)	2.2.1 (750, 2025) 2.2.2 (150, 2025)	2.2.1 <i>Intervention M&amp;E system</i> 2.2.2 <i>Intervention M&amp;E system</i>	<i>Availability of skills in the labour market</i>
<b>Output 1 related to Outcome 3</b>	3.1 Enhanced institutional capacities to better design, manage and implement economic policies	3.1.1 <i>Number of officials benefited from capacity building, disaggregated by sex</i> 3.1.2 <i>Number of economic institutions benefited from capacity building</i>	3.1.1 (TBC, 2021) 3.1.2 (0, 2021)	3.1.1 (250, 2025) 3.1.2 (7, 2025)	3.1.1 <i>Intervention M&amp;E system</i> 3.1.2 <i>Intervention M&amp;E system</i>	1 <i>Full cooperation from all stakeholders.</i> 2. <i>Training will be consistent to identified economic priorities by the government.</i>
<b>Output 2 related to Outcome 3</b>	3.2 Enhanced regulatory, oversight and executive competencies of key economic institutions	3.2.1 <i>Percentage of knowledge of training participants, disaggregated by sex</i> 3.2.2 <i>Number of decisions and circulars</i>	3.2.1 (TBC, 2021) 3.2.2 (0, 2021)	3.2.1 (TBC, 2025) 3.2.2 (TBC, 2025)	3.2.1 <i>Pre-post training</i> 3.2.2 <i>Records from economic institutions</i>	1 <i>Full cooperation from all stakeholders.</i> 2. <i>Training will be consistent to identified economic priorities by the government.</i>

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

In order to implement this action, it is not envisaged to conclude a financing agreement with the partner country

### **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 60 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 by amending this Financing Decision and the relevant contracts and agreements.

### **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 measures<sup>33</sup>.

#### **4.3.1. Direct Management (Grants)**

##### **(a) Purpose of the grant**

It is foreseen to award one grant agreement under this Financing Decision for the implementation of Outcome 1 of the action.

##### **(b) Type of applicants targeted**

In order to be eligible for the grant agreements mentioned in (a), the lead applicant must be (1) a legal person, and (2) non profit-making, and (3) be a non-governmental organisation, and (4) be established in a Member State of the European Union or Libya, and (5) be directly responsible for the preparation and management of the action with the co-applicant(s) and/or affiliated entity(ies), not acting as intermediary. Any co-applicant(s) must satisfy the same eligibility criteria. Potential applicants will have a reputable record of accomplishment in supporting youth entrepreneurship, notably in fragility contexts.

##### **(c) Justification of a direct grant**

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to an international NGO selected using the following criteria: (1) adequate expertise in supporting youth entrepreneurship and digital skills education in fragile contexts, (2) prior experience in implementing donor funded projects in Libya in the field of youth economic empowerment and start-up entrepreneurship, (3) operational capacity to deploy international and local human resources to support operations.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because Libya remains in a situation of crisis, as per the provisions of Article 195 of the EU General Budget Financial Regulation (FR), namely a situation of immediate or imminent danger threatening to escalate into armed conflict or destabilise the country. This arrangement takes account of the urgency of providing continuing support to Libya's transition and economic recovery process as well as the difficulty of finding Libya-experienced and competent implementing partners to implement EU support programmes.

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<sup>33</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) 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.

### 4.3.2. Direct Management (Procurement)

It is foreseen to award one service contract to for the implementation of Outcome 2 of the action. The service contract will include a technical assistance facility for high growth potential SMEs, with emphasis on digital transition and employment generation.

### 4.3.3. Indirect Management with a Member State Organisation

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: (1) adequate expertise in supporting economic governance in fragile contexts, notably in Libya, (2) operational capacity to deploy international and local human resources to support on demand requests for technical assistance, (3) sound knowledge of the Libyan context, substantiated by experience in implementing donor funded programmes in the country, (4) proven successful experience in developing institutional cooperation in multi-stakeholder contexts. The implementation by this entity will serve the fulfilment of Outcome 3 of the action.

### 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

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>
<b>Implementation modalities</b> – cf. section 4.3	
<b>Objective 1</b> composed of:	<b>5 500 000</b>
Grant (direct management) – cf. section 4.3.1	N.A.
<b>Objective 2</b> composed of:	<b>1 500 000</b>
Procurement (direct management) – cf. section 4.3.2	N.A.
<b>Objective 3</b> composed of	<b>5 000 000</b>
Indirect management with a Member State organisation – cf. section 4.3.3	5 000 000
<b>Grant</b> – total envelope under section 4.3.1	5 500 000
<b>Procurement</b> – total envelope under section 4.3.2	1 500 000
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	will be covered by another decision
<b>Communication and visibility</b> – cf. section 6	N.A.
<b>Totals</b>	<b>12 000 000</b>

## **4.6. Organisational Set-up and Responsibilities**

Implementing partners are fully responsible for the implementation of the action. Each partner contracted will be responsible for regular reporting to the EU, ideally through an establishment of a Steering Committee involving national counterparts for the specific action. Where feasible, such steering structures would also involve other implementing partners and/or key stakeholders (including international cooperation partners) involved in the sector to foster coordination and development of synergies between parallel programmes. Steering Committees for individual actions will meet regularly (not less than semi-annually) 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. 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.

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.

## **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 partner's responsibilities. To this aim, the 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 results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

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).

Roles and responsibilities for data collection, analysis and monitoring:

Implementing partners contracted in line with the foreseen contracts in section 4 above, are responsible for regular monitoring of indicators included in the logical frameworks of the respective contracts. These indicators should correspond to the extent possible – or at a minimum contribute to – the indicators in the logical framework of this Financing Decision. Every report submitted to the EU shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced as well as the degree of achievements of its results as measured by corresponding indicators in the intervention logic and the logical framework. SDG indicators and other jointly agreed indicators should be taken into account as well. Reporting will focus on results – besides listing activities undertaken and inputs mobilised. Where results remain limited due to conditions outside the control of the implementing partner, reporting shall focus on the progress made towards expected results. The final narrative and financial report for each contract or agreement shall cover the entirety of the implementation period covered by that specific agreement or contract. It is expected that a number of baselines for the indicators in the logical framework of this Financing Decision will be determined at the time of contracting of individual contracts through perception surveys and reports. These baselines will be informed by international indices as indicated in the logical framework. Where such baselines do not exist for the specific action component, the contracted implementing partner is expected to conduct a baseline assessment in the inception phase of the action (and provide baselines within maximum 6 months from the signature of the specific contract or agreement). The implementing partner should also ensure – as part of the regular monitoring – that periodic updates and final results data are collected for the action concerned. To the extent possible, the implementing partner should always associate national counterparts of the action to the Monitoring and Evaluation efforts of the specific action with a view to strengthening national M&E capacities.

The EU foresees to also field regular third-party monitoring exercises on the individual contracts for which national counterparts will be – as much as possible – associated. Where feasible, the implementing partner is encouraged to ensure that regular M&E activities not only involve institutional counterparts, but also other stakeholder groups and specifically end beneficiaries. In consultation with the EU Delegation, the implementing partner is encouraged to present periodic updates and reports – at least towards the end of the action, but if appropriate also during the implementation stage – to the institutional partners and other involved stakeholder groups to foster accountability and participatory processes. The involvement of stakeholders (end beneficiaries and institutional partners) in the design of the individual contracts is a requirement prior to contract signature

## **5.2. Evaluation**

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

Mid-term evaluations will be carried out for learning purposes, in particular with respect to the possibility of strategic reorientations that the program might require.

Final evaluations will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that they are meant to inform and improve future engagement in the sector.

The Commission shall inform the implementing partner at least 1 month in advance of the dates envisaged for the evaluation missions. The implementing partner 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 evaluations 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. COMMUNICATION AND VISIBILITY**

Communication and visibility is a contractual obligation for all entities implementing EU-funded external actions to advertise the European Union's support for their work to the relevant audiences.

To that end they must comply with the instructions given in the [Communication and Visibility Requirements of 2018](#) (or any successor document), notably with regard to the use of the EU emblem and the elaboration of a dedicated communication and visibility plan, to be completed for every action at the start of implementation.

These obligations apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries or entrusted entities. 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.

Communication and visibility measures may be funded from the amounts allocated to the action. 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 concerned EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before work starts. 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.





**EN**

**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX II**

**of the Commission Implementing Decision on the financing of the special measure in favour of Libya for 2021**

**Action Document for EU Mouwatana for Libya – European Union support to inclusive governance and rule of law in Libya**

**ANNUAL MEASURE**

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

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title CRIS/OPSYS Basic Act</b>	EU Mouwatana for Libya – European Union support to inclusive governance and rule of law in Libya Annual measure in favour of Libya for 2021 CRIS number: NDICI-GEO-NEAR/2021/43108 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Libya
<b>4. Programming document</b>	N.A. – in view of the volatile security situation, the Country Strategy Paper 2014-2016 is no longer valid
<b>5. Link with relevant MIP(s) objectives/expected results</b>	N.A.
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	150 – Government and civil society
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): 16 – Peace, Justice and Strong Institutions (targets 16.3, 16.6, 16.7 and 16.10 <sup>1</sup> ) Other significant SDGs (up to 9) and where appropriate, targets:

<sup>1</sup> Target 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all; target 16.6 Develop effective, accountable and transparent institutions at all levels; target 16.7 ensure responsive, inclusive, participatory and representative decision-making at all levels; target 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements

	5 – Gender Equality; target 5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life 10 – Reduced Inequalities; target 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status			
<b>8 a) DAC code(s)</b>	15130 Legal and judicial development – 43.75% 15152 Legislatures and political parties – 37.5% 15170 Women's rights organisations and movements, and government institutions – 18.75%			
<b>8 b) Main Delivery Channel @</b>	20 000 Non-Governmental Organisations (NGOs) and civil society; 40 000 Multilateral Organisations; 60 000 Private Sector Institutions			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <sup>2</sup> <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>2</sup> For Neighbourhood, activities related to education shall be marked as part of the “Social Inclusion and Human Development” target, in line with the NDICI-GE programming guidelines.

	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11. Internal markers</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @ Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Connectivity @ Tags: transport people2people energy digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line: 14.020110 Total estimated cost: EUR 8 000 000 Total amount of EU budget contribution: EUR 8 000 000.			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Implementation modalities (type of financing and management mode)</b>	Project Modality <b>Direct management</b> through: - Grants - Procurement <b>Indirect management</b> with the entity to be selected in accordance with the criteria set out in section 4.3.3.			

## 1.2. Summary of the Action

EU Mouwatana (citizenship) for Libya is a programme to support the democratic development of Libya. The programme builds on the earlier Mousanada (support/accompaniment) programme that introduced the notion of institution-building as a precursor to stronger participatory governance and respect for the rule of law. The present programme focuses on two axes of intervention: (1) participatory and inclusive democracy and decision-making; and (2) access to justice and respect for the rule of law. These two axes are intrinsically interlinked and thus mutually reinforcing as outlined in the intervention logic under section 3.6. The action is based on requests formulated by national institutional and civil society stakeholders, who have identified the support to democratic and judicial institutions as key requirements for a viable social contract in Libya. The programme is also fully aligned to the ongoing international efforts to support Libya's peace and reconciliation process. The approach taken is to work with institutional actors in recognition of the

importance of SDG 16 to build strong institutions for a rights-based democratic state on Libyan soil. All components in the action take also a rights-based approach, working with duty bearers to improve the access to and safeguarding of rights holders across the country.

Under priority area 1, the action Mouwatana will work with the House of Representatives as the key democratic institution at the central level. This is a new area of engagement, as the House of Representatives (HoR) – Libya’s legislative authority – to date has seen preciously little support due to the earlier administrative division of the country. A growing role is foreseen for the legislature as Libya embarks on an ambitious reform agenda. The HoR is keen to strengthen its technical and consultative capacities and wants to learn from similar institutions in Europe and globally to duly represent the Libyan population and safeguard rights-based democracy in the country. At the same time, the action foresees to promote gender equality and women’s participation in public life in general and governance in particular through engagement with the Minister of State for Women’s Affairs and the Women Elected Officials Network (WEON). With the creation of the Ministry of State for Women’s Affairs, the Government of National Unity gave a strong signal that women’s political, economic and social participation are key points for the Libyan future. The WEON wants to provide not only peer support to new female candidates in municipal and national elections, but also wants to promote dialogue with women to foster stronger participation and inclusion in public life.

The second main component of the programme Mouwatana will promote justice and the rule of law. The activities under this component build on the work launched in 2018 with the action ‘Shared Progress on Rule of Law in Libya’ (SHARP) and the 2019 programme ‘Leave No Children Behind in Libya’ that focuses on juvenile justice. Mouwatana proposes to consolidate and expand the existing SHARP network in order to respond to the programme’s initial findings that indicate a strong link between respect for rule of law and increased understanding of what constitutes good citizenship. At an institutional level, the action will work with the existing Libyan judicial authorities as well as civil society actors to improve overall access to justice – an area where in particular women, migrants and vulnerable groups will benefit due to societal barriers to seek legal redress or consultation. This component aims to strengthen the availability and knowledge of legal aid to those living in Libya and to ensure that due process and fair trial is guaranteed for all those in conflict with the law. Specific attention will be given to the process of transitional justice that is expected to be rolled out in the coming months and which should strengthen social cohesion and reconciliation across the country. Finally, the programme intends to work with the judicial authorities to improve the administration of justice.

## **2. RATIONALE**

### **2.1. Context**

Following the February 2011 revolution and regime change and after several years of attempts to bring about peace in the country, the UNSMIL-led Berlin Process (initiated in January 2020) has now managed to gain momentum. In November 2020, a Libya political dialogue forum convened in Tunis agreed on the organisation of credible, inclusive and democratic national elections on 24.12.2021 as well as on the need to reform the executive authority. In the Roadmap adopted on 16.11.2020 by the LPDF (Libya Political Dialogue Forum), its members agreed – among others – to unify state institutions, improve good governance of public resources, combat corruption, protect and promote human rights. The Roadmap also highlights the full equality of all citizens in rights and responsibilities of citizenship as well as the need to invoke democratic means to manage political competition and guarantee the peaceful transfer of power. Assuming the full implementation of the LPDF Roadmap, a new executive and legislative structure will thus be in place by end 2021/early 2022, which will require assistance to ensure that it can take up its duties in alignment to international best practices. On 10th March 2021, the Libyan House of Representatives confirmed cabinet members proposed by the new Presidential Council that had been confirmed earlier already by the Libyan Supreme Court. This new

Government of National Unity (GNU) has shared a draft programme for priorities that re-confirms the LPDF roadmap.

The Berlin Process acknowledges that the current Libyan crisis is first and foremost a governance crisis. Stemming largely from pre-2011, the system remains centralised, composed of national institutions that lack appropriate capacity to develop and implement citizen-centred, transparent and accountable policies and processes. The focus on citizen-centred inclusive governance in both the Berlin Process and the LPDF, as well as in the draft constitutional declarations, warrants additional attention to ensure that a culture of responsible citizenship is fostered across the Libyan society. That is the focus of the current action, which is anchored in the Commission's priority of supporting governance, peace and security as well as human development as a pre-condition to more inclusive and sustainable societies where inequalities are to the extent possible reduced or eradicated. Especially in a conflict and transitional context as Libya, the concept of engagement between authorities and population is crucial to foster a rights-based representative style of government. Research points to deep-rooted divisions within the Libyan society that need to be addressed for any incoming government to build on broad-based popular legitimacy to put forward essential reforms. Despite the long period of conflict and division, Libyans on average still indicate to be interested in matters of politics and government – yet, this is not translated in broad participation in for example local elections.

Beyond the legislative and executive branches, also the judiciary in Libya has been hampered by the past decade of armed conflict. Although surveys generally point to a fairly high degree of public confidence in the judiciary, judicial professionals such as judges and lawyers are frequently subjected to threats and violence in the execution of their duties. A climate of impunity is the result of the overall weak institutional and judicial framework, combined with political instability and ongoing violence. While the judiciary has managed to remain fairly united, its functioning has been put into question as court administration suffered from limited human and financial resources as well as outdated systems (e.g. largely manual archiving) . In practice, access to justice and fair trials for all are not guaranteed as societal and cultural barriers hamper some groups within the community to freely seek legal redress or even legal advice. Arbitrary and pre-trial detention are widespread, while prisons and detention facilities are reportedly overcrowded and face serious concerns in terms of adequate staffing and alignment to international human rights standards . In particular migrants and asylum-seekers face significant protection issues with little to no access to legal procedures due to their particular status within the country. A transitional justice law has been adopted in 2013, but remains to date without implementation. The GNU is however starting new efforts to revive that law, including through a Transitional Justice international conference that is scheduled for summer 2021 and which should come up with a roadmap to put into place appropriate transitional justice mechanisms and systems.

An approach that addresses thus the 3 key branches of power (legislative, executive and judicial) simultaneously seems the most appropriate to make a start with resolving Libya's long-standing governance crisis and restore a functioning state apparatus. The action will thereby focus on an institutional approach.

## **2.2. Problem Analysis**

### ***Short problem analysis***

Consultations with Libyan institutions as well as civil society organisations confirmed the need to work on strengthening the effectiveness and legitimacy of Libya's democratic institutions. Voter turnout has steadily declined since the first elections organised in 2012, with local elections throughout 2019/21 recording about 13% lower participation as national elections in 2014; in particular female voter turn-out is very low. There is at present insufficient formal research as to the reasons behind this declining voter participation. However, it is generally assumed (by Libyans and foreign observers alike) that citizens are insufficiently informed on the pros and cons of making their voices heard in democratic processes, while the institutions are seen as non-representative, corrupt and responding to the demands of armed groups and ruling elites. Increasing the effectiveness of democratic institutions then requires a multi-pronged approach.

1. The Libyan **House of Representatives** – more specifically, its Secretariat-General or Diwan – at present has almost no standing capacity for research and consultation<sup>3</sup>; as a result, the parliament is not able to check compliance of draft legal texts with existing legislation or international standards before adopting new laws. Parliamentarians lack technical capacity (and skilled support) in formulating questions and legal texts; in the absence of formal political parties, parliamentarians run as individual independent candidates and are not supported by a party structure to prepare their interventions. Public consultation or opinion polls on draft legislation are rare in Libya, which results in distance between the parliament and its electorate. The functioning of the House of Representatives is thus not transparent, which opens it to criticism from media and civil society organisations. Improved technical support to the members of parliament through a qualified Secretariat-General can boost the oversight and legislative functions of the House of Representatives.
2. Another element that might increase trust in Libya’s democratic institutions, is to ensure that they are more inclusive – at present only 16.5% of parliamentarians are women (from 2012 elections). **Women’s voices are equally marginalised** at the local level where women rarely are included in the closed lists put forward for the municipal councils and are thus limited to a single reserved ‘women’s seat’<sup>4</sup>. A **Women Elected Officials Network (WEON)** provides support to female candidates in municipal and national elections and wants to work to strengthen inclusivity in democratic institutions in general. The newly appointed **Minister of State for Women’s Affairs** in recent discussions with the EU indicated her intention to focus in particular on the inclusion of rural women and women in the Southern regions to boost public participation.

A recent study by the EU-financed SHARP programme confirms that the central concept of **rule of law** is almost non-existent in present-day Libya, as certain groups/individuals remain above the law, while others do not have access to justice. Under the SHARP programme, a network of grass roots and community-based organisations is currently identifying actions to address the lack of rule of law within communities. A common thread among the discussions in these groups is the absence of a **sense of citizenship**, which leads to condoning impunity and violations of the rule of law. The community-based dialogues that bring together judicial professionals with civil society activists and academia result in small-scale actions that allow people to take control of the situation in their communities and propose solutions that are tailor-made to their environment. Moving beyond questions related directly to the rule of law, the dialogues identify that insufficient knowledge on the rights and duties of citizens in a modern democratic state contribute to weak governance and people refraining from seeking justice through established formal systems. Initial uptake of the possibility to access seed funding to strengthen awareness at the community level is impressive, but the network requires further nurturing to explore sustainability of the process of participatory rule of law within supported groups and communities.

At a higher and more formal level, the **Libyan judiciary** – despite the relative public trust it enjoys<sup>5</sup> and its continued operation in the past tumultuous period – suffers from lack of adequate human resources and modern techniques to respond fully to the demands for justice of those living in Libya. Restoring respect for the rule of law and addressing the current culture of impunity are among the top priorities identified by both civil society actors and Libyan officials in formal and informal consultations. It thus warrants investing further in strengthening the judiciary to ensure that all individuals on Libyan soil have fair and equal **access to justice, specifically the right to legal assistance**, in order to guarantee due process and fair trial in line with international standards. In 2021, Ministry of Justice established 2 dedicated courts to receive and hear cases related to gender-based violence – while this is expected to increase the possibilities of access to justice for

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<sup>3</sup> Internal study done by the House of Representatives’ legal department in May 2020 (in Arabic).

<sup>4</sup> In larger municipalities, the council consists of 9 seats of which 7 are elected through the closed block list; smaller municipalities have a 7-member council of which 5 seats compete in a closed block list.

<sup>5</sup> Confirmed in 2018 public opinion survey by IFES where 68% of respondents confirmed fair to great amount of confidence in the judiciary; corresponding to the highest percentage among the institutions mentioned. <https://www.ifes.org/SurveyDashboard/Libya>

GBV victims, the courts' staff (magistrates, prosecutors and support staff) require additional assistance to ensure alignment to international standards.

A key priority identified by the Ministry of Justice is support to the **court administration**, as appropriate enforcement of judicial decisions and rulings in turn will increase public confidence in the judiciary. International studies<sup>6</sup> equally point to limitations in court management, personnel training and professional development. The most worrying concern in this regard is, however, the decline in court and judicial security as evidenced by documented incidents of judges and lawyers subjected to threats or kidnapped by armed groups. This tendency presents an imminent risk to judicial independence and impartiality. While the action will explore possibilities to work on improving the application of justice through enforcement of court decisions, it is important to note that this remains a sensitive area as the Judicial Police (the main actor responsible for this enforcement) at present is not fully subordinate to civilian authorities; therefore adequate vetting of staff remains an area of concern that would have to be addressed in parallel to capacity building efforts. Another key problem identified in national and international analyses is adequate access to legal representation throughout the criminal justice chain. The European Union Border Assistance Mission (EUBAM) has started work with the Department of the Public Defence Lawyers under the Ministry of Justice that provides free **legal aid** to citizens and foreigners<sup>7</sup>. Nascent efforts to establish other free or low-cost mechanisms to provide legal aid are nominally supported by UNSMIL, but would warrant further strengthening as they could contribute to increased recourse to the formal justice system. Finally, Libya adopted the Law no. 29 (2013) on **Transitional Justice** which aims to promote accountability and reparation in relation to human rights violations that occurred prior to the 2011 revolution. A larger conference on Transitional Justice in the summer of 2021 foresees to establish a roadmap for the implementation of this law and the creation of the related institutions from a rights-based perspective. Depending on the outcomes of the conference and progress in the transition process, the action can support the implementation of transitional justice measures

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

- ✓ The **Secretariat-General (Diwan) of the Libyan House of Representatives** has the mandate to support members of parliament from an administrative, financial, logistical and technical perspective in 3 formal locations (Tobruk, Tripoli and Sebha). The Diwan currently has about 700 staff of which only 10% has a legal background; in general, staff seems to be ill-equipped to provide technical support to elected parliamentarians. A parliamentary research centre exists, but does not have a dedicated library or access to skilled researchers. Capacity gaps identified by the Diwan include in particular research and legislative drafting; the Diwan also indicates that assistance would be welcome to review rules of procedure and the technical support to parliamentary working groups and committees.
- ✓ The **Women Elected Officials Network (WEON)** was established in Tripoli in 2017 as a civil society organisation by Libyan law. The network aims to function as a peer support network for elected women and female candidates in local councils, the Constitutional Committee and the House of Representatives; among the goals of the network is to increase the number and voice of women in democratic institutions. At present, the network comprises 95 women. Recently, the WEON focused on strengthening its administrative and institutional set-up, in addition to organising several workshops to raise awareness on the role of women as voters and candidates in local municipal elections and train female candidates and councillors to strengthen their effectiveness as decision-makers.
- ✓ The **Ministry of State for Women's Affairs** is part of the GNU and holds the mandate to strengthen gender mainstreaming across all governmental policies and strategies. Prior to the creation of the GNU, this role was held by the Office of Women Empowerment under the Office of the President in the

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<sup>6</sup> 2018 Judicial Baseline Assessment by the American Bar Association Rule of Law Initiative; 2019, Accountability for Serious Crimes under International Law in Libya: an Assessment of the Criminal Justice System, International Commission of Jurists

<sup>7</sup> The Department is also supported by an ongoing ENI action with a pilot project to raise its public profile to increase uptake of its services and strengthen public awareness on the services offered.

Government of National Accord (GNA); the elevation of the office to a formal ministry illustrates the increased importance given to the question of mainstreaming gender concerns in Libya's current transformation process. Among the Ministry's tasks is to review whether newly adopted policies and strategies take due consideration of gender concerns and to ensure that international standards of gender equality are duly translated into Libya's legislative framework.

- ✓ The main stakeholders for this component are **the Ministry of Justice (MoJ)<sup>8</sup>, its affiliated entities and staff**, as the main duty bearer in the provision of formal rights-based justice in Libya; as outlined above, the MoJ has identified a list of priorities linked to capacity constraints and structural problems that should be tackled to ensure alignment to international standards of access to and provision of justice for all. An ongoing policy dialogue with the MoJ informs and coordinates actions and can contribute to sustainability of actions. Under the action, the MoJ and its affiliated entities will be a direct beneficiary of technical assistance and policy advice, as well as concrete measures to improve service delivery to the population.
- ✓ Representing rights holders, **civil society organisations and professional associations** that work in and around the justice system should be supported to ensure adequate access to justice, stronger gender-responsive provisions and appropriate provision of (free) legal aid to those in need. An existing coalition of lawyers and CSOs has been established with UNSMIL support to provide legal aid, but requires further support to become a viable organisation that can operate country wide. The national bar association equally can be supported to ensure stronger coordination between the (state) public and private lawyers. The Department of Public Lawyers (formally under the umbrella of the Ministry of Justice) is staffed predominantly by female lawyers and has the mandate to provide free-of-charge legal aid to Libyan citizens and legal assistance for a nominal fee to foreigners.
- ✓ The existing **network of community-based 'SUQ'<sup>9</sup> groups** under the SHARP programme is another group of stakeholders that will be supported by the current action to continue with community-based dialogues. The groups will receive technical assistance to expand their dialogues by involving more (local) stakeholders, foster linkages with other SUQ groups to identify common threads and possibly reach broader (regional or national) consensus on issues and possible solutions. Support will be extended to the identification of new SUQ groups in different locations. Beyond technical assistance and training, the groups will also have access to seed funding to implement some of the proposed solutions and thereby contribute to consensus-building and community stabilisation. Intensified Libyan co-makingship of the programme will strengthen capacities and skills of influencers and change agents within the rule of law community at large.

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to foster a functioning, rights-based participatory and representative democracy.

The Specific Objectives (Outcomes) of this action are to

1. Improve the accountability of democratic institutions
2. Improve the functioning of the justice system

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

- Contributing to outcome 1 (or Specific Objective 1):

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<sup>8</sup> MoJ here includes the relevant affiliated institutions such as the Public Lawyers Department, the Prosecution, the Judicial Police (responsible for court security and prison management), the High Judicial Institute (training mandate) and the Supreme Judicial Council (policy setting mandate).

<sup>9</sup> SUQ stands for Search-Understand-Question and is the methodology used by the SHARP programme to challenge local actors in a community setting to identify challenges to the rule of law in their immediate environment. Following a SUQ (a discussion round), the groups identify small-scale actions to attempt to remedy the identified problems with local solutions. The network consists of 19 groups in April 2021.



- 1.1 Strengthened effectiveness of the Libyan House of Representatives
- 1.2 Increased institutional capacity to foster participation of women in decision-making
- Contributing to outcome 2 (or Specific Objective 2):
  - 2.1 Improved access to quality and efficient justice for all (in particular persons in vulnerable situations)
  - 2.2 Improved public awareness on the rule of law in Libya

### 3.2. Indicative Activities

Tentative activities related to Output 1.1 include but are not limited to:

- Capacity building for the House of Representatives' Secretariat-General (Diwan) to support the parliamentary legislative, oversight and representation functions – basic skills development (administrative support functions) as well as specialised skills development (e.g. legislative drafting, research, consultation and outreach etc.);
- Technical assistance on administrative reform and rules of procedure within the House of Representatives (e.g. job descriptions and functional reviews, organisation and functioning of Secretariat, parliamentary committees, etc.);

Tentative activities related to Output 1.2 include but are not limited to:

- Technical assistance and capacity building support for the Ministry of State for Women's Affairs and the WEON to steer policy dialogue around gender equality and women's empowerment at central and local levels;
- Assistance to review policies, strategies and legislation to strengthen alignment with international standards on gender equality and women's empowerment;

Tentative activities related to Output 2.1 include but are not limited to:

- Legal review, technical assistance and capacity building to Libyan institutions in the implementation of the transitional justice law;
- Technical assistance and capacity building for magistrates, criminal justice practitioners and providers of legal aid in Libya to align their practice with international standards of due process (in particular legal aid and fair trial) at all stages of the criminal justice chain;
- Technical assistance and capacity development on appropriate rights-based procedures for court administration, and/or the enforcement of court rulings<sup>10</sup>, including qualification of enforcement agents<sup>11</sup> as well as guarantees to access justice and fair trial for all;
- Contributing to policy dialogue around the need for adequate civilian oversight over enforcement structures<sup>12</sup>;

Tentative activities related to Output 2.2 include but are not limited to:

- Organisation of inclusive community-based dialogues on rule of law and positive citizenship;
- Small-scale project scheme for community-based actions to promote respect for rule of law and positive citizenship;
- Increase the existing network of community-based rule of law dialogue groups and foster regional and national networking.

### 3.3. Mainstreaming

#### Environmental Protection, Climate Change and Biodiversity

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10 Due attention needs to be given to the transparency and applicability of procedures, the predictability and proportionality of costs involved, accessibility of enforcement procedures by those seeking justice and effectiveness of the procedures (i.e. time periods foreseen for enforcement, monitoring of execution etc.).

11 The aspect of qualification of enforcement agents should address efficiency (i.e. sufficient resources and legal means to perform duties), accountability (i.e. code of conduct, ethics and disciplinary systems) and independence (i.e. remuneration and disciplinary systems). It is important in this context to ensure adequate vetting of training participants due to the influence of armed groups within the ranks of the Judicial Police.

12 To illustrate what this can entail, art. 24 of the *Good Practice Guide on Enforcement of Judicial Decisions* of the European Commission for the Efficiency of Justice (CEPEJ; 11.12.2015) refers.

The environmental and climate change risk screenings carried out in the design stage concluded that no further action was required. The action is not estimated to entail any particular environmental and climate change risks.

**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 C (no need for further assessment).

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

The CRA screening concluded that this action is no or low risk (no need for further assessment).

**Gender equality and empowerment of women and girls**

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G2. This implies that gender concerns will be mainstreamed in all activities under this action, but also that specific activities targeting in particular the empowerment of women and girls to participate in decision-making and to access justice will be taken up.

**Human Rights**

The action is fully aligned to the existing EU human rights strategies and action plans. Human rights concerns are mainstreamed throughout the action and will be taken into consideration in the finalisation of the action plans to be drawn up during implementation. The action has been designed from a rights-based approach and promotes the equitable participation of all segments of the population in decision-making. Consultations with human rights groups and activists were done and their recommendations are duly reflected in the design of the action.

**Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that disability concerns will be mainstreamed where feasible, but no specific actions targeting disability are foreseen.

**Democracy**

The main purpose of the action is to actively promote the empowerment of citizens and their increased participation in decision-making at local and national levels. Specific focus will be given to tailor activities to strengthen the participation of hitherto under-represented groups in democratic structures.

**Conflict sensitivity, peace and resilience**

Due concern has been given to conflict sensitivity in the design of the action, which is aligned to the main priorities identified in the ongoing internationally supported peace process. As such, the activities foreseen under the action will contribute to strengthening peace and community resilience to shocks by fostering rights-based representative governance and a rights-based justice system.

**Disaster Risk Reduction**

The action does not include specific reference to disaster risk reduction.

**3.4. Risks and Lessons Learned**

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures

External environment	The eruption of armed conflict and/or increased insecurity and/or political instability hamper the implementation of the action.	<b>Medium</b>	<b>High</b>	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.	<b>Low</b>	<b>Medium</b>	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.	<b>Low</b>	<b>High</b>	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	Elections do not take place, hampering the consolidation of a political settlement.	<b>Medium</b>	<b>High</b>	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 (e.g. the adoption of administrative decrees in lieu of legislation; scaling down work with government authorities to work at local level etc.) to proceed with actions.

### Lessons Learned:

The action builds on earlier actions by the European Union. Since 2015, the EU has engaged in public administration support in Libya through the Public Administration Facility programmes. An evaluation of those programmes in 2020 indicated that EU support has to be **flexible** in order to respond adequately to the changing context of Libya as the peace process evolves. The evaluation also indicated that a **needs-based perspective** should be grounded in continuous dialogue with Libyan institutions. A thematic evaluation on the work with civil society outlined how EU programmes would benefit from **joint design with Libyan partners** to provide a stronger response to national priorities.

Besides these identified lessons, the action is grounded on an extensive consultation process with Libyan stakeholders, both at institutional and civil society levels. This is particularly relevant for the area of ‘justice and rule of law’ where the current action will build on the work done by EUBAM and earlier EU actions<sup>13</sup> in positioning the EU as a strong partner to promote and strengthen the application of rule of law in Libya. The

<sup>13</sup> Initial capacity building activities occurred under the Public Administration Facility programmes (2015-2019); Special Measure 2018 (SHARP programme) and Special Measure 2019 (Juvenile Justice support and support to combat corruption and money laundering)

action will be closely coordinated with EUBAM. Such coherent and coordinated action is expected to lead to a stronger political engagement that in turn may facilitate policy and political dialogue on other pressing matters, such as the question of migration and the treatment of irregular migrants in Libyan detention centers. Indeed, the experience of EUBAM shows that continuous and consistent engagement with the Libyan authorities is crucial to obtain results and impact on the ground. Recently, this engagement has been translated into an increased appetite for inclusion in regional and international practitioners' networks. The experience of the SHARP programme (Special Measure 2018) is confirming the viability of bottom-up approaches to strengthen social cohesion and rule of law at the community level. Due to travel restrictions throughout 2020 in view of the COVID-19 pandemic, the programme has shifted to a more remotely steered modality whereby Libyan stakeholders and beneficiaries have been challenged to take up a larger role than initially foreseen. This Libyan co-makership culminates now in a series of smaller sub-contracts whereby Libyan partner organisations will implement community-based actions on rule of law. The community-based component of SHARP is showing results and uptake, while the research component – which to date has remained largely steered by external partners remotely and is not well grounded in Libyan contexts – remains to some extent lacking traction with developments on the ground.

Consultations under the SHARP programme, the positive peace component of the Committee of the Regions' sponsored Nicosia Initiative and a Commission (DG ECHO) action on dialogue with armed actors have pointed to the need for **increased awareness and knowledge sharing on non-violent conflict resolution methods and an overall re-appreciation of inclusivity and social cohesion**. In particular the absence of female voices in decision-making structures is a recurrent topic with civil society interlocutors, as is the need to have more female participation in peace-building efforts. Similarly, a recent series of consultations organised with programme partners and civil society in the context of the EU Human Rights and Democracy Strategy, confirmed that among the likely reasons for low voter turnout at local elections are considerations of lack of trust and lack of awareness of actual achievements by elected officials.

### 3.5. The Intervention Logic

The underlying intervention logic for this action works at 3 levels.

For the component on democratic governance, the logic is that

*if* the House of Representatives can ensure adequate oversight over the executive, and

*if* efficient coordination and networking structures are in place to promote diversity and inclusivity in governance structures, and

*if* women's voices are adequately represented at all levels,

*then* Libya's democratic institutions will be more accountable and representative.

With regard to the component on justice and rule of law the underlying logic is that

*if* accountability is guaranteed through a rights-based judicial system, and

*if* the population has equitable access to justice and is guaranteed fair trial, and

*if* adequate provisions for legal aid are in place, and

*if* communities are empowered to improve respect for the rule of law,

*then* a stronger rights-based justice system will be in place.

Finally, *if* there are accountable and representative democratic institutions in Libya and

*if* there is an effective and functioning rights-based judiciary in place,

*then* Libya will have progressed towards becoming a participatory and representative rights-based democratic state.

### 3.6. Indicative Logical Framework Matrix

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years) <sup>14</sup>	Sources of data	Assumptions
<b>Impact</b>	To foster a functioning, rights-based participatory and representative democracy	1 Country ranking according to the Bertelsmann Transformation Index (BTI)**; 2 Country score according to the Ibrahim Index of African Governance (IIAG)	1 2.53 (out of 10; 2020) 2 35.2 (out of 100; 2019)	1 TBC 2 TBC	1 BTI 2 IIAG	<i>Not applicable</i>
<b>Outcome 1</b>	1. Improved accountability of democratic institutions	1.1 % of citizens who are satisfied with the way democracy works in Libya, disaggregated by gender, age and ethnicity** 1.2 Proportion of women and/or members of underrepresented groups (e.g. ethnic minorities, youth, people living with disability etc.) in the House of Representatives**	1.1 TBC (baseline to be established by December 2021) 1.2 16% of women in House of Representatives (2014); 1 seat reserved for women and 1 seat reserved for people with disability in the municipal councils	1.1 TBC 1.2 TBC	1.1 Public perception surveys under Mousanada (and/or Mouwatana) 1.2 Administrative records of electoral management bodies	The political and security situation in Libya allows the continued organisation of electoral events and safeguards minimum standards of media freedom
<b>Outcome 2</b>	2. Improved functioning of the justice system	2.1 Proportion of victims of violence in the previous 12 months who report their victimisation to the competent authorities or other official recognised conflict resolution mechanisms, disaggregated by sex and age*	2.1 TBC	2.1 TBC	2.1 Police and court records	Judicial institutions remain functioning and influence of armed groups does not hamper the administration of justice

<sup>14</sup> All targets will be set in the inception phase for the specific contracts to be concluded; the log-frame will then be updated.

<p><b>Output 1 related to Outcome 1</b></p>	<p>1.1 Strengthened effectiveness of the Libyan House of Representatives</p>	<p>1.1.1 % of citizens that express confidence in the House of Representatives' ability to represent them effectively, disaggregated by sex and age**  1.1.2 Proportion of the population who believe decision-making is inclusive and responsive, disaggregated by sex, age, disability and population group**  1.1.3 Number of House of Representatives' Secretariat-General staff targeted for capacity building initiatives by the programme, where feasible disaggregated sex, age and disability**</p>	<p>1.1.1 TBC  1.1.2 TBC  1.1.3 0</p>	<p>1.1.1 TBC  1.1.2 TBC  1.1.3 TBC</p>	<p>1.1.1 Public perception surveys (under Mousanada and/or Mouwatana programme)  1.1.2 Public perception surveys (under Mousanada and/or Mouwatana programme)  1.1.3 Training reports</p>	<p>House of Representatives is responsive to capacity building initiative and apply new skills</p>
<p><b>Output 2 related to Outcome 1</b></p>	<p>1.2 Increased institutional capacity to foster participation of women in decision-making</p>	<p>1.2.1 Number of specific actions taken by partner country government (such as quota systems or other similar measures) to address discriminatory practices and improve women's representation in parliament and government institutions and decision-making positions, at regional, national and local level**</p>	<p>1.2.1 TBC</p>	<p>1.2.1 TBC</p>	<p>1.2.1 Reports issued by the Ministry of State for Women's Affairs and/or the Network of Elected Women Officials</p>	<p>Libyan authorities remain committed to strengthening gender equality and promoting a conducive environment for female participation in decision-making</p>
<p><b>Output 1 related to Outcome 2</b></p>	<p>2.1 Improved access to quality and efficient justice for all (in particular persons in vulnerable situations)</p>	<p>2.1.1 Number of judicial professionals, disaggregated by sex, age, disability and geographical location, that are aware of international standards on fair trials  2.2.1 % of court records on pending cases that include as a minimum the date the case was transferred to the court, the charge(s) involved and the date of the next hearing or action</p>	<p>2.1.1 TBC  2.1.2 TBC</p>	<p>2.1.1 TBC  2.1.2 TBC</p>	<p>2.1.1 Records of training events  2.1.2 Survey of random sample of court records</p>	<p>Lawyers are able to execute their jobs and access clients without fear of intervention or pressure by armed groups  Ministry of Justice remains open and responsive to collaboration</p>
<p><b>Output 2 related to Outcome 2</b></p>	<p>2.2 Improved public awareness on rule of law in Libya</p>	<p>2.2.1 # of participants (individuals or organisations) in the community-based</p>	<p>2.2.1 19 organisations</p>	<p>2.2.1 TBC  2.2.2 TBC</p>	<p>2.2.1 Records of community-based dialogues</p>	<p>Security situation allows the organisation of</p>

		<p>dialogues, disaggregated where feasible by sex, age and geographic location</p> <p>2.2.2 # of small-scale actions implemented at community level to promote rule of law and/or positive citizenship</p>	<p>2.2.2 TBC (<i>based on actual sub-projects implemented under SHARP at time of financing decision</i>)</p>		<p>2.2.2 Contract agreements and final reports of small-scale projects</p>	<p>community-based dialogues and roll-out of small-scale projects</p>
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Indicators marked with \*\* above are included in the EU Results Framework; indicators marked with \* are included in the SDG monitoring framework; indicators marked with ☞ are included in the Gender Action Plan (GAP) III.

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

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

### **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 60 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 by amending this Financing Decision and the relevant contracts and agreements.

### **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 measures<sup>15</sup>.

#### **4.3.1. Direct Management (Grants)**

##### **a) Purpose of the grants**

1. Implementation of Output 1.2 Increased institutional capacity to foster participation of women in decision-making;
2. Implementation of Output 2.1 Improved access to quality and efficient justice for all (in particular persons in vulnerable situations).

##### **b) Type of applicants targeted**

In order to be eligible for the grants mentioned in (a), the lead applicant must be (1) a legal person, and (2) non profit-making, and (3) be a non-governmental organisation, and (4) be established in a Member State of the European Union or Libya, and (5) be directly responsible for the preparation and management of the action with the co-applicant(s) and/or affiliated entity(ies), not acting as intermediary. Any co-applicant(s) must satisfy the same eligibility criteria.

##### **c) Justification of direct grants**

Under the responsibility of the Commission's authorising officer responsible, the grants may be awarded without a call for proposals to a non-governmental organisation, selected using the following criteria: (1) specific technical expertise and experience in implementing similar actions, or (2) prior experience in implementation of grant agreements in Libya.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grants without a call for proposals is justified because Libya remains in a situation of crisis, as per the provisions of Article 195 of the EU General Budget Financial Regulation (FR), namely a situation of immediate or imminent danger threatening to escalate into armed conflict or destabilise the country. Moreover, the current action fulfils all the characteristics outlined in the Annex IV to the NDICI regulation under art. 1 – specifically that actions in response to crisis may cover inter alia (d) support for the development of democratic, pluralistic state institutions, including measures to enhance the role of women in such institutions, effective civilian administration and civilian oversight over the security system, as well as measures to

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<sup>15</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) 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.



strengthen the capacity of law-enforcement and judicial authorities involved in the fight against terrorism, organised crime and all forms of illicit trafficking; and (f) support for reinforcement of State capacity – in the face of significant pressures to rapidly build, maintain or restore its core functions, and basic social and political cohesion. Due to the nature of the actions proposed, implementation shall be entrusted to actors with a specific technical competence and specialised expertise.

#### **4.3.2. Direct Management (Procurement)**

For the implementation of Output 2.2, it is proposed to award a service contract for the provision of technical assistance to the existing network of community-based groups, expansion of the network to new locations, provision of capacity building activities to the network members and the management of a portfolio of small-scale community based projects to promote the rule of law and positive citizenship.

#### **4.3.3. Indirect Management with an international organisation**

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission’s services using the following criteria: an international organisation with proven track record of working on implementation of programmes strengthening democracy and legislatures and with proven previous experience of conducting activities in Libya as well as in other post-crisis/transition countries in the broader MENA region. The selection of the international organisation shall take into consideration the need for specialised expertise to be provided. The implementation by this international organisation entails the provision of technical assistance, capacity building support and organisation of peer-to-peer support for the activities under Output 1.1 in relation to institutional strengthening of the Libyan House of Representatives.

#### **4.3.4. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances (one alternative second option)**

Where it is not possible to contract the foreseen grant agreement for the implementation of Output 2.1, the implementation may be undertaken under indirect management and entrusted to an international organisation based on the following criteria: (1) proven operational presence in Libya, and (2) prior experience in the implementation of actions relating to strengthening of law enforcement and/or judicial actors in Libya.

### **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**

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>
<b>Implementation modalities</b> – cf. section 4.3	
<b>Objective 1/Output 1.1 Strengthened effectiveness of the Libyan House of Representatives</b> composed of:	<b>3 000 000</b>
Indirect management with an international organisation – cf. section 4.3.3	3 000 000
<b>Objective 1/Output 1.2 Increased institutional capacity to foster participation of women in decision-making</b> composed of:	<b>1 500 000</b>
Grants (direct management) – cf. section 4.3.1	N.A.

<b>Objective 2/Output 2.1 Improved access to quality and efficient justice for all</b> composed of:	<b>2 000 000</b>
Grants (direct management) – cf. section 4.3.1	N.A.
<b>Objective 2/Output 2.2 Improved public awareness on rule of law in Libya</b> composed of:	<b>1 500 000</b>
Procurement (direct management) – cf. section 4.3.2	N.A.
<b>Grants</b> – total envelope under section 4.3.1	3 500 000
<b>Procurement</b> – total envelope under section 4.3.2	1 500 000
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	will be covered by another decision
<b>Communication and visibility</b> – cf. section 6	N.A.
<b>Totals</b>	<b>8 000 000</b>

#### 4.6. Organisational Set-up and Responsibilities

Implementing partners contracted in line with the foreseen contracts in section 4 above are fully responsible for the implementation of the action. Each contracted partner will be responsible for regular reporting to the EU– ideally through the establishment of a steering committee involving national counterparts for the specific action. Where feasible, such steering structures would also involve other implementing partners and/or key stakeholders (including civil society organisations, stakeholder representatives and/or international cooperation partners) involved in the sector to foster coordination and development of synergies between parallel programmes. Steering committees for individual actions will meet regularly (not less than every 6 months) and be mandated to (1) review the implementation of the action 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 as relevant to the programme and its environment. Specific terms of reference for the steering structure per action will be elaborated as part of the specific implementation contract or agreement prior to the signature of such contracts or agreements. Where appropriate, the implementing partner and the EU Delegation may decide to establish a technical level day-to-day management structure or regular reporting mechanism for the implementation of each individual contract or agreement in parallel to the higher governance structure.

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.

## 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 partner’s responsibilities. To this aim, the 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 results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner’s strategy, policy or reform action plan list (for budget support).

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).

*Roles and responsibilities for data collection, analysis and monitoring:*

Implementing partners contracted in line with the foreseen contracts in section 4 above, are responsible for regular monitoring of indicators included in the logical frameworks of the respective contracts. These indicators should correspond to the extent possible – or at a minimum contribute to – the indicators in the logical framework of this financing Decision. Every report submitted to the EU Delegation shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced as well as the degree of achievements of its results as measured by corresponding indicators in the intervention logic and the logical framework. SDG indicators and other jointly agreed indicators should be taken into account as well. Reporting will focus on results – besides listing activities undertaken and inputs mobilised. Where results remain limited due to conditions outside the control of the implementing partner, reporting shall focus on the progress made towards expected results. The final narrative and financial report for each contract or agreement shall cover the entirety of the implementation period covered by that specific agreement or contract.

It is expected that baselines for the indicators in the logical framework of this financing Decision will be determined at the time of contracting of individual contracts through perception surveys and reports. These baselines will be informed by international indices as indicated in the logical framework, but also by surveys and assessments conducted under ongoing the ongoing EU programme Mousanada for Libya. Where such baselines do not exist for the specific action component, the contracted implementing partner is expected to conduct a baseline assessment in the inception phase of the action (and provide baselines within maximum 6 months from the signature of the specific contract or agreement). The implementing partner should also ensure – as part of the regular monitoring – that periodic updates and final results data are collected for the action concerned.

To the extent possible, the implementing partner should always associate national counterparts of the action to the Monitoring and Evaluation efforts of the specific action with a view to strengthening national M&E capacities. The EU Delegation foresees to also field regular third-party monitoring exercises on the individual contracts for which national counterparts will be – as much as possible – associated. Where feasible, the implementing partner is encouraged to ensure that regular M&E activities not only involve institutional counterparts, but also other stakeholder groups and specifically end beneficiaries.

In consultation with the EU Delegation, the implementing partner is encouraged to present periodic updates and reports – at least towards the end of the action, but if appropriate also during the implementation stage – to the institutional partners and other involved stakeholder groups to foster accountability and participatory processes. The involvement of stakeholders (end beneficiaries and institutional partners) in the design of the individual contracts is a requirement prior to contract signature.

## 5.2. Evaluation

Having regard to the importance and nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission and/or via joint missions. Where the implementing partner sees added value, a mid-term evaluation may be carried out via the implementing partner. Such evaluations will be carried out for problem solving (mid-term), accountability and learning purposes (final), in particular with respect to policy revision and/or future engagements in the same sector.

The Commission shall inform the implementing partner at least 30 days in advance of the dates envisaged for the evaluation missions. The implementing partner 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. COMMUNICATION AND VISIBILITY

Communication and visibility is a contractual obligation for all entities implementing EU-funded external actions to advertise the European Union's support for their work to the relevant audiences.

To that end they must comply with the instructions given in the [Communication and Visibility Requirements of 2018](#) (or any successor document), notably with regard to the use of the EU emblem and the elaboration of a dedicated communication and visibility plan, to be completed for every action at the start of implementation.

These obligations apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries or entrusted entities. 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.

Communication and visibility measures may be funded from the amounts allocated to the action. 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 concerned EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before work starts. 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.