



EUROPEAN
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COMMISSION IMPLEMENTING DECISION

of 13.10.2014

**on the Annual Action Programme 2014 in favour of Libya to be financed from the
general budget of the European Union**

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THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action¹ and in particular Article 2 thereof,

Having regard to Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002², and in particular Article 84(2) thereof,

Whereas:

- (1) The Commission has adopted the Country Strategy Paper and the Multiannual Indicative Programme for the period 2014-2015 for Libya³, point 1.2 of which provides for the following priorities: democratic governance, youth: active citizenship and socioeconomic integration and health.
- (2) The objective pursued by the Annual Action Programme to be financed under Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument⁴ is to support a transition from a "peace-making" phase to a longer-term "peace-building" phase with a focus on developing the institutions of democratic governance.
- (3) The action entitled "Support to the democratic transition at national and local level" is aiming at strengthening the democratic transition process and the institutions of democratic governance at both central and local levels to respond to citizens' needs, ensure respect of the rule of law, and upgrade the financial public management as well as to improve the capacity of civil society organisations to participate in and support the democratic transition. The programme will be implemented through grants except the component addressing public financial management which will be implemented through indirect management with an international organisation (the World Bank).
- (4) This Decision complies with the conditions laid down in Article 94 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, EURATOM) No 966/2012 of the European Parliament

¹ OJ L 77, 15.3.2014, p. 95.

² OJ L 298, 26.10.2012, p. 1.

³ C(2014) 5699 of 12.8.2014.

⁴ OJ L 77, 15.3.2014, p. 27.

and of the Council on the financial rules applicable to the general budget of the Union⁵.

- (5) The Commission may entrust budget-implementation tasks under indirect management to the entity identified in this Decision, subject to the conclusion of a delegation agreement. However, the World Bank is currently undergoing the ex-ante assessment. In anticipation of the results of this review, the responsible authorising officer deems that, based on a preliminary evaluation and on the long-standing and problem-free cooperation with it, budget-implementation tasks can be entrusted to this entity.
- (6) It is appropriate to acknowledge that grants may be awarded without a call for proposals by the responsible authorising officer who ensures that the conditions for an exception to a call for proposals according to Article 190 of Commission Delegated Regulation (EU) No 1268/2012 are fulfilled. The reasons for and potential beneficiaries of such award should be identified, where known, in this Decision for reasons of transparency.
- (7) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of Regulation (EU, EURATOM) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.
- (8) The Commission is required to define the term "non-substantial change" in the sense of Article 94(4) of Delegated Regulation (EU) No 1268/2012 to ensure that any such changes can be adopted by the authorising officer by delegation, or under his or her responsibility, by sub-delegation (hereinafter referred to as the 'responsible authorising officer').
- (9) The measure provided for in this Decision is in accordance with the opinion of the European Neighbourhood Instrument Committee set up by the basic act referred to in Recital 2,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the measure

The following Annual Action Programme, constituted by the action identified in the second paragraph and attached as Annex, is approved:

“Annual Action Programme 2014 in favour of Libya to be financed from the general budget of the European Union”.

The action constituting this measure is:

- Annex: “Support to the democratic transition at national and local level”.

Article 2

Financial contribution

⁵ OJ L 362, 31.12.2012, p. 1.

The maximum contribution of the European Union authorised by this Decision for the implementation of this programme is set at EUR 8 million to be financed from budget line 21 03 01 01 of the general budget of the European Union for 2014.

Article 3

Implementation modalities

Budget-implementation tasks under indirect management may be entrusted to the entity identified in the attached Annex, subject to the conclusion of the relevant agreements.

Section 4 of the Annex referred to in the second paragraph of Article 1 sets out the elements required by Article 94(2) of Delegated Regulation (EU) No 1268/2012.

Grants may be awarded without a call for proposals by the responsible authorising officer according to Article 190 of Delegated Regulation (EU) No 1268/2012. Where known at the moment of the adoption of this Decision, the reasons for this as well as the potential beneficiaries shall be identified in the attached Annex.

The financial contribution referred to in Article 2 shall also cover any possible interests due for late payment.

Article 4

Non-substantial changes

Increases or decreases of up to EUR 10 million not exceeding 20 % of the contribution referred to in Article 2, or cumulated changes to the allocations of specific actions not exceeding 20 % of that contribution shall not be considered substantial, provided that they do not significantly affect the nature and objectives of the action. The use of contingencies shall be taken into account in the ceiling referred to in this Article.

The responsible authorising officer may adopt these non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 13.10.2014

For the Commission
Štefan FÜLE
Member of the Commission

EN

ANNEX

of the Commission Implementing Decision on the Annual Action Programme 2014 in favour of Libya

Action Document for Support to the democratic transition at national and local level (Libya)

1. IDENTIFICATION

Title/Number	Support to the democratic transition at national and local level CRIS number: ENI/2014/37-555		
Total cost	Total estimated cost: EUR 10,210,000 Total amount of EU budget contribution: EUR 8,000,000		
Aid method / Management mode and type of financing	Project Approach Components 1 & 3; grants/services under direct management Component 2: indirect management with an international organisation, the World Bank		
DAC-code	15140/15120	Sector	Government Administration/ Public Financial Management

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The proposed activities are intended to provide support to Libya's constitutional process, to reinforce processes of national reconciliation and to strengthen the institutions of democratic governance, in line with the requirements of the continuing democratic transition and the expected future constitution.

The main objective is to strengthen the democratic transition process and the institutions of democratic governance at both central and local levels to respond to citizens' needs, ensure respect of the rule of law, and improve delivery of public services and social protection programmes, and to improve the capacity of civil society organisations to participate in and support the democratic transition.

The project will encourage and facilitate inclusive, nationally owned and participatory political decision-making processes related to the democratic transition. Depending on the progress achieved in the drafting and adopting the planned new Libyan constitution, technical and operational support may be provided to the constitutional process, as well as to national dialogue and reconciliation. Support for capacity development will be provided to key institutions of constitutional governance including the national legislature and central government. Technical assistance will contribute to improved interaction between legislature and government; to implementing constitutional provisions and aligning legislation with the Constitution; reinforcing key functions of the Public Finance Management System.

The programme will be implemented through three components:

- Flexible support to the transition processes;
- Public Finance Management;
- Local governance.

2.2. Context

2.2.1. Country context

2.2.1.1. Economic and social situation and poverty analysis

Libya is a resource rich country with the potential to provide a high standard of living to its population on the basis of its oil and gas revenues. Substantial revenue from the energy sector coupled with a small population have given Libya one of the highest per capita gross domestic products (GDP) in Africa. However, during the 42 years of dictatorial rule that ended with the 2011 revolution, the country suffered the consequences of the misallocation of national resources, due to corruption and the absence of rule of law. The conflict in 2011 led to substantial degradation of economic infrastructure, while in the period following the revolution the major challenges have been encountered in achieving political and social consensus on the way forward for building an equitable, democratic society.

The blockade of oil terminals that has continued for more than eight months since mid-2013 illustrates the difficulties in building national consensus on economic and resource management issues, and has so far imposed losses of around EUR 15 billion on the state budget.

A period of economic expansion and a surge in imports followed the revolution and continued through 2012, based on increased government spending on the public payroll and subsidies. However, the collapse in oil revenues led to a sharp drop in public expenditure and a 10% contraction in GDP during in 2013. During 2014, Libya is facing the risk of a budget crisis if political and security issues are not resolved, allowing oil exports to return to normal.

2.2.1.2. National development policy

Political conditions do not yet exist for Libya to address its main institutional, social and economic challenges. As of early 2014 Libya remains in a transitional phase, where clear national development and sector policies have not yet been defined.

The respective roles of government and legislature remain to be clearly established, leading to a lack of clarity about policy setting. It is widely accepted that the quality of key public services needs to be substantially improved. At the same time public spending should be redirected away from subsidies, towards public investments that can contribute to economic growth, diversification and long-term job creation in the private sector. It is also expected that future governance arrangements will allow an important role to democratically elected local government.

Preconditions for such positive changes include improved capacities for decision-making at a political level, and strengthened human resources, management capacities and administrative systems at operational level in key public institutions.

Progress with the constitutional process and the creation of a stable, constitutionally-based system of government are necessary to allow government to assume its role in defining national development priorities, and developing the institutional capacities needed for implementation of key policies. Processes of transitional justice and

national reconciliation may be needed to overcome the social divisions that were allowed to build up under the previous non-democratic regime.

A far-reaching dialogue appears necessary in Libyan society to build consensus on key social and political issues. Civil society organisations are seen as having a key role in promoting and participating in the necessary processes of dialogue.

2.2.2. Sector context: policies and challenges

Libya's priorities in the coming period are focused on processes of national dialogue and reconciliation to create the basis for a political settlement, allowing for the emergence of a stable democratic state, and the constitutional process, whose duration remains uncertain.

At the same time, there are clear needs to strengthen capacities in core institutions of democratic governance: the experience of the General National Congress confirms the need to reinforce the parliamentary administration; during the transitional period government coordination under the office of the Prime Minister has been weak and should be strengthened; and various institutions whose functions will be defined under the future constitution are expected to need support for capacity-building.

There is a clear expectation that future governance arrangements will provide an important role for democratically elected local government, and efforts will be needed to create an appropriate institutional and legal framework for local government and develop the necessary local capacities.

While institution-building efforts across all areas of the public administration will be needed in the coming years, a clear priority is considered to exist for rebuilding public finance management systems. The Ministry of Finance is developing a two-year work plan of priority measures in line with critical dimensions of the Public Expenditure and Financial Accountability (PEFA) framework that will improve the capacity of public institutions to manage their expenditure in line with national priorities and ensure better transparency and accountability.

An important role is seen for Libyan civil society bodies in dialogue with public authorities for development and monitoring of public policies, to ensure they are inclusive and effective, and to promote transparency and accountability.

2.3. Lessons learnt

Since 2011, EU support through the Public Administration Institution Building Facility for Libya has been available on a demand-driven basis to provide support to key public institutions involved in the transition process. Support in the form of expertise, training programmes and study visits has been provided to institutions including the General National Congress (the transitional legislature), the Prime Minister's Office, the Ministry of Planning, the National Statistics Office, and the High National Electoral Commission.

This experience, and that of Libya's other international partners, has shown that Libyan institutions have significant difficulties to effectively absorb international technical assistance. This is the consequence of the neglect and lack of importance attributed to the public administration under the former regime. This has led to lack of well-defined roles and responsibilities of key institutions, lack of qualified staff with an understanding of public administration processes, and generally low levels of motivation, as well as a lack of familiarity with processes of international cooperation.

Cases where international support has been generally more effective are those where assistance is provided in the form of longer-term embedded experts committed to building strong working relationships. In supporting weak institutions with considerable difficulties in mobilising qualified staff, external assistance should take into account the need to find solutions to human resource problems, and to plan on the basis of initially modest expectations as regards the level of ambition of objectives and the likely rate of progress.

2.4. Complementary actions

Since 2011, the EU has been supporting a number of actions funded out of the European Neighbourhood and Partnership Instrument (ENPI) resources aimed at developing capacities in key institutions of governance. The Public Administration Facility, implemented between 2011 and 2014, has provided Technical Assistance (TA), training and study visits to Libyan institutions including the Prime Minister's office, the General National Congress, The High National Electoral Commission, and the Ministry of Planning. Other institution-building initiatives are on-going in the health sector, in the area of vocational and technical education, and within security and justice institutions. Funds under the EU Support for Partnership Reform and Inclusive Growth (SPRING) programme¹ were allocated in 2013 to institutional strengthening activities for electoral management, and for strengthening public and private bodies in the media sector.

Relevant Member States activities include the UK Department for International Development (DFID) support for key governance functions including organisation of the Prime Minister's Office and strengthening Public Financial Management, as well as Netherlands' assistance related to developing capacities for local government.

Other relevant programmes by other international partners include support by the UN mission in Libya (UNSMIL) for political transition, including support to the constitutional process, technical assistance by the United Nations Development Programme (UNDP) on the organisation of the legislature, strengthening the public administration and building the capacities of the electoral commission. The World Bank and the International Monetary Fund (IMF) are engaged on public finance management (PFM) capacity building with the Ministry of Finance, the Ministry of Planning and the Central Bank of Libya.

2.5. Donor coordination

The Security Council decided on 14 March 2014 to extend the mandate of the United Nations Support Mission in Libya (UNSMIL) until 13 March 2015. UNSMIL's mandate authorises it to work with the Libyan government to build governance capacity, as part of a coordinated international effort supporting ministries, the national legislature, and local government, with the aim of improving service delivery, transparency and coordination across government. The EU Delegation in Tripoli participates in coordination meetings organised by UNSMIL with international partners in areas such as the constitutional process, elections, public administration and security.

The EU is supporting the Ministry of Planning with TA to develop capacities for internal government coordination, focused in particular on issues related to the planned future development of EU/Libya relations, and with the aim of supporting the national administration to take charge of donor coordination.

¹ C(2013) 4452 of 18.7.2013.

The EU Delegation in Tripoli conducts regular coordination meetings of EU Member States cooperation counsellors to ensure that information is shared regarding EU funded programmes and EU Member States activities.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of EU support in this area is to support Libya's democratic transitional processes based on the adoption and implementation of a new constitution responding to the aspirations and values of all Libyans.

The three specific objectives are as follows:

Component 1

Reinforcing the transition process through strengthening institutions of democratic governance: improving the ability of national institutions to respond to citizens' needs, ensure respect of the rule of law, and implement government programmes in line with national priorities. Encourage inclusive, nationally owned and participatory political decision-making processes related to the democratic transition.

Component 2

Public financial management systems to comply with selected PEFA criteria, in line with sound principles of management, transparency and accountability.

Component 3

The establishment of democratically elected local government across Libya facilitated through pilot capacity-building projects in selected municipalities to improve local service delivery and democratic accountability, as well as policy, legislative and regulatory development within the Ministry of Local Government.

In relation to each of the above objectives the capacities of Civil Society Organisations (CSOs) will be reinforced in order to enable them to participate in and exercise oversight of democratic governance and the constitutional process, and dialogue and interaction will be facilitated between state and non-state actors on key governance and accountability issues.

3.2. Expected results and main activities

The main results will be:

Component 1: Transition process

- Capacities of targeted Libyan institutions are reinforced in line with principles of good governance and rule of law and in line with the requirements and calendar of the transition and constitutional processes.
- A government led donor coordination mechanism/platform is established before end of 2015 and a regular programme of coordination meetings is set up.
- CSOs awareness of key democratic governance issues is enhanced and capacities to engage in the transition process, to enhance policy dialogue and democratic accountability, are reinforced.
- CSOs staff is trained in issues such as reconciliation, human rights, good internal governance and accountability, and CSO dialogue platforms/ networks

set up in key areas such as: reconciliation, human rights and accountability covering the three regions.

Component 2: PFM

- Public financial management systems will be reinforced responding to selected PEFA criteria and in line with sound principles of management, transparency and accountability.
- Capacities enhanced to meet the human resource requirements of the PFM system through short courses and training events,
- Foundations laid for a systematic approach to accreditation and professionalisation to provide the government with access over time to appropriately qualified and skilled PFM professionals.

Component 3: Local governance

- Targeted local councils empowered to implement inclusive and participatory planning and decision-making.
- The national regulatory framework and concerned national authorities will provide a clear context and relevant support to local authorities for the development of a local governance system in line with Libya's political aspirations.
- Civil society participation in democratic governance at local level is enhanced.

Activities in relation to the above result areas are envisaged as follows:

- a) Taking account of the volatile and unpredictable situation in Libya's democratic transition, resources under component 1 will be provided to permit rapid, flexible responses to specific demands emerging in key institutions and processes supporting the emergence of democratic governance in Libya. Support can take the form of longer-term embedded technical assistance (TA), short-term expertise, training courses, study visits or support for partnerships with relevant EU and international bodies.

Support can also be provided to civil society for its role of dialogue with public authorities on the development and monitoring of public policies, and to promote transparency and accountability.

Areas and specific stakeholders that could be supported include the legislature; core government ministries or agencies and their functions and administrative systems, including the Prime Ministry and other government ministries; bodies concerned with rule of law; the electoral commission; the supreme public audit body; bodies and processes established to prepare the constitution and deal with national dialogue, transitional justice and reconciliation; public bodies dealing with human rights; other bodies with constitutionally-defined functions, etc.

- b) A critical area to enhance the credibility of the transition process is upgrading of the Public Finance Management system. Support will be provided to priorities identified by the Ministry of Finance, in line with the critical dimensions of the PEFA framework, to underpin a transparent and efficient delivery of public

services, and improve the quality of investments and other expenditures by government ministries and decentralised bodies.

The activities include: long-term resident TA support to the Ministry of Finance, implementation of cash management and computer based PFM systems, implementation of a budget classification system, introduction of policy-based budgeting and multi-year budget perspectives, development of internal controls, public investment management and public procurement, systems for legislative scrutiny of the budget and development of public audit, and development of training capacities to respond to the chronic lack of qualified professionals in the field of PFM across all sectors of government. Support can also be provided for development of PFM systems in the context of Libya's efforts to develop democratic local government. A coherent outreach programme to present the Ministry of Finance's plans for strengthening PFM targeting key stakeholders as well as the broader public will be implemented.

Given the importance of development of the PFM system to the credibility of Libya's democratic transition, it is envisaged that EU support under the 2014 programme could be reinforced with a further allocation under the 2015 budget.

- c) In spite of uncertainty in the development of the institutions of governance in the continuing transition phase prior to the adoption of a permanent constitution, Libya's orientation towards a more decentralised model of government seems clear. A local government law has been adopted, and elections of local councils have been going ahead across Libya. However, the exact competences of these new democratic local councils have still not been determined, and are the subject of continuing political debate at all levels in Libya. EU support will enable Libyan stakeholders to contribute constructively to this debate.

The EU working with the Ministry of Local Government and other relevant national partners will support pilot capacity-building projects in selected municipalities to improve local service delivery and democratic accountability. Local partnerships involving civil society, the business community, universities and other relevant actors will be mobilised to support local participatory planning exercises. Baseline assessments of local government capacities will be implemented, to improve understanding of the current context and resources available for local development efforts. Local experience will be fed up to national level to contribute to development of national legislation and the regulatory framework for local government.

The Ministry of Local Government will be assisted to develop and deliver basic training programmes covering essential skills required at the level of municipal councils, as well as to define an appropriate model for delivery of training to local civil servants in the longer term. National and regional networks of local authorities will be promoted, as well as international partnerships supporting the development of local government. Linkages with other EU supported projects, and projects of other international partners, will be established to ensure synergy.

3.3. Risks and assumptions

Libya's democratic transition process faces significant risks resulting from widespread disillusion over the slow rate of progress of the authorities in dealing with the multiple challenges of the transition phase. Growing security challenges and an unstable political context present a high level of external risk that may adversely

affect the achievement of project objectives. In particular the constitutional process and the electoral calendar are extremely uncertain, making it difficult to predict the political and institutional situation that will exist when project implementation begins.

The principle risk facing the planned activities is the blockage of the democratic transition process that might lead to a political vacuum, and a deteriorating security environment.

It is assumed that EU assistance made available on the basis of dialogue between the EU and the legitimate national authorities will help to consolidate and stabilise the transition process.

Internal risks relate to the capacity of project components to identify, develop and implement specific components across a range of different technical areas in a timely manner, and to mobilise qualified expertise in line with evolving needs over the life of the project.

Risk mitigation for the project requires that individual activities be identified through close consultation involving the relevant Libyan authorities, the EU and Member States, and in the context of a strong coordination with Libya's other international partners. The definition of individual activities will need to be responsive to the evolving political environment. Some of the expected activities may in future appear less relevant to Libya's transition process, while other priority areas may emerge that were not foreseen during the identification phase.

3.4. Cross-cutting issues

Gender equality, good governance and human rights are core issues that will be considered in the design of all specific components and activities under the project. The issues may be addressed directly through activities implemented with key partner institutions, and will also be taken into account in the design of activities supporting the role of civil society in strengthening oversight of democratic governance and the constitutional process.

Concerning climate change and environmental sustainability as cross-cutting issues, these will be taken into account in areas where the project supports development of relevant institutional capacities (for example where support on PFM contributes to development of public investment programmes, and also as regards CSO's monitoring of the performance of government programmes and public agencies.

3.5. Stakeholders

Stakeholders and operational partners will include key democratic governance institutions and entities such as the legislature; core government ministries or agencies and their functions and administrative systems including the Prime Ministry and other government ministries, the Ministry of Finance and other bodies involved with the public finance management system; bodies concerned with rule of law; electoral commission; the supreme public audit body; sub-national/local authorities; bodies and processes established to prepare the constitution and deal with national dialogue, transitional justice and reconciliation; public bodies dealing with human rights; etc.

The support will engage with Libyan civil society organisations to actively play a role in democratic governance through policy dialogue, monitoring of government programmes, engagement with the constitutional process, reconciliation initiatives, electoral processes, etc.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

In order to implement this action, in view of continuing political instability it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action (including the period for signing contracts), during which the activities described in sections 3.2. and 4.3. will be carried out, is 48 months from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

4.3. Implementation components and modules

COMPONENT 1: FLEXIBLE SUPPORT TO THE TRANSITION PROCESS

In view of the uncertainties resulting from the present security and political crisis, it is planned to implement this component through a grant. However, if this modality proves to be inapplicable, it could alternatively be envisaged to use a service contract.

4.3.1. Grant: direct award (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

Grant for provision of flexible support to the transition processes, reinforcing the transition process through strengthening institutions of democratic governance: improving the ability of national institutions to respond to citizens' needs, ensuring respect of the rule of law, and implementing government programmes in line with national priorities. The support will encourage inclusive, nationally owned and participatory political decision-making processes related to the democratic transition. Government-led donor coordination will be set up, and the role of Libyan CSOs in the transition process will be enhanced.

The grant will permit funding multiple activities with relevant Libyan bodies on a demand-driven basis, and in line with the EU's policies political objectives in Libya. The grant-holder will define the specific objectives and methodology for each activity on a case-by-case basis in close consultation with the EU Delegation.

(b) Justification of a direct grant

Under the responsibility of the authorising officer by delegation, the grant may be awarded without a call for proposals.

Under the responsibility of the authorising officer by delegation, the recourse to an award of a grant without a call for proposals is justified because of continuing crisis situation as referred to in the applicable legal framework². This arrangement in a crisis situation takes account of the urgency of providing continuing support to Libya's transition process, and the difficulty of finding competent implementing bodies to implement EU support programmes for Libya,

² Article 190(2) of the Rules of Application (RAP) of the EU Financial Regulation.

(c) Eligibility conditions

As regards the specificity and complexity of working in Libya, a grant contract will be directly awarded to an entity which has the capacity to implement varied interventions in governance-related areas in line with the requirements of this component.

In order to be eligible for a grant, the applicant must:

- be a legal person, and
- be non-profit-making, and
- be a specific type of organisation such as: non-governmental organisation, public sector operator, local authority, international (inter-governmental) organisation as defined by Article 43 of the Rules of Application of the EU Financial Regulation, and
- be established in a Member State of the European Union, or in another country eligible according to the "ENI Regulation" (Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument). This obligation does not apply to international organisations,
- be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary.

(d) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant and its capacity to rapidly mobilise qualified support in the range of technical areas foreseen under the grant contract. In addition, applicants should show proven competence in managing complex programmes in situations of crisis and political volatility, preferably with specific recent experience in Libya.

The essential award criteria are relevance of the proposed action to the objectives of this component; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 90%.

The maximum possible rate of co-financing may be up to 100% in accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to contact the potential direct grant beneficiary

4th trimester 2014.

(g) Exception to the non-retroactivity of costs

Not applicable.

4.3.2. Procurement (direct management)

In the event that operational difficulties prevent the conclusion of a grant contract for Component 1, a service contract under direct management may be envisaged.

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Flexible support to the transition process	Service	1	4 th 2014

4.3.3. Grant: direct award (direct management)

COMPONENT 3: LOCAL GOVERNANCE

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The grant will support the establishment of democratically elected local government across Libya, facilitating pilot capacity-building projects in selected municipalities to improve local service delivery and democratic accountability, as well as policy, legislative and regulatory development within the Ministry of Local Government.

Targeted local councils will be empowered to implement inclusive and participatory planning and decision-making, the national regulatory framework and concerned national authorities will provide a clear context and relevant support to local authorities for the development of a local governance system in line with Libya's political aspirations, and civil society participation in democratic governance at local level will be enhanced.

(b) Justification of a direct grant

Under the responsibility of the authorising officer by delegation, the grant may be awarded without a call for proposals.

Under the responsibility of the authorising officer by delegation, the recourse to an award of a grant without a call for proposals is justified because of continuing crisis situation as referred to in Article 190(2) RAP. This arrangement takes account of the urgency of providing continuing support to Libya's transition process, the difficulty of finding competent implementing bodies to implement EU support programmes for Libya.

(c) Eligibility conditions

As regards the specificity and complexity to work in Libya, a grant contract will be directly awarded to an entity which has the capacity to implement interventions in local governance-related areas in line with the requirements of this component.

In order to be eligible for a grant, the applicant must:

- be a legal person, and
- be non-profit-making, and
- be a specific type of organisation such as: non-governmental organisation, public sector operator, local authority, international (inter-governmental)

organisation as defined by Article 43 of the Rules of Application of the EU Financial Regulation, and

- be established in a Member State of the European Union, or in another country eligible according to the "ENI Regulation" (Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument). This obligation does not apply to international organisations,
- be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary.

(d) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant and its capacity to rapidly mobilise qualified support in the range of technical areas foreseen under the grant contract. In addition, applicants should show proven competence in managing complex programmes in situations of crisis and political volatility, preferably with specific recent experience in Libya.

The essential award criteria are relevance of the proposed action to the objectives of this component; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 90%.

The maximum possible rate of co-financing may be up to 100% in accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to contact the potential direct grant beneficiary

4th trimester 2014.

(g) Exception to the non-retroactivity of costs

Not applicable.

4.3.4. Indirect management with an international organisation

COMPONENT 2: PUBLIC FINANCE MANAGEMENT

Component 2 of this action with the objective of reinforcing Public Financial Management systems to comply with selected PEFA criteria may be implemented in indirect management with the World Bank in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation is justified in the light of the high priority for Libya of rebuilding the PFM system, and because of the desire of the Libyan authorities to be supported by a single coherent international programme of assistance to be managed by the World Bank in continuity with assistance provided under UK DFID financing during 2013/2014.

The World Bank would establish a multi-donor trust fund to receive funding to be provided by the EU, UK DFID and other donors, and would use the resources of the trust fund to contract specialised TA to work with the Libyan Ministry of Finance, Ministry of Planning and other relevant government bodies on key PFM functions in

order to improve the comprehensiveness and transparency of budget processes, to develop policy-based budgeting and multi-year budgetary perspectives, to strengthen public procurement and public investment management, to develop internal controls, and to improve legislative scrutiny. In addition PFM training, and capacity building for specialised training bodies in public finance and accounting will be provided.

EU funding for the trust fund will be provided under the relevant Framework Agreement covering trust funds arrangements concluded between the Commission and entities of the World Bank Group.

The entrusted entity is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. In anticipation of the results of this review, the responsible authorising officer deems that, based on a preliminary evaluation and on the long-standing and problem-free cooperation with this entity, it can be entrusted with budget-implementation tasks under indirect management.

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 shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.5. Indicative budget

Module	Amount in EUR thousands	Third party contribution in EUR thousands
4.3.1. or 4.3.2. – Component 1: Flexible support to transition (direct management - (direct grant or service contract)	3,000	300
4.3.3. Component 3: Support to Local Governance (direct management – direct grant)	2,800	300
4.3.4. – Component 2: Public Finance Management (indirect management with the World Bank)	2,000	1,500
4.7. – Evaluation and audit	200	
TOTAL	8,000	2,100

4.6. Performance monitoring

The programme will be subject to both internal and external result oriented monitoring using the log-frame as a tool to review progress and take corrective action. Progress towards stated objectives will be regularly monitored using a variety of methodologies, including desk reviews of narrative reports and other project outputs (i.e. analyses, draft policies and plans and draft documents), semi-structured interviews with key stakeholders, and on-site assessments of project deliverables. In addition, the programme may be subject to Results Oriented Monitoring (ROM)

reviews against set criteria (relevance, efficiency, effectiveness, impact, and sustainability).

4.7. Evaluation and audit

An independent Mid-Term Review and a Final Evaluation will be carried out 18 months after the programme inception phase and at the end of the programme. The total amount allocated for these activities is EUR 200,000 and may be complemented by funding from the Global Allocation. The Term Review and a Final Evaluation will be organised through specific framework contracts. External audits will also be carried out as required by EU procedures.

4.7 Communication and visibility

This action shall contain communication and visibility measures which shall be based on specific Communication and Visibility Plans for the various components of the Action, to be elaborated before the start of implementation and supported with a budget provided for each component.

The measures shall be implemented either by contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.