



Brussels, 10.12.2018
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COMMISSION IMPLEMENTING DECISION

of 10.12.2018

on the special measure in favour of Libya for 2018

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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 966/2012¹, and in particular Article 110 thereof,

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 action², and in particular Article 2(1) thereof,

Whereas:

- (1) In order to ensure the implementation of the special measure in favour of Libya, it is necessary to adopt an annual financing Decision, which constitutes the annual work programme, for 2018. Article 110 of Regulation (EU, Euratom) 2018/1046 establishes detailed rules on financing Decisions.
- (2) The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU³.
- (3) The country strategy paper and the multiannual indicative programme for Libya⁴ for 2014-2016 has expired. As the political situation in Libya remains highly unstable, the European Commission has decided to adopt special measures for 2017 and 2018.
- (4) The objectives pursued by the special measure in favour of Libya for 2018 to be financed under the European Neighbourhood Instrument⁵ are to establish deep and sustainable democracy, promote good governance, strengthen institutional capacity at all levels, improve market access for small and medium-sized enterprises and develop a thriving civil society including social partners.
- (5) The action 'Public Administration Facility — Third Phase (PAF III)' aims to contribute to reinforcing the democratic transition process and stabilisation in Libya

¹ OJ L 193, 30.7.2018, p.1.

² OJ L 77, 15.3.2014, p. 95.

³ 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 C(2015) 9164, 17.12.2015.

⁵ Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (OJ L 77, 15.3.2014, p. 27).

by strengthening governance of public institutions and improving the ability of national institutions to respond to citizens' needs.

- (6) The action 'European Union for Private Sector Development in Libya' aims to support the improvement of the Libyan business environment in order to generate economic growth for private sector operations and job opportunities for youth and women.
- (7) The action 'European Union for Civil Society in Libya' aims to strengthen democratic governance, accountability and local participation by empowering civil society actors and to advocate for participatory public policy dialogue.
- (8) It is appropriate to authorise the award of grants without a call for proposals, pursuant to Article 195 of Regulation (EU, Euratom) 2018/1046 as detailed in point 5.3 of Annex 1 and Annex 3.
- (9) Pursuant to Article 4(7) of Regulation (EU) No 236/2014, indirect management is to be used for the implementation of Annex 2 of this special measure.
- (10) 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 Regulation (EU, Euratom) 2018/1046. 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 Regulation (EU, Euratom) 2018/1046 and, if necessary, to appropriate supervisory measures in accordance with Article 154(5) of Regulation (EU, Euratom) 2018/1046 before a contribution agreement can be signed.
- (11) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU, Euratom) 2018/1046.
- (12) The measure provided for in this Decision is in accordance with the opinion of the European Neighbourhood Instrument Committee established under Article 15 of the financing instrument referred to in recital 4.

HAS DECIDED AS FOLLOWS:

Article 1
The measure

The special measure in favour of Libya for 2018, as set out in the Annexes, is adopted.

The special measure shall include the following actions:

- (a) Annex I: Public Administration Facility — Third Phase (PAF III).
- (b) Annex II: European Union for Private Sector Development in Libya.
- (c) Annex III: European Union for Civil Society in Libya.

Article 2
Union contribution

The maximum Union contribution for the implementation of the special measure for 2018 is set at EUR 17,000,000, and shall be financed from the appropriations entered in the following line of the general budget of the Union:

budget line 22.040101

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 Annex 2, may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in point 5 of Annex 2.

Article 4

Flexibility clause

Increases or decreases of up to EUR 10 million not exceeding 20% of the contribution set in the first paragraph of Article 2, or cumulated changes to the allocations of specific actions 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 Regulation (EU, Euratom) 2018/1046, 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. Those changes shall be applied in accordance with the principles of sound financial management and proportionality.

Article 5

Grants

Grants may be awarded without a call for proposals pursuant to Article 195 of Regulation (EU, Euratom) 2018/1046 to the bodies referred to in point 5 of Annexes 1 and 3.

Done at Brussels, 10.12.2018

For the Commission

Johannes HAHN

Member of the Commission



This action is funded by the European Union

ANNEX 1

of the Commission Decision on the special measure in favour of Libya for 2018

Action Document for Public Administration Facility – Third Phase (PAF III)

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 110(2) of the Financial Regulation (Regulation (EU, Euratom) and action programme/measure in the sense of Article 2 and 3 of Regulation n° 236/2014, in the following sections concerning grants awarded directly without a call for proposals: 5.3.1.

1. Title/basic act/ CRIS number	Public Administration Facility – Third Phase (PAF III) CRIS number: ENI/2018/397-427 - financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Libya/Libya and Tunisia	
3. Programming document	N/A — in view of the volatile security situation the Country Strategy Paper 2014-2016 is no longer valid.	
4. Sector of concentration/ thematic area	Governance	DEV. Aid: YES ¹
5. Amounts concerned	Total estimated cost: EUR 5,500,000 Total amount of European Union (EU) budget contribution: EUR 5,000,000	
6. Aid modality(ies) and implementation modality(ies)	Project Modality Direct management – grants – direct award	

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

7 a) DAC code(s)	15110 (Public Policies and Administrative Management); 15112 (Decentralisation and support to the Local Administrations); 15130 (Development of Legal Services and Judiciary Services)			
b) Main Delivery Channel	20000 - Non-Governmental Organisations (NGOs) and civil society			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	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 (including Women In Development)	<input checked="" type="checkbox"/>	<input 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"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			
10. SDGs	SDG 16 Promote peaceful and inclusive societies for sustainable development; provide access to justice for all and build effective, accountable and inclusive institutions at all levels. – 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels.			

SUMMARY

Through diplomatic action and concrete support, the EU is assisting Libya's transition towards a stable, functioning state fully in line with the United Nations (UN) mediation efforts in this regard, notably through ensuring the participation of political and local actors, women and civil society, with Libyan ownership and inclusiveness being guiding principles.

This specific programme for support to the public Administration is a continuation of past similar interventions and will be closely aligned with the approach, capacities and needs in Libya as formulated by relevant Libyan actors themselves.

The programme will aim to contribute to reinforce the democratic transition process and the stabilisation in Libya through strengthening institutions' governance and improving the ability of national institutions to respond to citizens' needs. These achievements will be accomplished through activities such as technical trainings, capacity building activities and by providing assistance to different Libyan institutions in order to improve their structure and public management skills. Support will be also provided to the Libyan government to carry out reforms in different sectors.

The programme will focus on supporting mainly the following sectors:

- 1) Governance: the programme will represent a flexible tool to respond to Libyan needs and priorities in the sector of public governance (central and local level)
- 2) Rule of Law and Justice: improving the operational mechanisms of the Judiciary system, granting a better Access to Justice and reinforcing the rule of Law in Libya
- 3) Decentralisation: ensuring an efficient and consistent link between central and local institutions.

Successful implementation of this project will also factor in the political, economic, security and administrative context. While the starting point is strengthening governance at the national level, important other questions that have to be addressed include how improved governance at the national level can positively impact the local level and how currently functioning local governance structures can be linked up with the national institutions. It is in this context, that flexible support towards improving governance from this facility will make a significant contribution in conjunction with the EU's other, multi-layered programmes.

1 CONTEXT

1.1 Country context/Thematic area

Libya today is close to being considered a failed state. Power and control over the territory are fragmented among several militias and armed groups, each one of them controlling a limited area. The internationally recognised government in Tripoli depends on the behaviour of the armed groups (AG) currently aligned with it while the East is predominantly under the control of the Libyan National Army (LNA) led by Khalifa Haftar. While there has been a consolidation of power on both sides there continue to be lines and points of friction across the country. Latent conflict afflicts attempts by all sides to govern and provide services at national and local level while extremists continue to exploit the vacuum. With the arrival of a

new Special Representative – Secretary General (SRSG) mid-2017, the UN launched an Action Plan aimed at implementing the Libyan Political Agreement (LPA) of December 2015, including constitutional reform and elections. However, the tensions between the institutions the LPA refers to, the House of Representatives and the High State Council, severely obstruct progression on the political front, in unifying state institutions divided between east and west, in reviving 'dormant' institutions and in liberating institutions currently caught in the political stalemate.

Prior to the 2011 revolution, Libya was classified as a High-Income Country in the Middle East and North African region. It ranked 53rd in the Human Development Index in 2010, but had slipped to 102nd position by 2016. Today, an estimated 1.3 million people are in need of some sort of humanitarian assistance in Libya.² Up to 90% of the migrants, who attempt the journey across the Mediterranean Sea to Europe, depart from Libya. In terms of the political and security situation, Libya plunged from 52nd place on the Global Peace Index (GPI) in 2010 to 149 in 2015.³

At the same time the Government continues to finance through the central budget the administration, the armed forces and, through the Ministry of Interior, the competing militias manning security forces in the capital city. Libya remains highly dependent on hydrocarbons (crude oil represents 97% of Libyan exports⁴) while having one of the highest levels of public sector employment in the world: the state employs up to 70% of the formal workforce while this not necessarily translates into higher sector productivity in view of the unreformed payroll (health and education sectors are a case in point).

The share of the public wage bill in gross domestic product (GDP) terms is exceptionally high (around 60%), mainly reflecting a plethoric public sector. Meanwhile, investments have been insufficient for sustaining adequate public provision for health, education, electricity, water and sanitation services⁵.

Public administration in Libya has gone through different reforms that have reflected the political changes after the independence of the country in 1951: first a monarchy was established, then the country passed through the Gaddafi era from 1969-2011 and now they experience a transitional post-revolutionary period. None of the reforms seem to have managed to resolve the constant problems of an over- populated and quite inefficient public sector. On the contrary, factors related to the rentier economy and the tribal models have become more and more influential jeopardising the effectiveness of the public administration. The monarchy maintained a simple administrative model whose capacity to infiltrate society was limited by shortages of both finance and human resources. During Gaddafi's era public administration became more sophisticated and expanded to become the largest employer and spender of state income. Gaddafi introduced a model of popular administration as early as 1973, based on decentralised schemes that claimed to be a unique direct democratic approach but which was in fact only a façade for authoritarian rule⁶.

The instability that followed the fall of Gaddafi has hampered any attempt to improve the much debilitated Libyan public administration, resulting in the paralysis of many sectors of

² Libya: Humanitarian Dashboard. UNOCHA. November 2017.

³ Institute for Economics and Peace. 2010 & 2015. 'Global Peace Index.'

⁴ World Bank, Libya overview.

⁵ World Bank, Libya overview.

⁶ Public Administration in Libya: Continuity and Change, Youssef Mohammad Sawani.

public life and the consequent collapse of the provision of basic services (health, education, justice). All these factors have produced an increased lack of trust of the Libyan population in its public sector and generally towards decision-takers. In the latest report published by Transparency International on the perception of corruption Libya ranks 170 out of the 178 countries on the corruption index⁷, with a specific mention of its' highly corrupt public sector. The collapse of the economy and the difficult situation in Libya also affects local councils. This situation, together with the devastated economic situation, represents one of the biggest threats towards the stabilisation of Libya.

One of the sectors most concerned is the **judicial sector**, with a justice system that is deeply affected and, at times, compromised given the increasingly consolidated power of non-state actors. All elements of the criminal justice chain from the police through the investigators, the prosecution, public lawyers (a quasi-public defenders plus system in place in Libya), the bar association, the courts and the judicial police (prison guards) are affected by this volatile situation. These findings have also been confirmed by the European Union Border Assistance Mission in Libya (EUBAM) in the context of the ongoing mapping exercise.

Access to legal assistance is hampered. Where justice for victims appears a remote possibility the seeds for further conflict are laid. Furthermore, all the various actors in the criminal justice chain are subject to credible threats. Libyan professionals in the broader criminal justice sector are receptive to and asking for international assistance. EU Delegation to Libya and EUBAM, have jointly led on successful actions in this context. The needs are considerable at a time the country needs reforming from a repressive, centralised system towards modern service delivery, respectful of human rights. While in the current context municipalities are already at the centre of service delivery, pressure for further decentralisation of powers needs close guidance. Indeed, without assistance from the reliable partners such as the EU, the gap is likely to be filled by other actors.

According to the Tripoli based Judicial Police, the body responsible for managing prisons under the Government of National Accord (GNA) Justice Ministry, 6,400 detainees were held in prisons managed by it in the west, and south of the country, of whom only 25% had been sentenced for a crime. The rest were held in pre-charge or pre-trial detention. The Defence and Interior Ministries of both governments retain an unknown number of detainees, in addition to militia-run secret detention facilities.

Regarding the public management at local level, Law 59 (2012) represents the main legal framework for **decentralisation** in Libya. This Law has established over ninety-nine municipalities made up of elected municipal councils spread across all the country, but the overall framework is very weak and does not specifically delegate duties or rights to the municipalities; among other issues, the municipalities do not have the competence to collect taxes. Transfers from the central government represent the sole source of income for the municipalities. Under Law 59, also most basic services— health, education, water, sewerage, etc. — remain under the competence of state agencies.

There is not yet a national strategy for local governance in Libya and the context of latent conflict and sharply increased donor support to municipalities may further drive centrifugal

⁷ Transparency International, Corruption Perceptions Index 2016.

forces. Furthermore, the effectiveness of local authorities varies. Some municipalities efficiently administer primary services and control of their territory even within an ill-defined legal framework and against a lack of transfer from the central government. Other municipalities are inept, torn apart by local division or simply paralysed by lack of funding. Moreover, tribes and militias weigh in preventing the correct functioning of some municipal councils by creating alternative power centres that tend to dominate local politics and create an entrenched culture of clientelism. In turn, this consolidates these same militias and erodes the functions of the state even further, notably the local security and justice actors including the police and courts⁸.

The difficult security conditions in Libya have forced the international community and a majority of implementing partners to work remotely from Tunis where much of international co-ordination still takes place. A *modus operandi* that also applies to the EU Delegation. In consequence of the volatile environment and taking into account the complex circumstances met when operating via remote control, annual action plans are adopted through special measures⁹ and with a flexible approach.

1.1.1 Public Policy Assessment and EU Policy Framework

The current political polarisation provides the backdrop to collective efforts, led by the UN, to assist Libya in its democratic transition. Priority must be to restore and reform Libya's governmental functions at central and local level to improve services and prevent a further deterioration of social parameters. In this context, government at local and central level needs to be engaged to open up and become part of a generational change from the repressive state it was in the past towards providing an enabling framework for a pluralistic society and diversified economy. International assistance should aim at increasing local participation and enable the emergence of accountable and transparent institutions. The approach on public administration reform (PAR) as outlined in the ENP review and further clarified by the Principles of Public Administration presented at the regional conference on PAR in Jordan in May 2016 will be also taken into account, as principles guiding the reform of public administration in Libya. Currently, the involvement of civil society in public policies is close to absent, both at central and local level. At the present time there is no agreed National Development Policy in Libya.

The priorities regarding the sectors and actions derive, among others, from the Inter-Ministerial meeting that was held in Tunis in December 2016 gathering representatives from the different Libyan ministries including Ministry of Justice, Local governance and Interior.

Judicial sector: With regard to the key area of the criminal justice chain and the actors involved, there is an urgent need to assist our Libyan partners in their efforts to restore security and justice to their country. The various entities involved in this process are already closely co-operating with EUBAM and the EU Delegation to Libya, notably in the context of training curricula and through 'quick wins' papers which will guide EU actions.

⁸ Public Administration in Libya: Continuity and Change, Youssef Mohammad Sawani.

⁹ The special measures have been elaborated on the basis of actual needs identified after consultation with key stakeholders and the Government of National Accord (GNA).

Without a properly functioning criminal justice sector there can be no faith in the legal authorities. One of the key duties of authorities in any state is that its' citizens; their families and property can feel safe and secure.

The interventions carried out by this action in the field of Rule of Law and Justice will be in line with the International Human Rights Framework and namely with the international treaties on Human rights already ratified by Libya:

- The International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), ratified by Libya in 1969.
- The International Covenant on Economic, Social and Cultural Rights (ICESCR), ratified by Libya in 1976.
- The International Covenant on Civil and Political Rights (ICCPR), ratified by Libya in 1976.
- The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), ratified by Libya in 1989.
- The Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), ratified by Libya in 1989.
- The Convention on the Rights of the Child (CRC), ratified by Libya in 1993.
- The Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICRMW), ratified by Libya in 2004.

Decentralisation: Municipalities are key in Libya's efforts to improve governance and rule of law in the country. Integrating municipalities into the governance framework increases democratic accountability and will improve conditions for citizens in Libyan cities. Decentralisation supports the democratic transition process that Libya is currently going through as it seeks to break with a history of dictatorship and domination.

Crucial for the process of decentralisation however is, first and foremost, a central plan or a national strategy backed by a legal framework (law or decree) at national level, and secondly the mandate to integrate municipalities into the governance framework in a meaningful way. In Libya, steps have been taken in the field of decentralisation in the recent past. As part of the endeavour to rebuild an administrative organisation in a new horizon based on democracy, quality and balance between the central administration and the local administration, a large number of governmental and ministerial decisions, including Law No. 59 of 2012 on the Local Administration System and its Executive Regulation, were issued in the last few years. These decrees however do not represent major progress nor a profound change as potential reforms are negatively impacted by the political instability. In addition, the Law itself has several shortcomings and does not meet the international standards for a legal framework for decentralisation and local governance.

In concrete terms, a revision of the law is needed in order to clearly distinguish between decentralised administration and the central administration, as well as its extension to the local level to provide clarity on secondary legislation. New decrees and explanatory circulars for each area of decentralisation are needed, defining the structures that represent the extension of the central authority, their respective characteristics and functions and the relations with each other. Some partial – or transitory - reforms could take place pending review or replacement of Law No. 59 of 2012. Furthermore, decisions can be taken to delegate the powers of the ministers in each area of competence to the decentralised local

government units, which are the municipalities today, installing a culture of decentralisation and sharing of power.

The above-mentioned measures are obviously difficult to take in a country where political instability and governmental changes remain daily challenges. Libya has no executive power accepted across its vast territory despite international recognition of the Government of National Accord (GNA). The lack of implementation of the Libyan Political Agreement and the delays in the ratification of a new constitution impact negatively on governance reforms towards the establishment of a more pluralistic, and eventually democratic, political and administrative system.

1.1.2 Stakeholder analysis

The main stakeholders to be involved in the proposed action include: Libyan State Authorities at central and local level, Libyan Civil Society Organisations (CSOs), and United Nations (UN) mandated agencies.

Regarding Libyan public authorities, the programme will implement actions supporting relevant Ministries that are open improve the governance and support the democratic transition. Ministries of Justice, Interior, Local Governance, Planning, Labour or any other public institutions that express interest to co-operate are the main stakeholders. Flexibility will have to be ensured in order to respond to the different public institutions' requests and to adapt to the possible institutional or environmental changes.

The programme will also include activities to enhance the relations between Libyan public authorities and CSOs. Currently the engagement of Libyan CSOs with authorities is very weak, CSOs do not play an important role in policy dialogue and decision making and this lack of inclusiveness represents a big obstacle for the democratic governance in Libya and the accountability of public institutions is by consequence very limited. Therefore this action aims at strengthening the dialogue and the public information between these two important stakeholders. Typical CSOs in this area may include human rights NGOs (and their networks and co-ordination structures) playing awareness raising, advocacy and/or watchdog roles, community-based and grass roots organisations, human rights defenders, women's organisations advocating for the right of women and girls, indigenous and minority organisations among others.

The *final beneficiary* of the proposed action is the Libyan population expected to benefit from an increase in state service provision, security and the rule of law. Recent research conducted by the Clingendael Conflict Research Unit (CRU) shows that survey respondents throughout Libya have never felt fully safe since the fall of Gaddafi while being very apprehensive about their future in the "post revolution" era. Yet, national and local government is judged precisely by its capability to ensure security for the population under its control. Strengthening security and the rule of law is therefore tightly connected to the potential for success of any democratic transition process. The aim of this action is to put the necessary building blocks in place to assist that process.

The *direct beneficiaries* are *Libyan state authorities (at both central and local levels)* who will benefit in the short-term from the international support this action will provide to improve stability through enhanced rule of law in Libya. In the long term, the action will contribute to the strengthening of national state authorities’ capacity to invest in – and to safeguard – stability and the rule of law in Libya. This means that, in the long run, Libyan state authorities will be able to work with an increasingly co-ordinated front of Libyan civil society organisations that can act as a counterbalance to the centrifugal political and violent tensions that characterise Libya today. In addition, structures will be put in place to ensure that Libyan state authorities can progressively take over the international community’s role as the main funder and co-ordinator of stability and rule of law projects in Libya.

1.1.3 Priority areas for support/problem analysis

The priority areas identified by this programme are consistent with key studies on the topic of governance sector in Libya (Office for Economic Co-operation and Development (OECD), World Bank, Clingendael), as well as conclusions drawn from implementation experience and consecutive consultations with Donors and national and international stakeholders.

The programme will focus on supporting three priorities:

- 1) Governance: the programme will represent a flexible tool to respond to Libyan needs and priorities in the sector of public governance (central and local level)
- 2) Rule of Law and Justice: improving the operational mechanisms of the judiciary system, granting a better access to justice and reinforcing the rule of law Libya in
- 3) Decentralisation: ensuring an efficient and consistent link between central and local institutions

2 RISKS AND ASSUMPTIONS

The possible risks in the implementation of the proposed action remain considerable high given the volatile security and political situation in Libya. The main risks are the following;

Risk	Risk level (H/M/L)	Mitigating measure
Political instability and possible changes of governments may interrupt existing relations and impede work at national level.	High	The interventions will be designed in a flexible manner in order to enable adaptation of activities to different circumstances. Regular analyses of the situational context and continuous policy dialogues will be carried out as to enable negotiations and trust building.
Security challenges and lack of access may hinder the project implementation in Libya.	Medium to High	The security situation is continuously evaluated and assessed. Periodic risk re-assessment will be carried out. Projects are designed in a flexible manner to adapt to different and changing situations. Certain activities (e.g. trainings) may be implemented abroad dependent on security assessment, yet focusing on Libyan

		<p>nationals who will, in turn, be empowered to train other people once back on Libyan territory.</p> <p>Implementing partners will rely on their networks and established presence on the ground to ensure solid buy-in and local ownership.</p> <p>An assessment on remote management modalities and third party monitoring is currently ongoing to provide best practice guidelines and will be fully taken into account in future contracts/grants/etc.</p>
Local authority and civil society actors cannot engage due to fear and insecurity.	Medium	<p>Local authorities/communities and CSOs will be informed of the project incentives to effectively and without distrust reach out to targeted stakeholders.</p> <p>Open communication and close dialogues will be maintained to enable mutual trust and respect for participants.</p>
Rapid deterioration of Libya's economy implying an exacerbation of the liquidity crisis may lead to issues linked to inefficiencies of funds transfer and/or fiduciary risks.	Medium	<p>The undergoing assessment of remote management modalities and third party monitoring will provide best practice guidelines on cash transfers into Libya.</p> <p>Economic and financial analysis will continually be carried out to adjust where necessary.</p>
Project activities overlap with other interventions of the international community.	Low	<p>The existing co-ordination mechanisms (e.g. UNSMIL, relevant working groups, EU/Member States and donor co-ordination meetings) will be utilised by the EU and implementing partners so as to ensure complimentary and co-ordinated project activities.</p>
<p>Assumptions</p> <ul style="list-style-type: none"> - The security and political situation does not deteriorate any further permitting the implementation of project activities. - Libyan authorities and beneficiaries continue to be committed to co-operate with implementing partners. - Local communities and beneficiaries understand the aim and support of the envisaged intervention. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

As a response to the changes in the political landscape after the revolution in 2011 and the very fragile institutional situation that characterised Libya before and after the revolution; the EU adopted a number of programmes and projects where support to Libyan central and local authorities was one of the key areas of focus. Two first phases of the 'Public Administration Facility' were implemented from 2011 to 2018 comprising capacity building activities in order to assist Libyan public authorities, both at central and local level.

EU support through the Public Administration Institution 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 Ministry of Labour, the Ministry of Interior, the Ministry of Justice, the National Statistics Office, and the High National Electoral Commission.

Cases where international support has been generally more effective are those where assistance has been 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.

The main lessons learned from our involvement in this project, along with other EU funded projects, include the following:

- In view of the volatile security situation since 2014 project implementation in Libya should adopt a flexible approach so that activities are adapted to difficult and changing circumstances on the ground.
- Libyan institutions have difficulties to effectively absorb international technical assistance, not only because historically Libya had no experience with international assistance but it also proved to be impossible to embed international experts within Libyan ministries due to the security situation. This also is the consequence of the former regime's negligence of the public administration which resulted in: lack of well-defined roles and responsibilities of key institutions, absence of qualified staff that understands public administration processes and overall low levels of motivation. The lack of understanding the processes of international co-operation hampers, in particular, the speedy implementation of development assistance.
- As a consequence of the volatility of the security context projects are implemented in remote modus, exclusively through implementing partners. Regular in-depth dialogue with implementing partners is therefore indispensable, as is close monitoring and risk analysis.
- An effective connection between local and national government is essential for stabilisation and development. It is important to provide an avenue for the central government to reach out to all parts of Libya and deliver services to citizens locally. The connection between the regions of Libya is and will be essential for stability in the future.
- Given the difficult security situation in Libya, local community groups and stakeholders such as Local Crisis Committees are vital partners, as they are best placed to access, identify and respond to populations' needs. Investing in capacity building and empowering local

entities leads to better work, monitoring and evaluation and increases the sustainability and resilience of what has been implemented. The link with central government will have to be assured in any activity directed to local authorities.

- Across the board, it is imperative to adopt a conflict sensitive approach to ensure that sensitive cultural or political issues can be addressed upfront and mitigated so as to avoid that these impede project implementation at local level. Maintaining trustful and participatory relations with CSOs and local actors are therefore vital as to minimise negative impacts and ensuring projects legitimacy and efficiency. Implementation will be more effective and coherent once a relationship of trust has been established with Libyan civil society organisations and local actors.

- Moreover, needs assessments and monitoring mechanisms are required to provide the indispensable tools to ensure an adequate response to the needs of partners. Likewise, accurate targeting and improved accountability for both implementing partners and donors in are needed in a volatile context where remote management adds to the difficulty of delivering aid in an efficient manner.

3.2 Complementarity, synergy and donor co-ordination

The proposed action complements other ongoing and planned bilateral projects funded by the EU, namely those financed under the European Neighbourhood Instrument (ENI), the Thematic Programmes under the Development Co-operation Instrument (DCI), the European Instrument for Democracy and Human Rights (EIDHR) as well as the Instrument contributing to Stability and Peace (IcSP). The action will also complement projects approved under the EU Emergency Trust fund for Africa. Moreover, the action will ensure complementarity and synergies with programmes financed by other donors in the same area, notably with actions financed by other EU Member States.

The proposed action is the follow up of the ongoing EU-funded *Public Administration Facility*, a 36 month programme implemented by Crown Agents foreseen to terminate by the end of 2018. This intervention supports the institutional governance in Libya through reinforcing the capacity of democratically elected institutions. This action will be based on lessons learnt and best practices developed under the PAF I and II programmes and will take advantage of previous experiences and contacts made within the relevant Institutions.

The action will be closely co-ordinated also with the United Nations Development Programme (UNDP) implemented project '*Strengthening Local Capacities for Resilience and Recovery*' in its component focusing on the elaboration of a 'Model Police Station'. Important synergies will be created when working on capacity building actions with both the Ministry of Interior and Ministry of Justice.

In terms of institution-building actions at local level, the EU provides assistance to improve municipal service delivery and to strengthen local administrations in planning and management through the *Libya Local Governance and Stabilisation Programme*, implemented by De Vereniging van Nederlandse Gemeenten (VNG). Additionally, under the IcSP the multi-donor *Stabilisation Facility for Libya*, implemented by UNDP, contributes to community stability through reinstatement of basic services and support to strengthening linkages between local and central authorities. In this sector, special co-ordination will be sought with the programmes financed under the EU Emergency Trust Fund under the Local

Development and stabilisation pillar, namely the following projects: *'Strengthening Local Capacities for Resilience and Recovery'* (UNDP), *'Supporting protection and humanitarian repatriation and reintegration of vulnerable migrants in Libya'* (International Organisation for Migration), *Resilience building programme for vulnerable children in Libya, including host communities, migrant and refugee children'* (United Nations International Children's Emergency Fund - UNICEF) and *'Local governance and socioeconomic development: "Municipal development in the context of mixed migration"'* (Gesellschaft für Internationale Zusammenarbeit - GIZ).

The above projects are all engaging in the development of local authorities' competencies, therefore this project will ensure that a clear link with central government is developed and that further co-ordination among all the implementing partners working in this important sector is warranted.

Complementarity will also be ensured with regional actions such as: The United Nations Interregional Crime and Justice Research Institute (UNICRI) project on asset recovery, where this action may take over certain activities developed in this programme once its implementation will be over. Euromed Justice & Police, EU4MonitoringDrugs (with the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), due to start in 2019), and also the International Criminal Police Organisation's (Interpol) South project.

The action will also be complementary with the EU for Civil Society in Libya programme to be adopted in 2018.

Furthermore, close co-ordination will be ensured with the programmes under the EIDHR instrument providing training and capacity-building activities to Libyan civil society actors within the field of human rights and justice.

The EU Delegation to Libya recently contracted a framework contract (FWC) in order to launch a study on remote management modalities and third party monitoring mechanisms for EU-financed projects and programmes in Libya. The study, carried out from December 2017 to January 2018, intends to improve accountability and mitigate risks associated with remote programming by providing relevant mechanisms for third party monitoring. The guidelines and tools provided will consequently also assist in the design of Terms of Reference for a Service Contracts¹⁰ to implement such a programme. The mechanisms delivered will be carefully reviewed to strengthen the remote management and third party monitoring for all EU- financed projects in Libya.

Given the fragile operating context and the difficulties of operating remotely, donor co-ordination for interventions in Libya requires additional efforts. The United Nations Support Mission in Libya (UNSMIL) has taken the lead in maintaining the overall co-ordination of the international support in Libya. UNSMIL have set up a number of co-ordination meetings and working groups under the auspices of the Joint Technical Co-ordination Committee (chaired by the Libyan Ministry of Planning) in topics such as constitutional process, stabilisation, elections, local governance, civil society and health. The EU Delegation to Libya is actively participating and even co-chairs some of these working groups (e.g. Health working group) in view of the importance of relevant EU funding programmes.

¹⁰ Terms of Reference for a Service Contract of around EUR 1,000,000.

The EU Delegation to Libya holds regular co-ordination meetings with EUBAM Libya, EU Member States, implementing partners and other donors in order to make sure consistent information-sharing is maintained. The Joint Co-ordination meetings with EU Member States and donors are essential elements in ensuring close dialogue and information sharing towards a co-ordinated donor approach.

3.3 Cross-cutting issues

The action will continuously mainstream a conflict-sensitive approach (including the 'Do No Harm' principle) during its implementation.

Other key principles for programming include ownership, transparency, continuity, flexibility, responsiveness and a win-win approach. Actions will have the buy-in of key actors from the earliest stages (ownership and transparency). They will build on the momentum and entry points created in previous phases of programming so as to ensure continuity.

Ownership and Sustainability: The action will strengthen national capacities to better respond to the population's needs and to perform all the tasks related to public management. In addition to develop sustainable capacities at institutional level, investments will be made in human capital. Participation of local experts and specialists of local branches of relevant governmental agencies in regular consultations, meetings and capacity building activities, in addition to monitoring activities, will ensure proper accountability for results to be achieved. Significant importance will be given to capacity building for decision-makers and public servants in different fields. Ownership of these processes will allow for more effective results and their sustainability beyond the duration of the programme.

The proposed action will be in line with the EU Gender Action Plan (GAP II), which provides a framework for the EU's engagement on gender equality through external action for the period 2016-2020. The GAP II is based on three thematic pillars, namely: 1) ensuring the physical and psychological protection of women and girls; 2) promoting social and economic rights and the empowerment of women and girls; and 3) strengthening the voice of women and girls. In addition, the GAP II is also based on a fourth, horizontal objective which emphasises to incorporate a gender perspective in the EU's institutional culture. In this programme, all the actions will ensure a proper participation of women and will also enhance their participation through tailored programmes in areas where women presence is not sufficient.

The action will be designed following a Rights Based Approach (RBA)¹¹ by seeking to ensure a gender, age and diversity sensitive programme through a participatory approach. Particular attention will be given to ensure gender mainstreaming in the design of projects so as to strengthen across the board female participation in Libya's professional, social and political sectors at all levels. Moreover, attention will be paid to ensuring the participation of different groups and special efforts will be made to spread the actions implemented by the central government to the whole territory of Libya.

¹¹ The Rights Based Approach is explicated in the; SWD (2014) 152 final: "Commission staff working document tool-box: A Rights-based approach, encompassing all human rights for EU development co-operation".

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The *overall objective* of the programme is to contribute to reinforcing the democratic transition process and the stabilisation in Libya

The *specific objectives* of the proposed action are:

- Specific Objective 1. Improving the ability of national institutions to respond to citizens' needs, strengthen respect of the rule of law and allow the government to implement its programmes in line with national priorities.
- Specific Objective 2. Positive changes occur in organisational behaviours within the administration that reflect a greater ability to programme and engage adaptively at central and local level.

The main results are:

- Result 1. Libyan public institutions have improved their capacities in governance related issues.
- Result 2. Core strategic, relational and operational skills of well-connected and able change agents (Libyan civil servants, decision-makers, and experts) and participating organisations are improved and networking and alignment of initiatives are facilitated.

Result R1 is linked to the Specific Objective 1, while result R2 is linked to the Specific Objective 2.

4.2 Main activities

Activity 1 – Support to the Libyan authorities in the sector of governance,

The governance portfolio will focus on:

- Generating and sharing knowledge and insights at all levels, via joint research initiatives, data collection and publications to strengthen the knowledge base and increase understanding of the specific contexts at stake in Libya.
- Training, educating and knowledge transfer for individuals in an organised learning process, such as training of legal and criminal justice actors from across the criminal justice chain, peer-to-peer education and transfer groups/meetings with the aim to ensure actors can fulfil their identified roles in developing good governance.
- Awareness raising on the methods, requirements and advantages of participatory policy making and public consultation.

Governance in all its forms can be covered under this programme. In addition topics relevant for democratic institution building such as the implementation of the constitution and the electoral system may require specific activities. The flexible approach will enable the programme to respond quickly to any requests coming from the Libyan stakeholders or to quickly adapt to the changing institutional situation in Libya.

More detailed choices under each topic will be made based on priorities set by Libyan representatives during the lifespan of this contract. To ensure the choices are up-to-date and sufficiently relevant, joint assessments will be undertaken.

To implement these activities, the following principles apply:

1. Availability of flexible funding mechanisms to better respond to opportunities or crises;
2. Opportunity for flexibility and speed in recruitment of relevant experts on a consultancy or temporary employment basis;
3. Strong political advocacy support from the EU Delegation to Libya or/and mission when needed in support of programme activities
4. Strong and collaborative relationship with the EU Delegation to Libya or/and mission.

Activity 2 - Support to the Libyan authorities in the sector of Rule of law and justice

Indicative list of possible activities:

- Assist the Libyan authorities in increasing their capacities in drafting and setting up legal frameworks that would improve the court system management and access to justice
- Assist the Ministry of Justice and aligned entities in drafting judicial and legislative reforms in regard to the various relevant codes (criminal, civil, administrative, etc.)
- Capacity building training courses for the various actors across the criminal justice chain, structured in order to cater for the different levels of leadership/management.
- Fair trial rights: definition of the concept, training on the principles and implementation. Such rights are intrinsic to allow real access to justice for all Libyan citizens.
- Support the Ministry of Justice and aligned entities, including the High Judicial Institute, with training and capacity building activities, developing training curricula, offer specialised training courses that do not only focus on technicalities but also promote an enhance understanding and appreciation of a legal culture based on the rule of law
- Embed international and Libyan experts within the Ministry of Justice.
- Facilitate exchanges between Libyan judges, prosecutors, lawyers and other criminal justice actors and offer them training courses in similar institutions in other countries in the region and/or in the EU.
- Facilitate exchanges between the Ministry of Education and law faculties and develop an advanced curriculum of legal studies including potential offers of additional legal training courses for the Ministry of Justice staff.
- Capacity building for the Criminal Investigation Department (CID), Anti-Narcotics General Administration (ANGA) and other relevant entities aligned with the Ministry of Justice and the Ministry of Interior.
- Capacity building and trainings for the Penitentiary department and tailored trainings on Human rights' principles for staff working within prisons and, in general, in the penitentiary system
- Trainings implemented by Libyan CSOs on public awareness raising on access to justice, (providing of legal aid, court and detention monitoring, etc.).

Activity 3 - Support to the Libyan authorities in the sector of Decentralisation

- Assessment of current status of decentralisation in Libya and analysis of (reviewed) Law 59 on the Local Administration.

- Set-up of an "Advisory Unit for Decentralisation" (within the Ministry of Local Governance). This advisory unit is a non-political unit that operates on project level and provides the national institutions advise on how to implement the set agenda on decentralisation (for example an Inter- Ministerial Committee consisting of the Ministry of Local Government (MLG), Ministry of Interior and the Ministry of Justice. The Advisory Unit will have 5 mandates: strategic planning, policy & legal reform, communications, monitoring, evaluation and donor co-ordination.
- Set-up of a Donor Co-ordination secretariat for Inter-Ministerial Committee for Decentralisation. The Advisory Unit for Decentralisation will serve as the Secretariat of a steering committee on donor co-ordination. This secretariat will remain a-political and independent, but will be responsible for the provision of technical expertise to the committee as well monitoring the committee's pre-set objectives (organising periodic meetings, setting the agenda, briefings, dissemination etc.).
- Implementation of a dashboard on the progress of decentralisation in Libya. Periodically tracking the effectiveness of elected & appointed officials performing the essential functions of planning, budgeting and monitoring at the national, governorate, municipal and local levels of governance. The dashboard currently under preparation by the EU Delegation to Libya and VNG International-CILG will be part of the web platform on local government co-ordination.
- Thematic trainings for the municipalities in topics related to transparency, accountability and sound public management.
- Support to the Committee of the Regions' Nicosia initiative (participation of municipal staff to trainings, workshops, study visits to EU Member States, etc.)
- Development of regulation and implementing arrangements on involvement of civil society and local authorities in planning, budgeting and monitoring national public policies
- Development of arrangements between public institutions and the civil society regarding the use of NGOs for delivering public services.
- Thematic trainings for the Ministry of Local Government and staff municipalities in the field of newly decentralised tasks based on capacity building needs that are determined by the Advisory Unit for Decentralisation. Based on Law 59 (2012), expected themes are: the organisation of the municipality, organisation of public spaces (e.g. markets, beaches, cemeteries), public transportation, construction permits, and more.
- Thematic trainings for municipalities on training on the methods, requirements and advantages of participatory policy making and public consultation.

Activity 4 – Organisation of meetings with programme implementers and Libyan stakeholders and the creation and production of relevant research papers in the area of governance in Libya

- Organisation of meetings and round-tables bringing together international experts, stakeholders and key change agents on relevant themes (e.g. rule of law, decentralisation, role of civil society, local governance, etc.) in Libya and in other contexts.
- The institutional awareness raising on the role of civil society (training and reviewing the registration of CSO's and the JPR proposed Libyan platform, meetings, etc.
- Production of Relevant publications:
 1. Policy briefs that summarise best practices from local Libyan contexts for application across Libya and/or best practices from other countries that can be translated to the local Libyan context;

2. A website that contains detailed and up-to-date political economy analyses of local Libyan municipalities, accessible to the international community and providing pointers for engagement with local key change agents;
 3. Detailed local political economy analyses reports that allow for the design and/or adaptation of the activities developed under Activity 1.
- Organisation of individual strategy testing sessions to record changes to portfolios assumptions based on implementation experience.
 - Creation of a log of major socio-political events at the national, subnational and local level to be used during strategy testing session to enable the recognition of, and response to crises.

4.3 Intervention logic

The intervention logic behind the identified results and activities is based on the gaps identified during the various needs assessments and consultations carried out with relevant stakeholders, the experience drawn by the EU funded Public Administration Facility (PAF) I and II, as well as the results and outcomes of other EU funded programmes working in the local governance sector. In parallel with these findings, factors such as remote management and the limited number of available implementing partners were taken into consideration to formulate this programme.

The action will rely as much as possible on the inputs and expertise of the Libyan institutions, being considerate that their co-operation is an important element of success in the operational context of Libya. The maximum possible consensus among Libyan institutions will be sought and, motivated by the programme; will allow the feasibility of designed reforms and effectiveness of capacity building measures.

Project implementation will take into account all existing bilateral and multilateral programmes with focus on in-building operational sustainability, strong ownership by Libyan counterparts but also partner institutions.

In view of the security situation and the current divisions – and building on the experience made in the context of PAF II – implementation of the project will take place by activities, both in Libya and in Tunis providing always for a close-by, low cost destination, where Libyans from all walks of life and different parts of the country can unite around shared professional and political interests. In this sense, the proposed project has an intrinsic value in contributing towards healing divisions and reuniting Libya.

5 IMPLEMENTATION

5.1 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.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Action Document. Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this Decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

The envisaged assistance to Libya is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU¹².

5.3.1 Grant: direct grant award "Public Administration Facility – Third Phase (PAF III)" (direct management)

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

The objective of the grant is to contribute to reinforcing the democratic transition process and the stabilisation in Libya through: strengthening the governance of institutions and improving the ability of national and local institutions to respond to citizens' needs

The action should address the objective as stated above. The action will also include regular monitoring and reporting mechanism when required.

Expected result: see section 4.1.

(b) Justification of a direct grant

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 of continuing crisis situation as referred to in Article 2(21) of the Financial Regulation. 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 Libya-experienced and competent implementing partners to implement EU support programmes.

The objectives of this action will be implemented through a direct grant award to a consortium composed by NGOs.

The consortium will be composed by VNG International, Clingendael Conflict Research Unit (CRU), Democracy Reporting International (DRI) and Human Change Group (HCG) with VNG as lead-applicant. This implementation is justified because of VNG's long standing experience in implementing projects in Libya, more specifically with local Authorities to improve service delivery and accountability at local level, but with negotiations at the central level in the field of rule of law and decentralisation.

VNG International is a local government specialist with a rule of law track record in Serbia, Turkey, Albania, Burundi, Congo, Mali, South Sudan, Libya and Tunisia among other places. In Libya specifically, besides implementing the EU funded project *Libya Local Governance and Stabilisation Programme*, VNG's track record in implementing projects related to the rule of law includes town charters, peaceful and rule-based dispute settlement, inter-municipal and cross-border co-operation, and transparency in local government-civil society relationships. It is part of a larger track record of actions promoting 'Good Governance' under very challenging circumstances. Particular successes have been the reopening of a border crossing with Tunisia after consultation of local and provincial governments on both sides, and the merger and control of informal local police forces under elected local councils. VNG

¹² https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en

International supports forward-looking mayors and female councilors focusing on achieving results at local level in fields such as economic development, bringing local police forces under democratic control or migration.¹³VNG International's daughter organisation Civilenter for Innovative Local governance (CILG--VNGi is one of the few organisations working in governance with a local team in Libya.

Clingendael Conflict Research Unit (CRU) is a specialised team within the Clingendael Institute, the leading Dutch think tank and diplomatic academy on international affairs, providing public and private sector organisations with in-depth analysis of global developments in the fields of economic diplomacy, international security and conflict management. The CRU conducts policy-oriented research on the political economy of 21st century conflict and fragility dynamics. CRU researchers have intensively studied the Libyan context, currently as part of a wider Sahel programme which focuses on the hybridity of governance. Clingendael's track record on Libya includes e.g. analysis of human smuggling networks and irregular migration, monitoring of current (conflict) trends in Libya, and a study into the local provision of security and governance.

Democracy Reporting International (DRI) is a non-partisan, independent, not-for-profit organisation registered in Germany which promotes political participation of citizens, accountability of state bodies and the development of democratic institutions world-wide. DRI helps to support local ways of promoting the universal right of citizens to participate in the political life of their countries (e.g. in Tunisia, Lebanon, Pakistan, Myanmar, Sri Lanka, Ukraine, Georgia and Libya). Building on its long-standing work in Libya, DRI seeks to facilitate the co-operation and exchange between citizens, local non-state actors, municipal and tribal councils, citizens and actors on the national level (politicians, constitution drafters, lawyers, judges, and civil servants) in advancing inclusive state-building in Libya with a focus on promoting the constitutional debate and improving local governance in the country. DRI can build on its good relations with the Constitution Drafting Assembly, Libyan university professors and students, the Libyan Bar Association, expatriate Libyan researchers and the Libyan Coalition for the Constitution (LCC), a Coalition of civil society organisations spread throughout the country.

Human Change Group (HCG) is a combination of experts in the field of coalition building, mediation, team coaching, and programme management. HCG is known for working on change and development in (international) complex environments with an eye on the human aspect. HCG is working together with several national and international partners in Libya since 2015. Two of its senior partners worked on behalf of DRI closely together with the LCC. Their approach helped shape the LCC and facilitated implementation of specific interventions in their communities. At the moment HCG is facilitating a process in Libya to establish a national association for CSOs and support them to liaise with national and local state institutions with the aim to strengthen democratic institutions and partnerships in and around Libya.

(c) Essential selection and award criteria

¹³ Strong and trustful relationships exist with i.e. Ghariane, Janzour, Al Khums, Nalut, Tajoura, Tripoli, Zintane and Zolten.

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

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

If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission’s authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

First trimester 2019.

5.4 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 in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 and Article 89(2)(f)(ii) and 89(3) of Council Decision 2013/755/EU on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution (amount in EUR)
5.3.1 Direct Grant award (direct management)		
- Activity 1 – Support to the Libyan authorities in the sector of governance	2,000,000	150,000
- Activity 2 – Support to the Libyan authorities in the sector of rule of law and justice	1,250,000	150,000
- Activity 3 – Support to the Libyan authorities in the sector of decentralisation	1,250,000	150,000
- Activity 4 – Organisation of meetings with programme implementers and Libyan stakeholders and the creation and production of relevant research papers in the area of governance in Libya	500,000	50,000

5.8 – Evaluation 5.9 – Audit	will be covered by another decision	N.A.
Contingencies	N.A.	N.A.
Totals	5,000,000	500,000

5.6 Organisational set-up and responsibilities

The consortium will be fully responsible for the implementation of the action. Some of the activities may be delegated to a co-applicant, depending on the division of labour defined at the time of contracting. In such cases, the consortium will describe in detail the role of each stakeholder. The consortia of implementing partners will be responsible for the implementation of the programme under the direct supervision of the Commission.

In order to ensure transparency and accountability and provide strategic guidance on programme implementation, a Steering Committee is foreseen to be established encompassing all major stakeholders. Apart from bringing together the EU and implementing partners, stakeholders from other relevant programmes would partake so as to ensure co-ordination on a regular basis. The Steering Committee will meet regularly to review implementation against planned achievements, endorse changes to the work plan where necessary, facilitate the involvement of other stakeholders and discuss any other issue relevant to the programme.

5.7 Performance monitoring and reporting

Performance measurement will be based on the intervention logic and the log frame matrix, including its indicators.

- Performance measurement will aim at informing the list of indicators that are part of the log frame matrix.
- In certain cases, mainly depending on when the monitoring exercise is launched, contribution to the outcomes will also be part of monitoring and for this to happen indicators defined during planning/programming at the outcome level will be the ones for which a value of measurement will need to be provided.
- In evaluation, the intervention logic will be the basis for the definition of the evaluation questions. Evaluations do mainly focus on the spheres of direct (outcomes) and indirect (impacts) influence. As such, indicators defined for these levels of the intervention logic will be used in evaluation. Depending on the specific purpose and scope of the evaluation exercise, additional indicators will be defined.

Monitoring is a management tool at the disposal of the action. It is expected to give regular and systemic information on where the Action is at any given time (and over time) relative to the different targets. Monitoring activities will aim to identify successes, problems and/or potential risks so that corrective measures are adopted in a timely fashion. Even though it is expected to focus mainly on the actions' inputs, activities and outputs, it is also expected to

look at how the outputs can effectively induce, and actually induce, the outcomes that are aimed at.

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 responsibilities and that of the EU operational manager. The different responsibilities for this dual internal monitoring are the following:

- i. The implementing partner's monitoring will aim at collecting and analysing data to inform on progress towards planned results' achievement to feed decision-making processes at the action's management level and to report on the use of resources. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (at least twice a year) 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 agreed indicators (and related targets), included in the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. Reporting should not focus on activities and inputs' use, unless it allows reporting on actual (and progress towards) results. The final report, narrative and financial, will cover the entire period of the action implementation.
- ii. EU operational manager monitoring will aim at complementing implementing partners' monitoring, especially in key moments of the action cycle. It will also aim at ensuring a sound follow-up on external monitoring recommendations and at informing EU management. This monitoring could take different forms to be decided based on specific needs and resources at hand. Reporting will be done on the basis of checklists and synthesised in a monitoring note/report.

Both types of internal monitoring are meant to inform and provide support to external monitoring.

Further, implementation of the projects and their contribution to the deliverables as defined in the logframe shall be closely monitored by the Steering Committee.

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).

5.8 Evaluation

Evaluation will give evidence of why intended changes are or are not being achieved.

Having regard to the significance of the action, a Final Evaluation will be carried out for this action or its components via independent consultants contracted by the Commission via an implementing partner.

The final evaluation is foreseen for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the impact achieved and the fact that some activities of this programme are innovative and pilot actions.

The Commission may, during implementation, decide to undertake such evaluations for duly justified reasons either on its own decision or on the initiative of the partner. The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation mission. 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. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluation 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.

5.9 Audit

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 audits or expenditure verification assignments for one or several contracts or agreements. The financing of the audit shall be covered by another measure constituting a financing decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, 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. Communication and Visibility activities will be supported through individual programme budgets. Investment in accountability will raise the profile of the EU vis-à-vis its Libyan interlocutors.

APPENDIX - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant for monitoring and reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective, Long-term impact	To contribute to reinforcing the democratic transition process and the stabilisation in Libya.	<ul style="list-style-type: none"> Level of functioning of government, political participation, democratic political culture, pluralism, electoral process and civil liberties in Libya. Level of political stability and absence of violence/terrorism in Libya. 	<p>The Economist's Democracy Index 2017: rank 2.32 (authoritarian) https://www.economist.com/blogs/graphicdetail/2018/01/daily-chart-21</p> <p>World Bank's Political stability and absence of violence/terrorism score 2016: -2,21 (weak), rank 3,81% http://info.worldbank.org/governance/WGI/#home</p>	N/A	<ul style="list-style-type: none"> Assessments by donors, implementing partners, international organisations, CSOs Annual conflict dynamics reports Evaluations on democratisation and stabilisation in Libya 	N/A

Specific objective(s): Outcome(s)	Specific Objective 1: To improve the ability of national institutions to respond to citizens' needs, strengthened respect of the rule of law and allow the government to implement its programmes in line with national priorities.	<ul style="list-style-type: none"> • The level of the capacity of the government to effectively formulate and implement sound policies. • The level of social and political tensions. • The establishment of institutions that make it possible for citizens 	TBD in the inception phase of the project.	TBD	<ul style="list-style-type: none"> • Means and methodology of verification will be foreseen in Monitoring & Evaluation of this programme, including a survey to question targeting 	Collaboration and ownership of Libyan institutions. Flexible system is put in place to better respond to the frequent changes in the Libyan scenario.
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	<p>Specific Objective 2: Positive changes occur in organisational behaviours within the administration that reflect a greater ability to programme and engage adaptively at central and local level.</p>	<p>to solve conflicts and gain better access to the judiciary.</p> <ul style="list-style-type: none"> • Level of citizens' usage of services of the institutions targeted by the programme. • The level of respect of citizens and the state for the institutions that govern economic and social interactions among them. • The extent to which recommendations made by citizens/civil society (including vulnerable groups) are taken on board by the government in policy decision making, planning, budgeting, implementation and monitoring. • Citizens' access to national and local social and judicial services. • Citizen's access to actionable information about the development plans, reports, budget allocations and expenditures of the institutions targeted by the programme. • The level of influence that armed groups/militias have on policies and jurisdiction. • The level of political influence on jurisdiction. • Extent to which the institutions involved in the programme address governance and rule of law challenges more collaboratively. 			<p>Libyan public institutions.</p> <ul style="list-style-type: none"> • Reports of implementing partners, research centres, international organisations. • Reports of annual EU governance meetings. • Projects and programmes progress reports • Base line survey, annual and final evaluation in programme locations • Evaluations on policy coherence in Libya • Evaluation forms / stakeholder surveys / field interviews • Local and state government documentation (county security plans, community action plans, legislation, development plans/reports, policy, work plans, council decisions, reports) • EUBAM activity reports 	
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<p style="text-align: center;">Results</p>	<p>Result 1: Libyan public institutions have improved their capacities in governance related issues.</p>	<ul style="list-style-type: none"> • Compliance of Libyan public institutions with national agreements on governance, rule of law and justice, and decentralisation. • Existence of adequate institutional infrastructure to serve citizens in the field of governance, rule of law and justice, and decentralisation. • Number of court cases treated by judicial institutions. Number of judicial reforms. Number of (by-)laws/decrees adopted. • Level of municipal knowledge (mapping) of citizens' needs and priorities. • Increased public interest and approval of public institutions. 	<p>TBD in the inception phase of the project</p>	<p>TBD</p>	<p>Reports of implementing partners research centres. Reports of State institutions, local governments. Annual EU governance meeting reports and minutes. Projects and programmes progress reports. EUBAM reports.</p>	<p>Collaboration between local authorities, public institutions and civil society organisations are enabled and amplified. National and local authorities attempt to enhance consultation and inputs from civil society actors.</p>
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	<p>Result 2: Core strategic, relational and operational skills of well-connected and able change agents (Libyan civil servants, decision-makers, and experts) and participating organisations are improved and networking and alignment of initiatives are facilitated.</p>	<ul style="list-style-type: none"> • National and local public institutions own analysed data and information for planning and programming. • National and local public institutions have an overview of possible investments and plans which is consulted with citizens. • Evidence (such as performance reports of participating organisations and reports of quarterly sessions) that records peer-reviewed improvement and multi-stakeholder policy dialogue. • Number of change agents seeking partnerships and dialogue at the national and local level across the country 	TBD in the inception phase of the project	TBD		
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This action is funded by the European Union

ANNEX 2

of the Commission Decision on the special measure in favour of Libya for 2018

Action Document for EU for Private Sector Development in Libya – Phase 1

1. Title/basic act/ CRIS number	European Union for Private Sector Development in Libya; CRIS number: ENI/2018/41-351 financed under the European Neighbourhood Instrument.			
2. Zone benefiting from the action/location	Libya/ Libya and Tunisia			
3. Programming document	N/A — in view of the volatile security situation the Country Strategy Paper 2014-2016 is no longer valid.			
4. Sector of concentration/ thematic area	Sector: Economy	DEV. Aid: YES ¹		
5. Amounts concerned	Total estimated cost: EUR 7,000,000 Total amount of (EU) budget contribution EUR 7,000,000			
6. Aid modality(ies) and implementation modality(ies)	Project Modality - Indirect management with Agence Française d'Expertise Technique Internationale (Expertise France) ²			
7 a) DAC code(s)	DAC Code 25010 (Business support services and institutions); DAC Code 33110 (Trade policy)			
b) Main Delivery Channel	20000 - Non-Governmental Organisations (NGOs) and civil society			
8. Markers (from	General policy objective	Not	Significant	Main

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

² Expertise France is the French public international co-operation agency, with a status of public institution, under the joint supervision of the Ministry of Europe and Foreign Affairs, and the Ministries of Finance and Economy.

CRIS DAC form)		targeted	objective	objective
	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 (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			
10. Sustainable Development Goals (SDGs)	Main SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Secondary SDG Goal 1 End poverty in all its forms everywhere			

SUMMARY

Libya is a country with a very small private sector, accounting only for around 6% of the Gross Domestic Product (GDP). Hydrocarbons account for approximately 70 % of the GDP, more than 95 % of exports, approximately 90 % of government revenue, and determine decisively the economic performance of the country. The lack of alternative revenue-sources makes Libya very vulnerable to oil price fluctuations or indeed oil blockades. Moreover, the reliance on import of goods makes the economy subject to currency fluctuations and inflationary pressures.

The absence of a coherent policy vision for the private sector is strikingly evident with the few and scattered policy interventions not providing necessary incentives for Micro, Small and Medium Sized Enterprises (MSMEs) to grow while the context is not conducive to work towards a more diversified economy. In the current juncture, Libya is one of the least attractive economies for doing business. According to the World Bank's Doing Business ranking for 2018, Libya ranks 185th out of the 190 countries measured for this performance. MSMEs and investors lack the necessary institutional business support or the tools to invest and grow in the Libyan economy.

The job market offers little opportunity for the participation of Libyan women, as relevant indicators show, while the lack of economic empowerment of women will continue to impact negatively on overall economic and social development. At the same time youth population lacks incentives to create businesses and exit the vicious cycle of unemployment, a major factor in driving the growth of militia.

Access to finance is particularly limited in conflict environments due to lack of credit histories and business records, high collateral requirements and insufficient financial records. In Libya there is virtually no credit history coverage, no registry for movable assets, and the country is in-between two financial regimes, pending the implementation of the Islamic Bank Law in 2013. Much is left to be done to improve access to finance for MSMEs in Libya.

As a response to these challenges, the proposed program aims to improve the Libyan business environment in order to generate economic growth for private sector operators and job opportunities for youth and in particular for women.

To achieve this overall objective the proposed action will focus on strengthening the capacities of Libyan institutions to design and implement actions conducive for MSME development and improve the attractiveness of Libyan economy for private investments, on supporting women and young entrepreneurship and on improving access to finance for MSMEs.

These achievements will be accomplished through activities such as targeted capacity building measures for the Ministry of Finance and the Ministry of Economy officials, cooperation with Civil Society Organisations having a thematic specialisation and capacity to support youth and women's economic empowerment and the establishment of a system easing access to finance.

1 CONTEXT

1.1 Country and sector context

Libya is an oil-rich country with a population of 6.27 million (2015) and a Gross National Income (GNI) per capita of USD 14,330 (PPP) (2015). The Libyan Political Agreement (LPA) signed in December 2015 aimed at bringing the two governments in Tripoli and Tobruk together by forming a Presidency Council (PC) in Tripoli and to appoint an interim Government of National Accord (GNA). However, although installed in Tripoli since March 2016, the GNA has never been recognized by the House of Representative (HoR), based in Tobruk, which was one of the conditions set by the agreement. The internationally backed GNA continues to struggle for legitimacy and with it to restore security and build institutions that are able to provide basic services across the country.

Oil production has shaped decisively the socioeconomic profile of Libya since the 1960s. Government expenditure is the ultimate source of almost all economic activity, and has therefore become the object of political and power struggles. Through employment in the public sector and multiple channels of revenue distribution, the majority of Libya's population is directly or indirectly dependent on government funds. Different networks controlling the allocation of expenditure and public sector jobs have grown over the decades, and are at the heart of the political bargaining processes. The private sector is mostly limited to imports, retail and services while foreign migrants provide the bulk of manual labour, notably in agriculture and construction.

In the post-revolutionary years, the Libyan economy suffers from acute political division that does not allow reaching its potential. Following four years of recession, the Libyan economy recovered in 2017, thanks to the resumption in the production of hydrocarbon products, after key oil fields were repossessed from armed groups last year. The return to pre-revolutionary levels of oil production seems unrealistic in the current context with inadequate resources for network maintenance and sporadic attacks by armed groups, still often causing disruption of the daily production capacity.

Natural resource wealth tends to expose resource rich countries to higher political and economic risks. Libya is a clear demonstration of this posit. The conflict has caused a collapse in oil revenues with severe consequences for the capacity of the Libyan institutions to raise public revenues and deliver basic services. According to UN estimates, there are around 400,000 people in need of food assistance, and prices of basic food items, such as bread, have increased 5-fold since 2014. Service delivery has declined severely since 2011. Unemployment has risen sharply with public sector wages remaining the sole source of income for most families.

The volatility of oil prices, unstable oil production, overvalued exchange rates, and political instability all at the same time, discourage investments in non-resource traded goods. This in turn hinders the development of the Libyan private sector and overall economic diversification creating a vicious circle leading to interrelated enduring macroeconomic volatility and stagnating economic diversification. Libya witnessed a sharp decline of activities in non-hydrocarbon sectors in the post-2011 period. Many jobs have been lost and most families depend on public sector salaries, about 65% of all public expenditures in 2016 was going towards wages, a figure which is expected to rise even further in 2018. In fact, more than 1.8 million employees are currently on the government payroll, about half of the working-age population. To compensate for the economic decline and inflation, public salaries have increased four-fold since 2011, which may have relieved short term social

pressures, but is likely to have further exacerbated inflationary pressures. Unemployment is highest among young people of the 15-24 age range, estimated at 44%, according to the World Bank (International Labour Organisation (ILO) model estimates)³.

The political landscape in Libya causes significant obstacles to economic recovery, stability and growth. This is coupled with economic policies carrying the legacy of the past, a dominant centralised economic model which gives little room for the development of the private sector. In sectors where the public sector is dominant, private enterprises suffer from unfair competition with public enterprises affecting their productivity and growth prospects. Government controlled sectors such as oil and gas, defence, health, education, social services, and electricity, gas and water supply accounted for over 85.0% of the Gross Domestic Product (GDP) in 2012. Many other sectors are mostly controlled by public enterprises, although they are small contributors to the GDP. These include transport, storage and telecommunications (3.0% of GDP), financial services (1.4%), and agriculture and fisheries (less than 1.0%).⁴

Libya has one of the most undiversified productive structures in the world: hydrocarbons account for approximately 70% of the GDP, more than 95% of exports, approximately 90% of government revenue, and determine decisively the economic performance of the country. The lack of alternative revenue-sources makes Libya very vulnerable to oil price fluctuations or indeed oil blockades. Moreover, the reliance on import of goods makes the economy subject to currency fluctuations and inflationary pressures. Inflation is at its highest since the conflict started in 2011 and hit a record high of 28.5 percent during the first half of 2017, up from 25.9 percent in 2016, driven by acute shortages in the supply of basic commodities and speculation in the expanding black market.

At the same time, the macroeconomic environment in Libya remains volatile and unpredictable, with clear symptoms of an economy in decline and rapidly diminishing resources. Despite the increased public revenues in 2017 the budget deficit remains huge and is estimated at 40% of the GDP while the public wage bill and subsidies amount to approximately 40% of GDP. Deficits are financed by the declining reserves of the Central bank of Libya. Macroeconomic stability is crucial for economic growth because it largely reflects the performance of an economy which in turn affects investment decisions and resource allocations.

The private sector in Libya is dominated by the presence of micro, small and medium enterprises (MSMEs). A survey and private sector mapping carried out by the World Bank in 2015 confirms the assumption: 95% of the sample companies are MSMEs, out of which 59% considered small (5-19 employees), 23% medium (20-99 employees) and 13% micro (up to 5 employees). From the sample, only 8% of the enterprises engaged in exporting activities⁵. There is no official data on the number of MSMEs in Libya. The 2006 Business Census reported a total of 117.828 enterprises, but the figure is likely to have changed drastically since then. In the OECD area, Small and medium enterprises (SMEs) are the predominant form of enterprise, accounting for approximately 99% of all firms. They provide the main source of employment, accounting for about 70% of jobs on average, and are major contributors to value creation, generating between 50% and 60% of value added on average.

³ <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=LY>

⁴ Calice, Pietro; Benattia, Tahar; Carriere, Adrian; Davin, Eric. 2015. *Simplified enterprise survey and private sector mapping: Libya 2015 (English)*. Washington, D.C. : World Bank Group.

⁵ *Ibidem*.

In addition, SME development can contribute to economic diversification and resilience. This is especially relevant for resource-rich countries that are particularly vulnerable to commodity price fluctuations⁶. These figures account for much less in Libya, however they are indicative of the growth prospects and the employment opportunities MSMEs can create in an economy. A targeted policy intervention to improve the conditions for private sector development and employability in Libya should focus on the support to MSMEs.

The private sector on the other hand remains very small, representing only about 5.0% of GDP and about 14.0% of employment (4.0% to 6.0% of employed workers and about 8.6% of self-employed)⁷. These are low contributions to the economy by any international standard; private sector share of total values varies greatly, ranging from 90% in the trade sector to 10% in the finance sector.⁸ A small and underdeveloped manufacturing sector representing about 3.2% of GDP in 2012, a construction sector of less than 2% of GDP and a real estate sector of about 5.0% of GDP are comprised of a mix of public and private sector enterprises⁹. The manufacturing sector is largely composed of state-controlled enterprises in heavy industry, with two strong privately driven subsectors, food processing and building materials production.

At about 4% of GDP, wholesale and retail trade is the largest and most dynamic area of the private sector and comprises the greatest number of enterprises, which are mostly micro and small businesses¹⁰. Other sectors where private enterprises are present, such as hotels and restaurants, private education and personal services make a very small contribution to GDP but could offer significant potential for future private sector growth.

Informality is a common problem even in advanced economies, but it generally tends to be smaller in countries with a business-friendly regulatory regime, secure property rights and a stable judicial system. A large share of economic activity in Libya belongs to the informal sector, already in 2010 estimated at 30,9%¹¹, which is higher than most of the countries of the region with similar income levels. Despite the lack of reliable data, the assumption that this figure has grown in the post-2011 period may hold significant validity.

1.1.1 Public Policy Assessment and EU Policy Framework

There is no officially accepted MSME definition in Libya. In 2006, the General Planning Council (GPC) proposed defining small enterprises as those employing not more than 25 workers and having invested capital of not more than LYD 2.5 million and medium enterprises as having 26-50 workers with invested capital of between LYD 2.6 million and LYD 5 million (EUR 1.7 million and EUR 3.3 million). However, this definition does not include micro enterprises, very often start-ups, which are much more vulnerable to market failures than SMEs¹².

⁶ [Enhancing the contributions of SMEs in a Global and Digitalised Economy](#); OECD (2017)

⁷ *SMES in Libyan Reconstruction*; OECD (2016).

⁸ *Ibidem*.

⁹ *Ibidem*.

¹⁰ Calice, Pietro; Benattia, Tahar; Carriere, Adrian; Davin, Eric. 2015. *Simplified enterprise survey and private sector mapping : Libya 2015 (English)*. Washington, D.C. : World Bank Group.

¹¹ Buehn, A. & Schneider, F. *Int Tax Public Finance* (2012) 19: 139. <https://doi.org/10.1007/s10797-011-9187-7>

¹² *SMES in Libyan Reconstruction*; OECD (2016).

There is no single institution in charge of MSME policy implementation nor is there any national MSME strategy in place. There are several institutions dealing with MSME policies in Libya. The following ministries are involved in some aspect of enterprise development since the revolution: the Ministry of Industry and Economy, and the Ministry of Labour and Manpower. The Libyan Programme for Reintegration and Development (LPRD, previously the Warriors Affairs Commission) within the prime minister's office also works on MSME development. Co-ordination mechanisms in the area of MSME development are very complex and opaque in Libya, especially given the horizontal nature of this policy field.

Support for MSMEs has been characterised in recent years by a number of scattered national programmes and action plans. Before the events of 2011, the National Economic Development Board (NEDB) was established to advise the government on the elaboration and implementation of key economic reforms. The NEDB set up a national MSME Programme in 2007 to boost the country's competitiveness through support to MSMEs and entrepreneurship, innovative start-ups and human capital enhancement. After the revolution, this programme was transformed into an MSME development agency called Libya Enterprise, operating since 2012 under the Ministry of Industry and Economy.

Libya Enterprise kept the same mandate of supporting business start-ups and is today supported by an EU funded project¹³ in the process of restructuring and redefining its supporting role to MSMEs. Libya Enterprise's mandate is to promote entrepreneurship, create a supportive environment for MSMEs, establish enterprise centres and incubators and provide business support to start-ups. It organises conferences, seminars, annual entrepreneur awards and dissemination activities, providing entrepreneurship training courses and consultancy, and facilitating access to financing and technology/knowledge transfer. It is meant to propose legislation and to develop proposals of incentives for entrepreneurs. In addition to this, its role is to foster co-operation with educational institutions and other relevant agencies to promote a culture of leadership and personal initiative, and to facilitate networks between academia and the business community to promote the transfer of knowledge and technology.

However, practical experience from international donors and implementing partners shows that despite the potential central role that the organisation should play, very limited support is brought to MSMEs entrepreneurs. Libya Enterprise is ill-equipped and benefit from little technical and financial capacities. Despite the numerous internationally-backed programmes developed to improve its services in 2013¹⁴ limited outcomes have been recorded so far.

Given the political instability and volatile security situation in Libya, the EU is committed to apply a conflict sensitive approach through its assistance in Libya. Consequently, the proposed action adopts a conflict sensitive approach in line with the principles developed among the Libyan focused Conflict-Sensitive Assistance (CSA) group¹⁵. For instance, it implies ensuring a comprehensive analysis of the local dynamics before structuring the programme design and to adopt extensive monitoring and evaluation activities in order to minimise negative impacts and maximise positive impacts of the intervention.

¹³ <https://sleidse.org/>

¹⁴ EU funded programme SLEIDSE, OECD programme on MENA transition fund, WYG on DFID funds

¹⁵ The CSA principles for Libya includes: 1) assistance should be as inclusive as possible; 2) assistance should strengthen the ability of our partner to be equally accountable across communities and constituencies; and, 3) assistance should strengthen the connection between state institutions and communities across the country, by deliver tangible improvements. CSA Quarterly Review #1 (2017).

1.1.2 Stakeholder analysis

The main stakeholders to be involved in the proposed action are the following: the Ministry of Planning being the national authority co-ordinating international assistance will facilitate co-ordination with the other Libyan institutions, the Ministry of Industry and Economy (MoE), the Ministry of Finance (MoF), the Libyan Central Bank, and Libya Enterprise and at local level, the municipalities, the Chambers of Commerce, commercial banks, private investors and civil society organisations (CSOs), such as business associations, chambers of commerce and NGOs working in the field of women's economic empowerment. The role of these specific CSOs is critical for the implementation of the action as some of them will be direct recipients of trainings and technical assistance. Their attitude towards the development of the private sector and economic empowerment is positive given that they perceive such actions as an opportunity to improve their role and importance in the decision making process and promote their agenda priorities. The ongoing EU funded action of private sector development has worked closely with chambers of commerce to develop their capacity building programme.

The direct beneficiaries of the action are the Ministry of Industry and Economy and the Ministry of Finance, whose capacities will be enhanced in order to support the improvement of business environment and promote business friendly policy reforms. Other direct beneficiaries of the action are (micro) finance institutions, commercial banks, MSMEs, women and young entrepreneurs, chambers of commerce, business associations and venture capital funds. Moreover, CSOs will receive capacity building to promote local business development with emphasis on supporting a greater role for women and youth in the private sector. Additionally, financial and microfinance institutions will be trained to develop financial products that meet the financing needs of MSMEs.

1.1.3 Priority areas for support/problem analysis

The priority areas identified by this programme are consistent with the findings in key studies on the topic of private sector development in Libya (Organisation of Economic Co-operation and Development (OECD)¹⁶, World Bank¹⁷, EU funded private sector development identification study), as well as with the conclusions drawn from implementation experience more specifically from the ongoing EU action in the field of private sector development, as well as other actions focusing in the field of local government, and from consecutive consultations with Donors and stakeholders.

The programme will focus on supporting three priorities:

- 1) Strengthen the capacities of Libyan institutions to design and implement actions conducive for MSME development and improve the attractiveness of Libyan economy for private investments.
- 2) Support youth and women's economic empowerment and start-up entrepreneurship.
- 3) Improve access to finance for MSMEs introducing innovative financial tools and microfinance.

Priority 1 - Strengthen the capacities of Libyan institutions

¹⁶ *SMES in Libyan Reconstruction*; OECD (2016).

¹⁷ Calice, Pietro; Benattia, Tahar; Carriere, Adrian; Davin, Eric. 2015. *Simplified enterprise survey and private sector mapping : Libya 2015 (English)*. Washington, D.C. : World Bank Group

While the public sector in Libya occupies a large share of the GDP and gathers most of the resources in terms of staffing and salaries, it is yet far from being a facilitator and promoter of private sector development. The absence of a coherent policy vision for the private sector is strikingly evident with the few and scattered policy interventions not being the necessary incentives for MSMEs to grow.

The lack of necessary expertise within the Ministry of Industry and Economy and the Ministry of Finance coupled with the long-standing tradition of a statist model of economy creates a discouraging mix for entrepreneurs. The existing regulatory framework for MSMEs is obsolete and includes conditions that particularly hinder MSMEs either because they act as barriers (e.g trade restrictions, heavily regulated sectors, market distortions due to subsidies, restrictions on domestic or foreign investments etc.) or they affect directly the operations of a MSME (e.g ease of doing business, rigid tax and labour regulations, weak rule of law and leaving space for corruption).

In such a difficult, mostly obstructive environment, MSMEs are more exposed to systemic pressures. The cost of acquiring market information is high for MSMEs and they have difficulty in securing or using the most developed technologies in their businesses, which makes them less competitive compared to larger enterprises. Any reform plan to address these key shortcomings, as also identified in detail by the Organisation for Economic Co-operation and Development (OECD) in 2016, will require an increased capacity of line Ministries to design and implement the necessary changes.

In the current juncture, Libya is one of the least attractive economies for doing business. According to the World Bank's Doing Business ranking for 2018, Libya ranks 185th out of the 190 countries measured for this performance¹⁸. Improvements in a number of criteria defining this position are of paramount importance for the viability of the domestic economic activity, as well for the perception of the international business community.

Libya's private sector is mainly dominated by import based activities. The import based sectors have a lot of unexplored potential and with the necessary policy interventions these sectors could create new income and employment opportunities. The setup of a trade Help desks within the Chambers of Commerce and across Libya, dedicated to support and facilitate importers as well as Libyan producers in accessing foreign markets is a necessary business support service; it can also contribute to a more favourable environment for EU enterprises that have trading relations with Libya. .

In parallel, the capacity of Business Unions (BU) needs to be systematically addressed to allow them to provide support services to their members and high quality representation vis-à-vis the state institutions. The current capacity of BU is low, evidenced among others by low numbers of membership and a limited range of services they can currently offer.

International experience has shown that single windows can have positive effects and improve the attractiveness of an economy for investors. Single windows offer a range of services, such as issuing licenses, processing customs duty and tax exemptions, commercial registration, approving project supplies and supervising labour contracts, including worker visas and residency permits. They are particularly useful in countries with overlapping institutional mandates and complex administrative procedures, such as Libya, because they centralise

¹⁸ <http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB2018-Full-Report.pdf>

scattered and fragmented administrative functions in one institution. In Libya, an effort to establish a single window was made in 2013, however the current single window is not operational. The programme will assess the current state before deciding together with the Libyan authorities, whether a reactivation or a redesign is the optimal way to follow.

Priority 2 - Support youth and women's economic empowerment and start-up entrepreneurship.

Libyan women experience adverse circumstances in the job market. Most indicators, such as unemployment, participation in commercial activity, and contributions to entrepreneurship, offer a grim picture of the situation of working women¹⁹. Despite women's success in the fields of education and scientific research and their contributions in the job market, the percentage of women in work remains low because of social and cultural barriers. Due to the adverse circumstances and structural difficulties they face many women resort to working in the informal sector, for example in home-based manufacture of handicrafts marketed through various channels. Women working in the informal economy sacrifice certain privileges that were available in the official sector before the political division crisis of 2014, such as social security and banking privileges²⁰.

Experience through interaction with aspiring women entrepreneurs via ongoing EU funded actions demonstrates many women-led business enterprises and activities do not primarily seek to generate income or even revenue, but are largely a way for women to avoid social marginalisation. The entry into the active economy of a large proportion of highly-skilled and dynamic young women, operating profitable businesses (large or small) will have an important positive and social impact.

In parallel a key challenge is to create an enabling environment for youth to engage in business activities and increase the entrepreneurial activity in the country, which is currently very low. According to the Global Entrepreneurship Monitor (GEM) report in 2014, out of the adult population (18-64), 6.6% were trying to start a new business (nascent entrepreneurs), 4.7% owned a young business and only 3.4% owned an established business of more than 42 months. This report also notes that fewer than 60% of the Libyans feel that they have the knowledge, skill and experience required to start and run a business, compared to an average of almost 70% of adults in other factor-driven economies while 35% of women are prevented from starting a business due to fear of failure. Channelling the dynamism of young entrepreneurs into productive sectors has to be supported by policies and tools providing the necessary incentives for start-up initiatives.

Priority 3 - Improve access to finance for MSMEs introducing innovative financial tools and microfinance

Access to finance is particularly limited in conflict environments due to lack of credit histories and business records, high collateral requirements and insufficient financial records. In Libya there is virtually no credit history coverage, no registry for movable assets, and the country is in-between two financial regimes, pending the implementation of the Islamic Bank Law in 2013. Despite the efforts and positive results achieved in the context of the EU funded SLEIDSE project, involving inter alia the reactivation of the national guarantee fund, much is left to be done to improve access to finance for MSMEs in Libya.

¹⁹ *Women in the Libyan Job Market*; Friedrich Ebert Stiftung (2017)

²⁰ *idem*

The Islamic Finance regime should have entered into force on 1 January 2015, but it has been delayed because of the instability in the country. The government’s decision to implement a strict Islamic banking regime has created uncertainty within the financial sector; however the pending status of implementation, the lack of experience and expertise with Islamic finance affect negatively the banking sector. The move to Islamic banking may be favourable for Libyan MSMEs due to the absence of interest rate financing.

Moreover, given the traditional lack of access to banking finance for MSMEs other non-conventional forms of financing, such as microfinancing, mezzanine finance, equity finance, crowd-funding etc. In particular, private equity operates on an informal basis in Libya, mainly through family and tribal networks. The absence of a venture capital industry limits opportunities for MSMEs with growth potential and innovative start-ups to access risk financing for their ventures.

Especially in regard with microfinance, the ground appears to be favourable for the development of relevant institutions and products. In the context of the ongoing funded project "Support to Libya for Economic Integration, Diversification and Sustainable Employment (SLEIDSE)" a feasibility study was carried out exploring the potential of microfinance in Libya and according to its findings microfinance corresponds to the needs and demand of MSMEs in Libya.

Currently, Libyan banks do not apply any of the international recognised banking standards entailing a complete isolation from the international banking system. Lack of knowledge about these provisions and regulations does not permit Libyan banks to trade easily with international financial institutions.

Setting-up a system to provide information on MSMEs’ borrowing and repayment habits is an important missing element in the banking system of Libya. Such credit information institution will reduce the effect of asymmetric information between borrowers and lenders, and alleviate problems of adverse selection and moral hazard. For example, adequate credit information could facilitate lenders in screening and monitoring borrowers, as such avoiding giving loans to high risk MSMEs while at the same time encourage banks to increase the number of loans they are currently distributing.

2 RISKS AND ASSUMPTIONS

The possible risks in the implementation of the proposed action remain considerable high given the volatile security and political situation in Libya. The main risks are the following;

Risk	Risk level (H/M/L)	Mitigating measure
Political instability and possible changes of governments may interrupt existing relations and impede work at national level.	High	The interventions will be designed in a flexible manner in order to enable adaptation of activities to different circumstances. Regular analyses of the situational context and continuous policy dialogues will be carried out to enable negotiations and trust building.
Security challenges and lack of access may hinder the project	Medium to High	The security situation is continuously evaluated and assessed. Periodic risk re-

implementation in Libya.		<p>assessment will be carried out.</p> <p>Projects are designed in a flexible manner to adapt to different and changing situations. Certain activities (e.g. trainings) may be implemented abroad dependent on security assessment yet focusing on Libyan nationals who will, in turn, be empowered to train other people back in Libyan territory</p> <p>Implementing partners will rely on their networks and established presence on the ground to ensure solid buy-in and local ownership.</p> <p>An assessment on remote management modalities and third party monitoring is currently ongoing to provide best practice guidelines and will be fully taken into account in future contracts/grants/etc..</p>
Rapid deterioration of Libya's economy implying an exacerbation of the liquidity crisis may lead to issues linked to inefficiencies of funds transfer and/or fiduciary risks.	Medium	<p>The undergoing assessment of remote management modalities and third party monitoring will provide best practice guidelines on cash transfers into Libya.</p> <p>Economic and financial analysis will continually be carried out to adjust where necessary.</p>
Project activities overlap with other interventions of the international community.	Low	<p>The existing co-ordination mechanisms (e.g. UNSMIL, EU/Member States and donor co-ordination meetings) will be utilised by the EU and implementing partners so as to ensure complimentary and co-ordinated project activities.</p>
The intervention unintentionally contributes to conflict and/or tensions between stakeholders in communities.	Low	<p>Interventions will be implemented on the Conflict Sensitivity ('do no harm') Principles where continuous context analysis and monitoring mechanisms will be undertaken.</p>
Assumptions		
<ul style="list-style-type: none"> - The security and political situation does not deteriorate any further permitting to implementation of project activities. - Competent authorities and beneficiaries continue to be committed to co-operate with implementing partners. - Local communities and beneficiaries understand the positive impact of the envisaged intervention. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

As a response to the pressing necessity to support the development of the private sector in Libya, EU developed and funded in 2014 the ongoing project "Support to Libya for Economic Integration, Diversification and Sustainable Employment (SLEIDSE)", whose objective to promote development of a dynamic and diversified MSME sector in all regions of Libya, capable of creating employment and livelihoods for Libyans.

The main lessons learned and experience developed from this project, along with other EU funded projects, include:

- Given the particular Libyan context, including the increased precariousness of the security situation since 2014, projects in Libya should be based on an adaptable and flexible approach. It is important in order to assure that activities are adaptable to different and changing circumstance on the ground as well as to avoid project failure or blockages.
- As a consequence of the volatility of the security context projects are implemented in remote modus, exclusively through implementing partners. Regular in-depth dialogue with implementing partners is therefore indispensable, as is close monitoring and risk analysis.
- Adopting a conflict sensitive approach is crucial to circumvent being associated with sensitive cultural or political issues which could jeopardize the implementation and readiness of an intervention. Maintaining trustful and participatory relations with CSOs and local actors are therefore vital as to minimize negative impacts and ensuring projects legitimacy and efficiency. Implementation has proven to be more effective and coherent once a relationship of trust has been established with Libyan civil society organisations and local actors.
- Implementing partners should provide an integrated management structure; share information with relevant stakeholders and clearly define the activities and objectives. This is of significance so as to ensure coherence of actions and projects objectives, cost effectiveness of activities and synergies between different counterparts.

3.2 Complementarity, synergy and donor co-ordination

The proposed action is fully complementary to other ongoing and planned bilateral projects funded by the EU and by other donors.

The success of the ongoing EU project "Support to Libya for Economic Integration, Diversification and Sustainable Employment (SLEIDSE)", whose objective is to promote development of a dynamic and diversified MSME sector in all regions of Libya, capable of creating employment, has been the basis for the current proposal. The project focuses on disseminating entrepreneurship culture among youth in Libya and within universities, improve access to finance for MSMEs and improve the business service delivery.

SLEIDSE in 2017 carried out the feasibility study of introducing micro-finance for Libya and identified both possible donor(s) and an implementing partner. As a result of this activity DFID, through their Conflict, Stability and Security Fund, has decided to provide a funding of approximately EUR 2 million which will cover the establishment and operating expenses of the microfinance institution in Libya for the next two years.

The positive results being produced in the context of SLEIDSE have demonstrated the growth potential for the private sector in Libya, as well as the huge needs that remain to be tackled by future interventions. This has led the European Commission to launch a study in early

February 2018, assigned with identifying actions for improving access to finance for MSMEs and private sector development in Libya²¹. The main objective of this study has been to draft, in close collaboration with relevant Libyan stakeholders, the possible options for an EU intervention with a view to improving the business and investment environment. The findings and key recommendations of this study are reflected in this special measure.

The EU Delegation to Libya recently contracted a framework contract in order to launch a study on remote management modalities and third party monitoring mechanisms for EU-financed projects and programmes in Libya. The study, carried out from December 2017 to January 2018, intends to improve accountability and to mitigate risks associated with remote programming by providing relevant mechanisms for third party monitoring. The guidelines and tools provided will consequently also assist in the design of Terms of Reference for Service Contracts under this action. The mechanisms delivered will be carefully reviewed to strengthen the remote management and third party monitoring for the EU-funded projects in Libya.

As a result of the fragile circumstances in Libya, combined with a majority of the international community and implementing partners working via remote control from Tunis, donor co-ordination for interventions in Libya requires an additional effort. The United Nations Support Mission in Libya (UNSMIL) has taken the lead in maintaining the overall co-ordination of the international support in Libya. UNSMIL has set up a number of co-ordination meetings and working groups, among which the working group on Economic Recovery, which the EU Delegation to Libya follows closely.

The EU Delegation to Libya holds regular co-ordination meetings with EU Member States, implementing partners and other donors working on the ground in Libya in order to make sure consistent information-sharing is maintained. The Joint Co-ordination meetings with EU Member States and donors are an important tool for keeping a close dialogue and to share information towards a co-ordinated donor approach. Moreover, since 2015 the EU Delegation to Libya has also been holding regular co-ordination meetings together with EU Member States representatives in Tunis, with the purpose to ensure sharing of information and co-ordination about EU programmes and EU Member States activities in Libya.

Through multiple discussions in programming meetings with several donors and implementing agencies such as United States Agency for International Development (USAID), the United Kingdom Department for International Development (DFID) and the World Bank, consistency and complementarity with ongoing actions by other donors can be ensured. Close follow-up and co-ordination will be ensured with the USAID project, launched in 2013 in partnership with the Mennonite Economic Development Associates (MEDA) and the Libya Women's Forum: the USD 1.14 million Libya Women's Economic Empowerment (LWEE) project to enhance women's entrepreneurship development in Libya.

3.3 Cross-cutting issues

The proposed action will contribute to the EU Gender Action Plan (GAP II), which provides a framework for the EU's engagement on gender equality through external action for the period 2016-2020. The GAP II is based on three thematic pillars, namely: 1) ensuring the physical and psychological protection of women and girls; 2) promoting social and economic rights and the empowerment of women and girls; and 3) strengthening the voice of women and girls.

²¹ FWC BENEf 2013 - LOT 10: 2017-393896

In addition, the GAP II is also based on a fourth, horizontal objective which emphasizes to incorporate a gender perspective in the EU's institutional culture.

Despite women playing an active role in the revolution 2011, Libyan women still remain underrepresented in the political domain and lack basic rights. There also has been a set back to the earlier progress in women's rights in Libya as extremist groups have been weighing into the social and political space in all parts of the country. In 2012 the quota for women in parliament was reduced and there is an overall lack of women's representation in the political sphere and official institutions. Additionally, laws have recently been amended further impeding women's rights²² and there is a poor legislative framework to protect women.²³

The *Update on the Gender Profile Libya* (2017), specifically, calls for gender mainstreaming into policy-making and legal reforms so as to engage women in the local decision-making and facilitate their integration into the economy. In accordance with the GAP II the proposed action intends to enhance gender equality and women's rights through empowering women organisations and strengthening the voice of women and girls, notably by enabling women to engage in civic activism and participate in decision-making.

The action will be designed following a Rights Based Approach (RBA)²⁴ by seeking to ensure a gender, age and diversity sensitive programme through a participatory approach. Particular attention will be given to ensure gender mainstreaming in the design of projects and involve CSOs promoting the economic empowerment of women.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The *overall objective* of the programme is to improve the Libyan business environment in order to generate economic growth for private sector operators and job opportunities for youth and in particular for women.

The *specific objectives* of the proposed action are:

- **Specific Objective 1:** Strengthen the capacities of Libyan institutions to design and implement actions conducive for MSME development and improve the attractiveness of Libyan economy for private investments.
- **Specific Objective 2:** Support youth and women's economic empowerment and start-up entrepreneurship.
- **Specific Objective 3:** Improve access to finance for MSMEs, including the introduction of innovative financial tools and microfinance.

The **main results** will be:

²² For instance, Law 14 of 2015 addressing an amendment of Articles of Law 10 of 1984 on marriage and divorce and cancelling Article 13 of the same law, which implicated women are no longer eligible to witness marriage contracts and polygamy is once again legal.

²³ Gashut, Huda (2017). *EEAS: Update of the Gender Profile Libya*.

²⁴ The Rights Based Approach is explicated in the SWD (2014) 152 final: "Commission staff working document tool-box: A Rights-based approach, encompassing all human rights for EU development co-operation".

Results under Specific Objective 1:

R.1.1. The capacity of the staff of Ministry of Economy and the Ministry of Finance dealing with the challenges of private sector development in Libya has been increased.

R.1.2. Business Unions' capacity to support enterprises has been increased, leading to higher activity and memberships.

R.1.3. A single window and/or an e-single window for businesses has been designed and established in most suitable region(s) and cities.

R.1.4. A Trade Help desk has been designed, established within relevant institutions (Chambers of Commerce), and is functional in most suitable regions..

Results under Specific Objective 2:

R.2.1 Capacities and visibility of selected CSOs dealing with youth and women empowerment have been enhanced.

R.2.2. Targeted women and youth have been trained and their knowledge and capacity to develop entrepreneurial activity has been enhanced.

R.2.3. Seed funding has been made available, allocated, advertised and disbursed to targeted women and young entrepreneurs.

Results under Specific Objective 3:

R.3.1. Capacities of Libyan finance and microfinance institutions to comply with international banking standards have increased.

R.3.2. Capacities of Libyan finance and microfinance institutions to supply finance products to MSMEs have increased.

R.3.3. Assess the potential of non-traditional financing (such as venture capital, mezzanine finance, crowdfunding and others) and design applicable products. **R.3.4.** A Credit Information Bureau has been designed and established.

4.2 Main activities

The main activities to achieve the expected results are foreseen as follows:

Indicative list of activities to achieve results under Specific Objective 1:

1.1. Preliminary detailed needs analysis and a road-map on the training for staff priorities will be established on the basis of an internal study in the Ministry of Finance and the Ministry of Industry and Economy and close consultations with the hierarchy in the relevant Ministries. Targeted capacity building measures for the Ministry of Finance and the Ministry of Industry and Economy officials will be implemented

1.2. Identification, analysis and quantification of main policies and obstacles affecting the Doing Business (DB) ranking;

1.3. Gap analysis to identify obstacles affecting the effectiveness of BU, identify key regulatory/logistical/HR priorities for reforming BU and develop targeted solutions for each BU.

1.4. Gap analysis of IT infrastructures and procedures, study best practices, design, develop and pilot a single-window in at least one region.

1.5. Design and develop a core model for the Trade Help desk. Define the geographical coverage and identify possible beneficiaries. Train local staff to work in the Help desk.

Indicative list of activities to achieve results under Specific Objective 2:

- 2.1. Identification of Libyan CSO's with thematic specialisation and capacity to support youth and women's economic empowerment.
- 2.2. Desk study and impact analysis to select priority actions with maximum impact to improve youth and women's ability to conceive, create, manage or benefit from their own business.
- 2.3 Identification and support of quick fixes on youth and women's economic empowerment, but also other measures such as, facilitate business tools for women, improved or gender-friendly services, increase media coverage for female entrepreneurs and start-ups.
- 2.4. Design and implement a competitive call for proposals to provide grant funding (seed funding) to women and young entrepreneurs for their business projects.

Indicative list of activities to achieve results under Specific Objective 3

- 3.1. Define the needs and develop a strategy for Islamic Finance (IF) operations and oversight, with particular emphasis on maximising the capacity of IF tools to serve MSMEs and start-up businesses.
- 3.2. Identify, define and design legislative/regulatory reforms and easy-to-implement policy recommendations that can improve the function of the banking sector and ease access to finance.
- 3.3. Identify, assess the potential and develop hybrid and alternative financial tools, such as venture capital, mezzanine finance, microfinance, high-risk / high-return guarantees, portfolio financing, business angel funds, crowd-funding, and others that can improve the access to finance for MSMEs.
- 3.4. Develop terms of reference for the establishment of a Credit Bureau, taking into account the institutional design, mandate, and structure, staffing requirements, operational scope and control systems. Identify and address horizontal regulatory changes that are needed to allow its operation.

4.3 Intervention logic

The intervention logic behind the identified results and activities is based on the gaps identified during the various needs assessments and consultations carried out with relevant stakeholders, the experience drawn by the ongoing EU funded SLEIDSE project, as well as the results of the identification study conducted in February and March 2018. In parallel with these findings, factors such as remote management and the limited number of available implementing partners were taken into consideration to formulate this special measure.

The action will rely as much as possible on the inputs and expertise of the Libyan institutions, considering that their co-operation is an important element of success in the operational context of Libya. The maximum possible consensus among Libyan institutions will be sought and motivated by the programme to allow the feasibility of designed reforms and effectiveness of capacity building measures.

The implementation will take into account all existing bilateral and multilateral programmes. This implies that operational sustainability is built-in, maximising the likelihood that results are owned by the Libyan counterpart/partner institutions. Moreover, building on the experience of the implementation of SLEIDSE actions will take place both in Libya and Tunis as appropriate in view of the difficult security situation and current divisions in the country. In

particular, Libyans from all parts of the country can travel unimpeded to Tunisia and meet in a neutral framework which regularly contributes to these actors emphasising shared professional, political and social objectives against the many other centrifugal forces impacting Libya negatively. As the security situation improves and the political context stabilizes more activities will be gradually carried on Libyan soil.

5 IMPLEMENTATION

5.1 Financing agreement

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

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Action Document. Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this Decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

The envisaged assistance to Libya is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215.

5.3.1 Indirect management with a Member State

This action may be implemented in indirect management with Agence Française d'Expertise Technique Internationale Expertise France. This implementation entails the following budget-implementation tasks: a) mobilisation of expertise for the preparation of an implementation plan during the inception phase, b) recruitment of a long-term project team operating frequently and if possible permanently from Libya, c) mobilisation of EU, regional and Libyan short-term experts for missions, d) contracting of supplies and works related to project set-up and operation, e) contracting of services related the implementation of components of the action where external expertise is necessary, f) financial contribution to third parties.

This implementation is justified because supporting the private sector development in Libya is an important policy priority in which Expertise France has a proven successfully their capacity in the country, with its ongoing operations in the field of MSME development and access to finance.

Working with Libyan counterparts, notably with the national institutions requires the development and establishment of excellent relations of confidence and trust. Such a relation has already been established between Expertise France and the existing Libyan institutions and stakeholders, clearly demonstrated by the dynamism and effectiveness of the ongoing EU funded project SLEIDSE. Moreover, Expertise France has the capacity to deploy local staff with permanent presence in Libya, an element which enhances the effectiveness of the technical assistance to the Libyan institutions and the project operations in general.

5.4 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 provision.

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

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, (amount in EUR)
5.3.1. Indirect grant with Expertise France:		0
- Activity 1 – Strengthening the capacities of Libyan Institutions	1,500,000	
- Activity 2 – Support youth and women's economic empowerment and entrepreneurship	2,800,000	
- Activity 3 – Improve access to finance for MSMEs	2,700,000	
5.8 - Evaluation, 5.9 - Audit	will be covered by another decision	N.A.
Contingencies	N.A.	N.A.
Totals	7,000,000	0

5.6 Organisational set-up and responsibilities

In order to ensure transparency, accountability and appropriate strategic guidance on programme implementation a Steering Committee will be established. Where suitable and necessary, specialised task force will be set up to address thematic priorities of higher complexity. The participation of relevant to the action CSOs will be foreseen in the Steering Committee. Content specific information will be shared with national and international co-ordination for a, such as the working group on Economic Recovery.

The Steering Committee will meet on a three months basis to review implementation against planned achievements, endorse changes to the work plan where necessary, facilitate the involvement of other stakeholders and discuss any other issue relevant to the programme. Decision-making rights will lay with the representatives of the applicant, the co-applicants and the EU Delegation to Libya that shall agree unanimously.

5.7 Performance 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. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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).

5.8 Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen 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 report shall be shared with the partner country and other key stakeholders. 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.

5.9 Audit

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 audits or expenditure verification assignments for one or several contracts or agreements. The financing of the audit shall be covered by another measure constituting a financing decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, 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.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant for monitoring and reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	Improve the Libyan business environment in order to generate economic growth for private sector operators and job opportunities for youth and in particular for women.	To what extent business environment in Libya is improved Private sector as share of Libya's GDP grows	TBD in the inception period	TBD	Assessment/Reports of implementing partners and international organisations. Doing business report	Conditions have not changed dramatically
Specific objective(s): Outcome(s)	Specific Objective 1: Strengthen the capacities of Libyan institutions to design and implement actions conducive for MSME development and improve the attractiveness of Libyan economy for private investments.	Level of knowledge and competence of government officials in MoE and MoF. To what extent private sector is more attractive to investments.	TBD in the inception period	TBD	Pre- testing levels National Statistics Office Assessment/Reports of implementing partners and international organisations	Ownership by Libyan institutions is important
	Specific objective 2: Support youth and women's economic empowerment and start-up entrepreneurship	Variation of the number of young and women entrepreneurs Variation of the number of start-up	TBD in the inception period	TBD	National Statistics Office Reports by CSOs Assessment/Reports of implementing partners and international organisations	Cultural dynamics allow women and youth participation
	Specific Objective 3: Improve access to finance for MSMEs including the introduction of innovative financial tools and microfinance	Number of loans, micro financing or seed funding to MSMEs	TBD in the inception period	TBD	National Statistics Office Statistics by Banks and FIs Assessment/Reports of implementing partners and international organisations	Co-operation of CBL and commercial Banks is necessary Local culture is conducive to set-up micro-finance system

Outputs	<p>Specific Objective 1</p> <p>R.1.1. The capacity of the staff of the Ministry of Economy and the Ministry of Finance dealing with the challenges of private sector development in Libya has been increased.</p> <p>R.1.2. Business Unions' capacity to support enterprises has been increased, leading to higher activity and memberships.</p> <p>R.1.3. A single window and/or an e-single window for businesses has been designed and established in most suitable region(s) and cities.</p> <p>R.1.4. A Trade Help desk has been designed, established within relevant institutions (Chambers of Commerce), and is functional in most suitable regions.</p>	<p>Higher competence of officials measured by testing levels of knowledge</p> <p>Number of members of each Business Union increased</p> <p>Number of services provided by BUs to members increased</p> <p>Average number of operations per window per day</p> <p>Number of inquiries to EU trade helpdesk</p>	<p>Pre-testing levels</p> <p>Number of clients/members of BU</p> <p>0</p> <p>0</p>	<p>+25% improvement of knowledge compared to 2019</p> <p>15% increase of members on average per year</p> <p>TBD</p> <p>100 inquiries per month per desk compared to 2019</p>	<p>Statistics of BU</p> <p>Statistics of the single window</p> <p>Internal data of EU Trade helpdesk</p>	<p>Training needs to be accompanied by HR management improvements in the two Ministries.</p> <p>Co-operation and support by line Ministry is necessary to allow the task force be established and operate</p> <p>Lack of institutional support or lack of institutional mandates to promote such a reform.</p>
	<p>Specific Objective 2</p> <p>R.2.1. Capacities and visibility of selected CSOs dealing with youth and women empowerment have been enhanced.</p> <p>R.2.2. Targeted women and</p>	<p>Number of CSOs strengthened for dealing with youth and women's economic empowerment</p> <p>Number of employed young</p>	<p>0 (2017)</p>	<p>10 CSOs with enhanced capacities</p>	<p>Reports of the action</p>	<p>Main obstacles are cultural/traditional rather than legal</p> <p>Main obstacles are cultural/traditional</p>

	<p>youth have been trained and their knowledge and capacity to develop entrepreneurial activity has been enhanced.</p> <p>R.2.3. Seed funding has been made available, allocated, advertised and disbursed to targeted women and young entrepreneurs.</p>	<p>people and women; number of businesses led by young people and women increased</p> <p>Women-led and youth-led businesses gained access to seed funding increased</p>	<p>TBD</p> <p>TBD</p>	<p>+5% in 2019 +10% in 2020</p> <p>TBD</p>	<p>National Statistics Office</p> <p>Reports of the action</p>	<p>rather than legal</p> <p>Channelling grants via agent organisations rather than autonomous management</p>
	<p>Specific Objective 3</p> <p>R.3.1. Capacities of Libyan finance and microfinance institutions to comply with international banking standards have increased.</p> <p>R.3.2. Capacities of Libyan finance and microfinance institutions to supply finance products to MSMEs have increased.</p> <p>R.3.3. Assess the potential of non-traditional financing (such as venture capital, mezzanine finance, crowdfunding and others) and design applicable products.</p> <p>2.3.4. A Credit Information Bureau has been designed and established.</p>	<p>Number/volume of approved credits</p> <p>Number of regulations published in compliance with international standards.</p> <p>Number/volume of credits to MSMEs</p>	<p>0 (2017)</p> <p>0 (2017)</p> <p>(0) 2017</p> <p>(0) 2017</p>	<p>5% for 2020, +10% for 2021</p> <p>5% for 2020, +10% for 2021</p> <p>Number and type of non-traditional financial products developed and become available +5% in 2020, +10%</p>	<p>Statistics from Banks, Central Bank and Financial institutions</p> <p>Statistics from Banks, Central Bank and Financial institutions</p> <p>Statistics from Banks and Financial institutions 1 in 2020, 2 in 2021</p>	<p>A minimum of national consensus on the model of compliance in necessary</p> <p>Mediocre level of mutual interest / trust likely to exist at present, partly based on and correlated to political situation</p>

		Number of start-ups and MSMEs obtained credit	0 (2017)	in 2021	Statistics from Banks, Central bank and Financial Institutions	
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This action is funded by the European Union

ANNEX 3

of the Commission Decision on the special measure 2018 in favour of Libya for 2018

Action Document European Union for Civil Society in Libya

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 110(2) of the Financial Regulation in the following section concerning grants awarded directly without a call for proposals: 5.3.1.

1. Title/basic act/ CRIS number	European Union for Civil Society in Libya; CRIS number: ENI/2018/397-428 financed under the European Neighbourhood Instrument.	
2. Zone benefiting from the action/location	Libya/ Libya and Tunisia	
3. Programming document	In view of the volatile security situation the Country Strategy Paper 2014-2016 is no longer valid.	
4. Sector of concentration/ thematic area	Sector 1: Civil Society	DEV. Aid: YES ¹
5. Amounts concerned	Total estimated cost: EUR 5,500,000 Total amount of EU budget contribution EUR 5,000,000 This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 500,000	
6. Aid modality(ies) and implementation	Project Modality Direct management	

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

modality(ies)				
7 a) DAC code(s)	15150 - Democratic participation and civil society			
b) Main Delivery Channel	20000 – Non-Governmental Organisations (NGOs) and civil society			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	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 (including Women In Development)	<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"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A		
10. SDGs	SDG 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. – 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels.			

SUMMARY

An active and empowered civil society is a central component in the creation and maintenance of democratic processes and strong political institutions. Due to Libya's very distinct history, notably the legacy of 40 years of the Gaddafi regime, Libyan civil society organisations lack fundamental technical skills and capabilities to function as independent actors able to fully assume their role in taking forward inclusive and participatory policy dialogues. Therefore, Libyan civil society organisations (CSOs) need to strengthen their capacities and increase their participation and visibility in the development process.

As a response to these challenges, the proposed programme aims to strengthen democratic governance, accountability and local participatory development in Libya by empowering civil society actors and to advocate for participatory public policy dialogues. To achieve this overall objective the proposed action will focus on building the capacity of Libyan CSOs to be effective and accountable independent actors and on enhancing the awareness amongst citizens and policy-makers of CSOs role as partners in development, planning, implementation & monitoring both at local and national level.

These achievements will be accomplished through activities such as technical trainings, on-the-job coaching and other capacity building activities related to funds mobilisation and financial management, facilitation of networking, provision of safe offices and IT equipment, pilot projects and partnerships with local authorities.

As Libya's outlook remains uncertain and the crisis is not over, the proposed action is foreseen to be adopted through the Special Measure 2018 and will be provided through implementing partners with vast experience of operating in the field.

1 CONTEXT

1.1 Country context and thematic area

After the revolution in 2011 and the fall of the Gaddafi's regime Libya has seen an astonishing emergence of civil society organisations (CSOs) across its territory. The rise of CSOs and civic activism throughout the country is proof of the readiness with which Libyans wanted to embrace change and participate in the social and political transition. During the Gaddafi era, decision-making was very centralized and it was prohibited for civil society organisations to engage in political activities. Consequently, the emergence of civil society organisations and institutions is a rather new phenomena in Libya. The remarkable growth of CSOs after the post-Gaddafi period was followed by a retrenchment in mid-2013 and resumed in 2014. There were several reasons for this development, largely because of the division of political power in 2014 with two competing governments as well as due to the security situation severely deteriorating with the emergence of armed groups and escalation of local clashes. The political polarisation and fluctuating levels of armed conflicts and insecurity across Libya have particularly had a damaging impact on civilians. Criminal violations, lack of access to social services and restriction of freedom of expression are some of the many difficulties met. For CSOs the escalated insecurity meant lack of safe environments to operate as well as difficulties to financially manage due to the economic recession and the departure of international donors.² Moreover, CSOs are subject to pressure or harassment given the severe restrictions in freedom of speech, in particular CSOs defending human rights or working on democratic culture and conflict prevention are affected, regularly forced to put their activities on hold or to stop their activities.

The Libyan Political Agreement of December 2015 aimed at bringing the two governments in Tripoli and Tobruk together by forming a Presidency Council (PC) in 2016 and the appointment of an interim Government of National Accord (GNA) established in Tripoli. However, the GNA has never been officially recognized by the House of Representative based in Tobruk which was a prerequisite of the Libyan Political Agreement. The internationally backed GNA continues to struggle for legitimacy, to restore security and to build institutions to provide basic services across the country.

In Libya's current, fluid political and security context conditions for NGOs to operate keep changing. Since mid-2015 a number of organisations have been able to resume their activities and new ones have emerged. In 2016 there were approximately 4500 officially registered CSOs³ under the Civil Society Commission (CSC) in Libya. In a dedicated consultation

² Altai Consulting for SJD (2015). *Libya Civil Society Mapping*. pp. 18-19.

³ Romanet Perroux, Jean-Louis (2017). *Libya Rapid Assessment Report*.

workshop with local CSOs and implementing partners at the EU Delegation (October 2017⁴), several CSOs, particularly those working in sensitive fields like human rights, expressed reservations towards registering with the CSC noting potential risks of becoming easily identifiable to internal security bodies or militias which, while collaborating with the CSC, are unaccountable. Additionally, CSOs also expressed concerns as to the CSC's interference in their work, including in financial matters and in the CSC's bureaucratic registration system while rules and requirements imposed by the CSC differ from region to region. It is therefore unsurprising that many CSOs prefer operating without registering officially. Nonetheless, despite the overall growth of CSOs in Libya in last years, recent assessments demonstrate that the quality of CSOs programmes and project delivery has been decreasing⁵. Some of the key reasons behind these challenges for delivery are that CSOs lack essential structural and funding capacities, as well as skills to maintain structured policy dialogues. Consequently, the civic engagement in civil society activities remains weak, likewise does the overall public level of trust in CSOs.

Given Libyan CSO's lack of essential structural and technical capacities they have not been able to apply for funding under the civil society and local authorities (CSO-LA) thematic budget line. This limits direct support to Libyan CSOs as the thematic programmes have stringent eligibility criteria, notably in case of providing support directly to country-based CSOs. Given the potential CSOs have in contributing to participatory policy dialogues and in enabling an environment conducive to reconciliation, it is for the EU of strategic interest to support Libyan civil society organisations. Therefore, funding from the 2018 ENI for CSOs in Libya will be provided through international implementing partners already operating in the field and through application and reporting procedures, which are less technically demanding and more tailor-made to the weak capacities of Libyan CSOs. The suggested action aims to strengthen the capacities of Libyan CSOs to become independent and visible actors in the development process and complement ongoing bilateral projects funded by the EU and other donors in Libya.

The difficult security conditions in Libya have forced the international community and a majority of implementing partners to work remotely from Tunis – a modus operandi that also applies to the EU Delegation where much of international co-ordination still takes place. In consequence of the volatile environment and more complex circumstances met when operating via remote control, action plans are adopted through special measures⁶ and with a flexible approach.

1.1.1 Public Policy Assessment and EU Policy Framework

Libya's persistent political polarisation provides the backdrop for collective efforts, led by the UN, to lead the country towards a democratic transition. Priority must be to restore and reform Libya's governmental functions at central and local level to improve services and prevent a further deterioration of social parameters. In this context, government at local and central level needs to be engaged to open up and become part of a generational change from the repressive state it was in the past towards providing an enabling framework for a

⁴ The EU held a consultation workshop the 3-4th October 2017 in Tunis with local Libyan CSOs as well as with implementing partners.

⁵ Romanet Perroux (2017).

⁶ The special measures have been elaborated on the basis of actual needs identified after consultation of key stakeholders and the Government of National Accord.

pluralistic society and diversified economy. International assistance should aim at increasing local participation and enable the emergence of accountable and transparent institutions. Currently, the involvement of civil society in public policies is close to absent, both at central and local level. At the present time there is no agreed National Development Policy in Libya.

In the aftermath of the revolution 2011, the Ministry of Culture and Civil Society took over the registration process of CSOs, a task assumed now by the current Civil Society Commission with the stated purpose to ‘provide technical and logistical assistance as well as allocate funds to CS activities’. However, due to lack of capacities the CSC has not been able to deliver such support; and have introduced certain requirements on registration, reporting, source of funding, etc.

Currently, Libyan CSOs continue to face legal restrictions and operate under scarce conditions with high risks. The proposed action seeks to mitigate the effects and help CSOs to become more effective agents in Libya’s democratic transition. This responds to the EUs general commitment to strengthen CSOs capacities to operate more effectively as independent actors so as to advocate for more inclusive and pluralistic institutions and policies.

The proposed action derives from several civil society needs assessments and in keeping with respective EU policies. In terms of guidelines, the current action is designed notably in line with the *Roots of democracy and sustainable development: Europe’s engagement with Civil Society in external relations*⁷ drawing on the importance of supporting CSO as to enable inclusive policy-making, democratic governance and inclusive growth. This communication sets out three priorities for EU support in external relations:

- a) to enhance efforts to promote a conducive environment from CSOs in partner countries;
- b) to promote a meaningful and structured participation of CSOs in domestic policies of partner countries;
- c) to increase local CSOs capacity to perform their roles as independent development actors more effectively.⁸

The objectives of the action are moreover based on the newly adopted European Consensus on Development (2017)⁹, which promotes capacity building of CSOs and civil society participation in development.

Furthermore, the proposed action – in keeping with the approach adopted in the context of the Special Measures for Libya– responds to needs assessments established also directly in dialogue with Libyan CSOs and implementing partners, including International Non-Governmental Organisations (INGOs). This action document, in particular, draws on the *Libya Rapid Assessment Report*¹⁰ which provides an assessment of civil society actors in Libya while proposing delivery mechanisms to civil society support in the country. Due to the aforementioned and to ongoing co-operation with international and local CSOs, a thorough level of understanding of needs and challenges has been acquired. Nonetheless, as the

⁷ COM (2012) 492 final: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "The roots of democracy and sustainable development: Europe's engagement with Civil Society in external relations".

⁸ Romanet Perroux (2017) p 4.

⁹ European Consensus on Development. Official Journal C210/1 of 30.06.2017.

¹⁰ Romanet Perroux, Jean-Louis (2017). "Libya Rapid Assessment Report", provided within the framework of the Road Map Facility.

situation in Libya remains uncertain and continues to change, adopting a flexible approach is required as well as continuous analysis of the country context and local dynamics.

Given the political instability and volatile security situation in Libya, the EU is committed to apply a conflict sensitive approach through its assistance in Libya. Consequently, the proposed action adopts a conflict sensitive approach in line with the principles developed among the Libyan focused Conflict-Sensitive Assistance (CSA) group¹¹. For instance, it implies ensuring a comprehensive analysis of the local dynamics before structuring the programme design and to adopt extensive monitoring and evaluation activities in order to minimise negative impacts and maximise positive impacts of the intervention.

1.1.2 Stakeholder analysis

The main stakeholders to be involved in the proposed action include; Libyan CSOs, local and central authorities, the Civil Society Commission, Libyan universities and research institutions as well as INGOs working on Libya and UN mandated agencies.

The *final beneficiaries* of the proposed action are, apart from the Libyan civil society organisations, Libyan citizen overall, as they will benefit from an increase service delivery and participatory public policies. With sufficient capacities and capabilities, civil society organisation will particularly raise awareness and advocate on service delivery and the rights of vulnerable groups including youth, women and minority groups. Vulnerable groups will furthermore directly benefit from the action as particular attention will be paid to strengthening the capacities of CSOs working on youth, women and minority rights.

The *direct beneficiaries* include a row of stakeholders, specifically; Libyan CSOs - notably grass-roots and community-based organisations, local authorities and municipalities, Libyan universities and research institutions as well as public and private service providers.

1.1.3 Priority areas for support/problem analysis

Based on recent need assessments and consultations with Libyan CSOs and implementing partners, the following main priorities are identified as critical for enabling CSOs engagement and local participatory development in Libya.

i) Build local CSOs technical, management and advocacy capacities

Libyan CSOs lack essential organisational, strategic and management capacities. Capacity building is needed to enhance CSOs internal governance structures and overall strategic planning and transparency. This project will aim to provide basic rules and skills for CSOs to ensure a solid structure is in place that can ensure independence in the identification, planning and implementation of their activities and as such create the foundations for enhanced sustainability of the organisations.

ii) Provide access to funds

¹¹ The CSA principles for Libya includes: 1) assistance should be as inclusive as possible; 2) assistance should strengthen the ability of our partner to be equally accountable across communities and constituencies; and, 3) assistance should strengthen the connection between state institutions and communities across the country, by deliver tangible improvements. CSA Quarterly Review #1 (2017).

The restrictive regulatory framework for CSO's activities and the limitations and irregular access to funds are a key challenge for Libyan CSOs. The current situation is often hindering planned actions and impedes long-term planning and sustainability. In general Libyan CSOs are not properly structured and lack sufficient knowledge and skills to apply for foreign funding. The few CSOs that are able to do so are almost exclusively operating from outside Libya. At the national level, the current economic situation does not allow the relevant Ministry to provide financial support to CSO's. With restricted and fluctuating possibilities for access to funding sources, CSOs struggle to manage their operations. One component of this action will therefore focus on providing financial support to local CSO initiatives, through selected pilot projects.

iii) Support to implement civic initiatives to address citizens' needs and to enhance awareness amongst citizens and policy-makers of CSOs role in local development

As a consequence of security challenges and weak capacities Libyan CSOs have difficulties to respond to citizen's needs and to significantly influence policy dialogues (access to health care, education, culture, basic municipal structures, etc.). Several CSOs find it difficult to network and build coalitions among kindred organisations and experience lack of access to research and information. These constrains impede CSOs in potential co-ordination of advocacy initiatives as well as in providing professional inputs in dialogues with local institutions. Consequently, the overall level of trust in CSOs leverage remains weak in Libya. However, with enough capabilities and opportunities, CSOs can play an important role in providing service delivery and participatory policy dialogues. Particularly, CSOs play a critical role in recognising the rights of socially excluded in society.

2 RISKS AND ASSUMPTIONS

The possible risks linked to implementation remain considerable high given the volatile security and political situation in Libya. The main risks are the following;

Risks	Risk level (H/M/L)	Mitigating measures
Security challenges and lack of access may hinder the project implementation in Libya.	High	The security situation is continuously evaluated and assessed. Periodic risk re-assessment will be carried out. Projects are designed in a flexible manner to adapt to different and changing situations. Certain activities (e.g. workshops, training of trainers) may be implemented abroad dependent on security assessment. Implementing partners will rely on their networks and established presence on the ground to ensure solid buy-in and local ownership.
Civil Society Actors cannot engage due to hostile attitude of	Medium	Local Authorities/Communities will be informed of the project incentives to

local authorities and insecurity for their members.		effectively and without distrust reach out to targeted stakeholders. Open communication and close dialogues will be maintained to ensure mutual trust and respect for participants.
Rapid deterioration of Libya's economy implying an exacerbation of the liquidity crisis may lead to issues linked to inefficiencies of funds transfer and/or fiduciary risks.	Medium	The ongoing assessment of remote management modalities and third party monitoring will provide a best practice guideline on cash transfers into Libya and be fully taken into account in future contracts/grants/etc. Economic and financial analysis will continually be carried out to adjust where necessary.
Political instability and possible changes of governments may interrupt existing relations and impede work at national level.	Medium	The interventions are mostly addressing local level and will be designed in a flexible manner in order to enable adaptation of activities to different circumstances. Regular analyses of the situational context and continuous policy dialogues will be carried out so as to enable negotiations and trust building.
Project activities overlap with other interventions of the international community.	Low	The existing co-ordination mechanisms (e.g. UNSMIL, EU/Member States and donor co-ordination meetings) will be utilised by the EU and implementing partners so as to ensure complimentary and co-ordinated project activities.
The intervention unintentionally contributes to conflict and/or tensions between stakeholders in communities.	Low	Interventions will be implemented on the Conflict Sensitivity ('do no harm'). Principles where continuous context analysis and monitoring mechanisms will be undertaken.
Assumptions		
<ul style="list-style-type: none"> - The security and political situation does not deteriorate any further permitting to implementation of project activities. - Libyan authorities and beneficiaries continue to be committed to co-operate with implementing partners. - Local communities and beneficiaries understand the aim and support of the envisaged intervention. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

As a response to the changes in the political landscape after the revolution in 2011 and the encouraging involvement of CSOs in the democratic transition process; the EU adopted a number of programmes and projects where support to CSOs was one of the focuses. The "Civil Initiative Libya" (CIL), implemented from 2012 to 2016 through two phases, comprised capacity building activities of Libyan CSOs as well as promotion of policy dialogues between CSOs and national and local authorities. The main lesson learnt and experiences emphasized from this involvement, along with other relevant EU funded projects, includes:

- In view of the volatile security situation since 2014 project implementation in Libya should adopt a flexible approach so that activities are adapted to different and changing circumstances on the ground.
- As a consequence of the volatility of the security context project implementation is currently operated by remote control, through implementing partners. Regular in-depth dialogue with implementing partners is therefore indispensable as is close monitoring and risk analysis.
- Implementing partners must support CSOs providing an integrated management structure; share information with relevant stakeholders and clearly define the activities and objectives. This is of significance so as to ensure coherence of actions and projects objectives, cost effectiveness of activities and synergies between different counterparts
- Adopting a conflict sensitive approach is indispensable so as to factor in local political, social and cultural conditions. A continued, meaningful dialogue with the CSOs themselves must be part of it so that trust is being built between the CSOs and their operating environment.
- Recent assessments put emphasis on the need to strengthening the overall capacities of civil society organisations. It is essential to strengthen CSOs capacities in strategic planning, financial management and human resources development in order to effectively support the development and sustainable growth of Libya's nascent civil society.
- During the consultation workshop¹² with Libyan CSOs among other, it became evident that CSOs often are unaware of EU support provided through implementing partners. The visibility of EU funding to CSOs and final beneficiaries therefore should be improved significantly.

Only if the CSOs are being seen as catering to the aspirations of Libyan citizens and civil society actors by effectively supporting the resolution of the many political and societal issues can they fully perform an indispensable function in a nation overcoming trauma and undergoing a deep transition. Through this project CSOs will be given the vital support to perform professionally and effectively, and with it contribute to sustainable peacebuilding at grassroots level.

¹² As earlier mentioned, the EU held a consultation workshop the 3-4th October 2017 in Tunis with local Libyan CSOs as well as with implementing partners.

3.2 Complementarity, synergy and donor co-ordination

The proposed action complements other ongoing and planned bilateral projects funded by the EU, namely those financed under the European Neighbourhood Instrument (ENI), the Thematic Programmes under the Development Co-operation Instrument (DCI), the European Instrument for Democracy and Human Rights (EIDHR) as well as the Instrument contributing to Stability and Peace (IcSP).

The proposed action will, in particular, ensure synergies and build upon the experienced gained from the EU-funded project *Civil Initiative Libya* (CIL), implemented by the French Agency for Technical Co-operation and Development (ACTED) from 2012 to 2016. This intervention supported Libyan CSOs through organisational and technical capacity building trainings, enabled co-ordination between CSOs and LAs, networking as well as established resource centres so as to provide basic services to CSOs (e.g. safe and available meeting rooms and places). The positive results being produced in the context of CIL have demonstrated the potential of Libyan CSOs in local developments. However, due to the strict eligibility criteria under the CSO-LA thematic budget line, the EU-funded support to the CIL-project was frozen. The proposed action, adopted under the Special Measures 2018, will hence build upon the experience and understanding attained from this previous EU-funded project.

Moreover, the action will be co-ordinated with the EU-funded intervention *Enabling Libyan NGOs to Shape the Future of the New Libyan Democracy* which aims to strengthen an inclusive civil society in Libya. The project is implemented by the World Wide Fund for Nature (WWF) under the DCI and targets civil society organisation working in the field of environment and sustainable development.

Close co-ordination will furthermore be ensured with the programmes under the EIDHR instrument, namely with one project providing training and capacity-building activities to Libyan civil society actors within the field of human rights as well as with another aiming at enhancing women's rights and gender equality through increasing the local capacity to reduce the incidence of gender based violence.

In terms of institution-building actions at local level, the EU provides assistance to improve municipal service delivery and to strengthen local administrations in planning and management through the *Libya Local Governance and Stabilisation Programme*, implemented by De Vereniging van Nederlandse Gemeenten (VNG). Additionally, under the Instrument contributing to Security and Peace the multi-donor *Stabilisation Facility for Libya*, implemented by the United Nations Development Programme (UNDP), contributes to community stability through reinstatement of basic services and support to strengthening linkages between local and central authorities. Supporting the resilience of local communities hosting migrants through increased service delivery is also a priority under the projects funded by the EU Trust Fund for Africa¹³. These programmes encompass actions related to civil society capacity building such as awareness-raising of CSOs role in public policy dialogues, and creation of synergies between local administration and civil society.

¹³ <https://ec.europa.eu/trustfundforafrica/region/north-africa/libya>.

In addition, the proposed action complements the ongoing EU-funded *Public Administration Facility*, a 36 month programme implemented by Crown Agents. A follow-up programme will be presented under this same Special Measure. This intervention supports the institutional governance in Libya through reinforcing the capacity of democratically elected institutions. Co-ordination will be sought in particular to the transition process engaging civil society in the policy dialogues at local and central level.

The EU Delegation to Libya recently contracted a framework contract in order to launch a study on remote management modalities and third party monitoring mechanisms for EU-financed projects and programmes in Libya. The study, carried out from December 2017 to January 2018, intends to improve accountability and mitigate risks associated with remote programming by providing relevant mechanisms for third party monitoring. The guidelines and tools provided will be carefully reviewed to strengthen the remote management and third party monitoring for the EU- financed projects in Libya.

Given the fragile operating context and the difficulties of operating remotely donor co-ordination for interventions in Libya requires a much additional effort. The United Nations Support Mission in Libya (UNSMIL) has taken the lead in maintaining the overall co-ordination of the international support in Libya. UNSMIL have set up a number of co-ordination meetings and working groups in topics such as constitutional process, stabilisation, elections, local governance, civil society and health in which the EU Delegation in Libya is actively participating or has a leading role in view of importance of EU funding programmes.

The EU Delegation to Libya holds regular co-ordination meetings with EU Member States, implementing partners and other donors working on the ground in Libya in order to make sure consistent information-sharing is maintained. The Joint Co-ordination meetings with EU Member States and donors are essential elements in ensuring close dialogue and information sharing towards a co-ordinated donor approach. Moreover, since 2015 the EU Delegation to Libya has also been holding regular co-ordination meetings together with EU Member States representatives in Tunis, with the purpose to ensure sharing of information and co-ordination about EU programmes and EU Member States activities in Libya. As such, complementarity and co-ordination will also be ensured with the EU Member States programmes and projects in Libya. Currently the Netherlands, France, Sweden, Italy, Germany, Austria and the United Kingdom have projects in Libya related to CSOs, municipalities and governance, particular attention will therefore be assured to maintain complementary to these projects.

3.3 Cross-cutting issues

The proposed action contribute to the EU Gender Action Plan (GAP II), which provides a framework for the EU's engagement on gender equality through external action for the period 2016-2020. The GAP II is based on three thematic pillars, namely: 1) ensuring the physical and psychological protection of women and girls; 2) promoting social and economic rights and the empowerment of women and girls; and 3) strengthening the voice of women and girls. In addition, the GAP II is also based on a fourth, horizontal objective which emphasizes to incorporate a gender perspective in the EU's institutional culture.

Despite women playing an active role in the revolution 2011, Libyan women still remain underrepresented in the political domain and lack basic rights. There has also been a set back to the earlier progress in women's rights in Libya as extremist groups have been weighing into the social and political space in all parts of the country. In 2012 the quota for women in

parliament was reduced and there is an overall lack of women's representation in the political sphere and official institutions. Additionally, laws have recently been amended further impeding women's rights¹⁴ and there is a poor legislative framework to protect women.¹⁵ The *Update on the Gender Profile Libya* (2017), specifically, calls for gender mainstreaming into policy-making and legal reforms so as to engage women in the local decision-making and facilitate their integration into the economy. In accordance with the GAP II the proposed action intends to enhance gender equality and women's rights through empowering women organisations and strengthening the voice of women and girls, notably by enabling women to engage in civic activism and participate in decision-making.

The action will be designed following a Rights Based Approach (RBA)¹⁶ mainstreaming aspects such as gender, age and diversity notably through a participatory approach. The action aims at strengthening capacities and ownership of targeted vulnerable groups, particularly women and youth; to empower them to raise their voice and to be more directly involved in the decision making processes, especially at local level. Particular attention will be given to ensure gender mainstreaming in the project design and involve CSOs advocating for gender equality issues. Moreover, attention will be paid to strengthening the capacities of CSOs operating for minority rights and increase participation of vulnerable groups.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The *overall objective* of the proposed action is to strengthen democratic governance, accountability and local participatory development in Libya by empowering civil society actors to become independent actors and participate in decision making.

The *specific objectives* of the proposed action are:

Specific Objective 1. To build the capacity of Libyan civil society organisations so as to become effective, accountable and independent actors;

Specific Objective 2. Enhance awareness amongst citizens and policy-makers about civil society organisation's role as partners in local development, planning, implementation and monitoring.

The main results are:

Result 1. Civil society organisations in Libya have strengthened their capacities related to internal governance structures, strategic planning, communication, financial management and results monitoring and impact evaluation.

¹⁴ For instance, Law 14 of 2015 addressing an amendment of Articles of Law 10 of 1984 on marriage and divorce and cancelling Article 13 of the same law, which implicated women are no longer eligible to witness marriage contracts and polygamy is once again legal.

¹⁵ Gashut, Huda (2017). *EEAS: Update of the Gender Profile Libya*.

¹⁶ The Rights Based Approach is explicated in the; SWD (2014) 152 final: "Commission staff working document tool-box: A Rights-based approach, encompassing all human rights for EU development co-operation".

Result 2. Civil society organisations in Libya have strengthened their capacities for resource and information sharing, networking, coalition building and advocacy.

Result 3. Civil society actors are supported to become more visible and effective partners in local governance and local development delivery.

Results R1 and R2 are linked to the Specific Objective 1, while result R3 is linked to the Specific Objective 2.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal(s) 16. This does not imply a commitment by the Libyan Government benefiting indirectly from this programme.

4.2 Main activities

The main activities to achieve the expected results are foreseen as follows:

Indicative list of activities for Result 1

1.1. Technical training, on-the-job coaching and other capacity building activities related to funds mobilisation and financial management, strategic planning, results monitoring and evaluation, reporting, communications, evidence-based advocacy, human resources development and general IT-trainings, including awareness raising on IT-security.

1.2. Technical assistance, training, coaching and other capacity building activities related to research and evidence collection.

1.3. Establishment of a 'CSO assessment mechanism' to monitor and measure the progress related to internal governance, accountability and transparency of CSOs benefitting from the capacity building measures. The CSO assessment mechanism intend to regularly assess the structural, operational and internal capacities of CSOs, before and during co-operation, so as to assess their capacities to better select associates, evaluate risks related to financial management and internal controls as well as to tailor the EU funded support to CSOs level of operational capacities and monitoring skills.

1.4. On-the-job coaching and mentoring related to the management of financial support to third parties.

Indicative list of activities for Result 2

2.1. Facilitation of networking and confidence-building co-operation between CSOs working on similar regional or thematic objectives, and between CSOs and central and local authorities, universities and research institutions.

2.2. Support to CSOs to establish or enhance existing thematic working groups providing opportunities for sharing knowledge and expertise as well as enhancing advocacy skills

2.3. Establishment of CSO hubs to provide access to physical and digital safe spaces, meeting points and IT equipment.

2.4. Development of a digital platform for information sharing, peer-to-peer learning and networking.

Indicative list of activities for Result 3

3.1. Provide support to CSOs to facilitate access to funding through simplified application and reporting processes in Arabic and constant on-the-job coaching and mentoring.

3.2. Support concrete civil society initiatives advocating more effectively for service delivery and improved access of citizen and strengthening CSO's participation in policy-making, policy dialogue and co-operation at a local level.

3.3. Support concrete civil society initiatives (pilot projects) seeking partnership and dialogue with specific Local Authorities to enhance co-operation towards local development objectives.

3.4. Disseminate information and raise awareness on CSO initiatives and successes, through social media, radio and social cohesion activities, including risk mitigation measures for social media and digital security.

4.3 Intervention logic

The intervention logic of the proposed action derives from the understanding that a strengthened democratic governance, accountability and local participatory development in Libya (*long-term overall objective*) can be realised by empowering civil society actors in the country. In order to realise this, the approach adopted through: 1) building the capacities of Libyan civil society organisations, and 2) raise the awareness amongst citizen and policy-makers of CSOs role in local developments (*specific objectives SO1 and SO2*). Civil society organisations can in particular play a critical role in helping with stabilising conditions at local level and recognising the rights of socially excluded in society. Over time civil society can then fully assume its role in contributing to participatory policy processes, inclusive growth and service delivery, as well as enabling an environment of reconciliation.

The main target of the proposed action are the Libyan civil society organisations as the main agents of change, thus the key results (components) will concern the civil society organisations. In order to reach the specific objectives, the results of the proposed action are specifically linked to the civil society organisations in the following:

- 1) Increased capacities of CSOs in terms of internal governance structures, strategic planning, communication, financial management, and results monitoring and impact evaluation;
- 2) Improved capacities of CSOs in terms of networking, coalition building and advocacy as well as access to safe physical and digital safe space.;
- 3) Greater visibility of CSOs initiatives in local developments as well as greater visibility of CSOs role in planning, implementation and monitoring of providing services in local progresses.

A strong co-ordination among applicant and co-applicants will be essential in ensuring coherent and complementary actions as well as geographical consistency. As an example, the Consortium shall develop a shared code of conduct and common rules regarding transparency and accountability.

5 IMPLEMENTATION

5.1 Financing agreement

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

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Action Document. Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this Decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

The envisaged assistance to Libya is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to article 215 TFEU.

5.3.1. Grant: direct grant award "EU for Civil Society Facility in Libya" (direct management)

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

The objective of the grant shall be to strengthen democratic governance, accountability and local participatory development in Libya by empowering and building the capacity of civil society actors to become accountable and independent actors and participate in decision making.

The specific objectives of this grant are: i) Increased capacities of CSOs in terms of internal governance structures, strategic planning, communication, financial management, and results monitoring and impact evaluation; ii) Improved capacities of CSOs in terms of networking, coalition building and advocacy as well as access to safe physical and digital safe space; iii) greater visibility of CSOs initiatives in local developments as well as greater visibility of CSOs role in planning, implementation and monitoring of providing services in local progresses.

The actions should address the objective as stated above. The action will also include regular monitoring and reporting mechanism when required.

Expected result: see section 4.1.

(b) Justification of a direct grant

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 of continuing crisis situation as referred to in Article 2(21)FR. 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 Libya-experienced and competent implementing partners to implement EU support programmes.

Working with Libyan CSO's needs a thorough understanding of the situation on the ground and a relation of trust has to be created. Building on the experience of NGO's already working with CSO's in Libya will enhance the trust relation, facilitate implementation and will be beneficial for all stakeholders. Initially, three organisations proposed new projects in support of CSO's in Libya: the British Council (BC), the International Cooperation Agency of the Association of Netherlands Municipalities (VNG) and the NGO Agency for Technical

Cooperation and Development (ACTED). In order to rationalise efforts in the support to CSOs, they jointly proposed to form a consortium.

The BC has shown an interest for this action in line with its experience in working on youth leadership with young Libyans, namely supporting them to speak out about the cultural and political issues affecting their lives as well as networking programmes mainly on women empowerment. Present in Libya since 1956, the BC retains a well-earned reputation¹⁷ in Libya for political neutrality, ensuring its ability to work discretely and with the trust of a wide group of relevant governmental and civil society stakeholders and facilitating much-needed links between community and institutional levels. ACTED have a wide network in the west of Libya and are actively working to strengthening the capacity of emerging CSOs and helping them build a vibrant, active and independent civil society in Libya. Lastly VNG, having a long experience in working with Local Authorities to improve service delivery and accountability at local level, including empowering local CSO's to play a more active role in local decision making. VNG is operating in both the south and east of Libya.

Taking into consideration their proven expertise in the field of working with CSO's and local governance in Libya; BC, VNG and ACTED would through the consortium provide a solid, complementary and coherent partnership for the implementation of this programme.

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including, where appropriate, compliance of the action with EU restrictive measures¹⁸ affecting the country of operation.

(c) Eligibility conditions

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

- be a legal entity
- be non-profit-making
- be a non-governmental organisation or foundation, a public sector operator (including a development agency of a Member State of the European Union) or an international (inter-governmental) organisation as defined by Article 43 of the Rules of application of the EU Financial Regulation
- 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
- have been awarded and successfully implemented (or being successfully implementing) a grant of an amount of at least EUR 1,000,000 for a similar action in the last three years
- have wide experience and competency of operating in Libya.

The indicative amount of the EU contribution is EUR 5 million and the grants may be awarded to sole beneficiaries and to consortium of beneficiaries (co-ordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is 36 months.

(d) Essential selection and award criteria

¹⁷ In March 2018, the BC was for instance recognised by the Head of Presidency Council for its vital role played in Libya, specifically in their activities in all regions distributed through municipal councils.

¹⁸ The updated list of measures in force can be found at https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; 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%.

If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement

First trimester 2019.

5.4 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 products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution (amount in EUR)
5.3.1 – Direct grant award (direct management)	5.000,000	500,000
5.8. - Evaluation 5.9. - Audit	Will be covered by another decision	N.A.
5.10. - Communication and Visibility	N.A.	N.A.
Contingencies	N.A.	N.A.
Totals	5.000,000	500,000

5.6 Organisational set-up and responsibilities

The consortium will be fully responsible for the implementation of the action. Some of the activities may be delegated to a co-applicant, depending on the division of labour defined at the time of contracting. In such cases, the consortium will describe in detail the role of each

stakeholder. The consortium will be responsible for the implementation of the programme under the close supervision of the Commission.

In order to ensure transparency and accountability and provide strategic guidance on programme implementation, a Steering Committee is foreseen to be established encompassing all major stakeholders. Apart from bringing together the EU and implementing partners, stakeholders from other relevant programmes (such as the Public Administration Facility) would partake so as to ensure co-ordination on a regular basis. The Steering Committee will meet three times a year to review implementation against planned achievements, endorse changes to the work plan where necessary, facilitate the involvement of other stakeholders and discuss any other issue relevant to the programme. Further co-ordination will be ensured on the field by the consortium's project team. Regular field-level co-ordination meetings will be convened, bringing together the project team and local partners. Decision-making rights will lay with the representatives of the applicant, the co-applicants and the EU Delegation that shall agree unanimously.

5.7 Performance 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 log-frame matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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).

5.8 Evaluation

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

The mid-term evaluation will be carried out for learning purposes and for an independent assessment of progress. In case of lack of expected progress, an evaluation of its causes should be provided. The evaluation outcomes could lead to adjustments in the programme strategy and implementation if required.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the impact achieved and the fact that some activities of this programme are innovative and pilot actions.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation mission. 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. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluation 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.

5.9 Audit

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 audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, 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.

This action will be carried out under the visibility of the EU-funded programme Civil Initiative Libya (CIL). The visibility strategy of CIL abides by the following principle: the visibility is focusing on the name and logo of the programme and on the EU, not on the name of the implementing partners. Several reasons justify this choice:

- Encouraging a Libyan ownership on the activities and outputs of CIL;
- Preventing security problems that would arise if the emphasis was placed on the consortium members;
- Creating a brand independent from the implementers;
- Insisting on institutional co-operation (between Libya and the EU) more than on private or on INGO approaches.

APPENDIX - INDICATIVE LOG-FRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the log-frame matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative log-frame matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To strengthen democratic governance, accountability and local participatory development in Libya by empowering civil society actors.	The capacity of the government to effectively formulate and implement sound and inclusive policies.	N/A	N/A	Worldbank Worldwide Governance Indicators, especially the indicator on the Voice and Accountability Assessments/Reports of implementing partners, CSOs and international organisations.	N/A
Specific objective(s): Outcome(s)	<p>Specific Objective 1: To build the capacity of Libyan CSOs so as to become effective, accountable and independent actors.</p> <p>Specific Objective 2: To enhance awareness amongst citizens and policy-makers of CSOs role as partners in development, planning, implementation & monitoring.</p>	<ul style="list-style-type: none"> Level of progress related to internal governance, accountability and transparency. Evidence (number/quality) of (local) development outputs produced as a consequence of Financial Support. 	To be defined during inception phase.	Significant improvement amongst beneficiary CSOs, compared to baseline levels.	<p>Detailed means and methodology of verification will be foreseen in Monitoring & Evaluation of this programme, including a survey to question targeted CSOs. They will include the development of a 'CSO assessment mechanism' to monitor and measure the progress related to internal governance, accountability and transparency.</p> <p>Reports of implementing partners, CSOs and international organisations.</p> <p>Reports of public institutions.</p> <p>Annual EU civil society meeting reports and minutes.</p>	<p>Collaboration between local authorities, public institutions and civil society organisations are enabled and amplified.</p> <p>Local authorities attempt to enhance consultation and inputs from civil society actors.</p>

Outputs	<p>Result 1 (Component 1): CSOs in Libya have strengthened their capacities related to internal governance structures, strategic planning, communication, financial management, and results monitoring and impact evaluation.</p>	<p>Number of CSOs/civil society activists benefitting from EU supported capacity building measures to strengthen technical and organisational capacities.</p> <p>Extent to which trained CSOs use their new skills.</p> <p>Perception from CSOs on CSO's effective technical management capacity and activities.</p>	N/A	N/A	<p>Assessments/Reports of implementing partners, CSOs and international organisations.</p> <p>Reports of State institutions.</p> <p>Annual EU civil society meeting reports and minutes.</p> <p>Projects and programmes progress reports.</p> <p>CSOs activities reports.</p>	<p>Collaboration between local authorities, public institutions and civil society organisations are enabled and amplified.</p> <p>Local authorities attempt to enhance consultation and inputs from civil society actors.</p>
	<p>Result 2 (Component 2): Civil society organisations in Libya have strengthened their capacities for resource and information sharing, networking, coalition building and advocacy</p>	<p>Existence and use of thematic working group/platforms to exchange information and practices among CSOs.</p> <p>Evidence of regular networking for sharing of experience and networking among CSOs.</p> <p>Existence and use of office space made available through this programme.</p> <p>Perception from CSOs on improved operation and management possibilities due to useage of EU funded office spaces and IT equipment.</p>	N/A	N/A	<p>Survey to question targeted CSOs.</p>	
	<p>Result 3 (Component 3): Civil society actors are supported to become more visible and effective partners in local governance and local development delivery. .</p>	<p>Number of EU supported CSOs promoting the inclusion of CSOs in public policy formulation.</p> <p>Number of EU supported CSOs working on improved service provision.</p> <p>Number of EU supported CSOs using effective advocacy and analysis to</p>	N/A	N/A		

		<p>achieve objectives.</p> <p>Number of EU supported CSOs seeking partnership and dialogue with specific Local Authorities to enhance co-operation towards local development objectives.</p> <p>Number of local policies and strategies elaborated using participatory approaches and consultation with CSOs.</p> <p>Level of awareness and acknowledgement of CSOs role in local developments among citizens and policy-makers.</p>				
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