

# AFRICAN DEVELOPMENT BANK



## PROJECT TITLE : TECHNICAL ASSISTANCE PROJECT ON CAPACITY BUILDING FOR THE ACCOUNTING AND FINANCIAL TRAINING INSTITUTE (AFTI)

**COUNTRY : LIBYA**  
P-LY-K00-001

MIDDLE-INCOME COUNTRY TECHNICAL ASSISTANCE FUND (MIC TAF)

APPRAISAL REPORT

November 2021

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# TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS	iii
GRANT INFORMATION	iv
RESULT FRAMEWORK	v

## Contents

<b>1. INTRODUCTION</b> .....	<b>1</b>
1.1 Background Information .....	1
1.2 Project Objective .....	2
1.3 Sector Department responsible for preparing the request.....	2
1.4 Request Form Cleared by RDVP.....	3
1.5 Justification for the use of the resources.....	3
<b>2. PROJECT DESCRIPTION</b> .....	<b>4</b>
2.1. Description of project activities for which resources are requested.....	4
2.2. Description of expected outputs and their linkages to the targeted project.....	4
<b>3 COST ESTIMATES OF THE PROJECT</b> .....	<b>5</b>
3.1 Detailed cost estimates .....	5
3.2 Financing plan .....	5
3.3 Cost estimates by components.....	5
3.4 Cost estimates by categories of expenditure and by financing source.....	5
<b>4 MODE OF PROCUREMENT OF SERVICES AND LIMITED GOODS</b> .....	<b>6</b>
4.1 Mode of Procurement of Services .....	6
4.2 Mode of Procurement of Goods .....	7
4.3 Mode of Procurement of Consulting Services.....	7
<b>5 FINANCING MANAGEMENTARRANGEMENTS</b> .....	<b>7</b>
5.1 Disbursements Modalities .....	7
5.2 Financial Management Requirements .....	7
<b>6 IMPLEMENTATION MODALITIES AND PROJECT SCHEDULE</b> .....	<b>8</b>
6.1 Institutional Capacity Assessment, Arrangements and Implementation Modality .....	8
6.2 Timing of Activities Planned.....	9
<b>7 Gender Equality Promotion and Women’s Empowerment</b> .....	<b>9</b>
<b>8 Environmental and Social Safeguard</b> .....	<b>10</b>
<b>9 Draft Work Program and Procurement Schedule</b> .....	<b>10</b>
<b>10 LEGAL PROVISIONS</b> .....	<b>10</b>
10.1 Legal Instruments and Compliance .....	10
10.2 Conditions Associated with The Bank’s Intervention .....	10
<b>11 CONCLUSIONS AND RECOMMENDATIONS</b> .....	<b>10</b>
<b>ANNEXE</b> .....	<b>11</b>
ANNEX I: Official Request from Focal Ministry (Minister of Finance) .....	12
ANNEX II: Terms of References for consultancy services .....	13
ANNEX III: Project Procurement Plan .....	18
ANNEX IV: M&E Arrangement.....	19
ANNEX V: Risk to Result .....	21
ANNEX VI: Other Relevant Annexes.....	22
(A) <b>Environmental and Social Compliance Note</b> .....	22
(B) <b>Fragility and Resilience Analysis</b> .....	25
(C) <b>Terms of Reference: Training Management Committee (TMC)</b> . .....	27
(D) <b>Cost estimates of the Project by components and expenditure category</b> .....	29
(E) <b>Project Description as Supplementary Explanation</b> .....	30
(F) <b>Implementation Arrangement</b> .....	32

## ACRONYMS AND ABBREVIATIONS

ADF	African Development Fund
AfDB	African Development Bank
AFTI	Accounting and Financial Training Institute (AFTI)
CB	Country Brief
CBL	Central Bank of Libya
CQS	Consultant Qualification Selection
ECGF	Economic Governance and Financial Management Department
EOI	Expression of Interest
FBS	Fixed-Budget Selection
FC	Firm Consultants
GDP	Gross Domestic Product
GPN	General Procurement Notice
IC	Individual Consultant (IC)
IDF	Institut des Finances/ The Finance Institute
IsDB	Islamic Development Bank
LCS	Least Cost Selection
LYD	Libyan Dinar
MIC	Middle Income Country
OPM	Operations Procurement Manual
PFM	Public Financial Management
PMPs	Procurement Methods and Procedures
RDGN	Regional Department North Africa
RDVP	Vice President of Regional Development, Integration and Business Delivery Complex
SDs	Standard or Model Solicitation Documents
SEGA	Strategy of Economic Governance in Africa
SNFI	Fiduciary and Inspection Department
SNSC	Safeguard and Compliance Department
SSC	South-South Cooperation
TI	Transparency International
ToR	Terms of Reference
TOT	Training of Trainers
TYS	Bank's Ten-Year Strategy
UA	Unit of Account
UNDB	United Nations Development Business
USD	United States Dollar

## CURRENCY EQUIVALENTS

(November 2021)

1 Unit of Account (UA) = 1.42 USD

1 USD = 4.56 Libyan Dinar (LYD)

## FISCAL YEAR

1<sup>st</sup> January – 31<sup>st</sup> December

## WEIGHTS AND MEASURES

1 metric ton	=	2204 pounds (lbs)
1 kilogram (kg)	=	2.200 lbs
1 meter (m)	=	3.28 feet (ft)
1 millimeter (mm)	=	0.03937 inch
1 kilometer (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

## GRANT INFORMATION

### Client Information

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GRANT RECIPIENT: The State of Libya  
EXECUTING AGENCY: The Accounting and Financial Training Institute (AFTI)

### Financing plan

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Sources	Amount (UA)	Instrument
AfDB	UA 145,000	MIC Trust Fund
Counterpart AFTI (15%)	UA 25,600	
<b>Total</b>	<b>UA 170,600</b>	

### Key Expected Milestones

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Evaluation	November 2021
Approval	November 2021
Effectiveness	November 2021
First Disbursement	April 2022
Last Disbursement	March 2023
Closing Date	April 2023

## RESULTS FRAMEWORK

RESULTS FRAMEWORK					
A		PROJECT INFORMATION			
PROJECT NAME AND SAP CODE: Technical Assistance Project on Capacity Building for the Accounting and Financial Training Institute (AFTI) Project Number: P-LY-K00-001			COUNTRY/REGION: Libya		
PROJECT DEVELOPMENT OBJECTIVE: To contribute to a transparent, effective and accountable public financial system in Libya through enhancing the capacity of AFTI by providing sound public and financial and accounting trainings, a training plan and an institutional development strategy.					
ALIGNMENT INDICATOR (S): MO Ibrahim Index (Public Administration)					
B		RESULTS MATRIX			
RESULTS CHAIN AND INDICATOR DESCRIPTION	RMF/ADOA INDICATOR	UNIT OF MEASURE -MENT	BASELINE (date)	TARGET AT COMPLETION (date)	MEANS OF VERIFICATION
<b>OUTCOME STATEMENT 1: A transparent, effective and accountable public financial system in Libya.</b>					
OUTCOME INDICATOR 1.1: MO Ibrahim Index (Public Administration).	<input checked="" type="checkbox"/>	Index	20.7/100 (2019)	25/100 (2023)	MO Ibrahim Index <sup>1</sup>
<b>OUTCOME STATEMENT 2: An improved AFTI with capacitated trainers who will be able to teach well.</b>					
OUTCOME INDICATOR 2.1: Average attendance rate of training organized by AFTI which targets general government officials	<input type="checkbox"/>	%	80% (2020)	More than 90% (2023)	AFTI PMU
OUTCOME INDICATOR 2.2: Number of officials trained by AFTI (of which # of women).	<input checked="" type="checkbox"/>	number	271 officials (of which 25 were female) per year (2020)	1,500 officials per year (of which 225 to be female) (2023)	AFTI PMU
<b>OUTPUT STATEMENT 1: Component 1. Training needs assessment &amp; capacity development strategy developed</b>					
OUTPUT INDICATOR 1.1: Capacity Needs Assessment produced.	<input type="checkbox"/>	number	0	1	AFTI PMU
OUTPUT INDICATOR 1.2: Capacity Development Strategy of AFTI produced.	<input type="checkbox"/>	number	0	1	AFTI PMU
OUTPUT INDICATOR 1.3: Stakeholder Conference on Capacity Development Strategy of AFTI	<input type="checkbox"/>	number	0	1	AFTI PMU
<b>OUTPUT STATEMENT 2: Component 2. Human Capacity of AFTI developed</b>					
OUTPUT INDICATOR 2.1: AFTI Staff trained.	<input checked="" type="checkbox"/>	number	0 (2020)	50 (of which 15 to be female) (2023)	AFTI PMU

<sup>1</sup> Mo Ibrahim Index (IIAG), <https://iiag.online/data.html?loc=LY&meas=PUBADMIN&view=table>

# **REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE ADBGROUP ON A PROPOSED MIC GRANT TO THE STATE OF LIBYA FOR THE TECHNICAL ASSISTANCE PROJECT**

Management submits the following Report and Recommendation on a proposed MIC Grant of UA 145,000 to the Government of the State of Libya to support the Technical Assistance Project on capacity building for the Accounting and Financial Training Institute (AFTI).

## **1. INTRODUCTION**

### **1.1 Background Information**

**1.1.1 After more than six years of political instability in Libya, an agreement was reached between major groups in February 2021 to hold elections.** A new Presidential Council and a Government Head were voted to oversee the run-up to National Parliamentary and Presidential Elections. The Government of National Unity (GNU), headed by Prime Minister H.E. Mr. Abdulhamid Al-Dbeiba will act as an interim central authority and lead the country to the Elections, expected to be held no later than 24 December 2021, despite ongoing disputes over the constitutionality of the vote.

**1.1.2 The politically fragile situation has significantly affected an already weak institutional environment.** Indeed, the decade of active conflict has imposed multi-faceted economic and structural challenges to the country's institutional, geographic, security, political and socio-economic environments. As a result, the Libyan public institutions suffer from a shortage of technical expertise and a lack of strategic framework and planning. The Public Financial Management systems are weak and uncertain. Libya does not have a single treasury account, and cash resources are disbursed through numerous bank accounts. The cash management also remains underdeveloped and cash flow forecasts are not routinely prepared. The accounting system is based on manual single entry and remains weak, with substantial delays in the production of annual accounts. Cash receipts and payments are recorded manually in cash books against respective budget chapters (World Bank 2013). Following the 2011 revolution, efforts have been deployed to strengthen the National Audit Bureau and a National Anti-Corruption Commission has been established, but with limited results reached to date.

**1.1.3 In order to address the limited institutional capacity challenges, the Government of Libya announced a new Public Financial Reform Program in February 2020.** This program aims at: (i) improving financial reporting; (ii) eliminating wastage of wages and salaries; and (iii) providing tighter controls and capabilities by offering capacity building program. This program publicly expresses the problem of capacity of government officials. Prior to this Public Financial Reform Program, the Ministry of Finance (MOF) of Libya established the Accounting and Financial Training Institute (AFTI) in 2016. It became operational in September 2019. A tremendous needs of capacity building in public financial management have been well recognized but efforts to remedy the situation have just commenced. The AFTI aims to improve the institutional capacity of public finance and accounting through offering trainings to public sector staff in different entities but particularly in the MOF. However, the capacity of the AFTI itself is still very limited and needs further to strengthen.

**1.1.4 The Government of Libya requested for support from the Bank in 2019 to address pressing needs of capacity building and technical assistance, which included the technical assistance to AFTI.** On February 27, 2019, on the margins of the Governors consultation meeting held in Abidjan, the Bank signed with the Ministry of Finance an "Aide-Memoire". This aide-memoire captures the main areas of potential collaboration which includes the support to AFTI. In the following year, the Bank prepared a short-term programming framework called "Country Brief (CB)". In the CB 2021-2022, the Bank's support to AFTI is expressed as one major commitment. The Official letter from the Government of Libya requesting for technical assistance from the Bank to the AFTI was received (ANNEX I) in February 2021. In response to this request, the Bank worked with the AFTI to develop a technical assistance project on capacity building for AFTI.

1.1.5 **The project preparation took more than expected time because the Bank has to devise an innovative way to safeguard realization of expected outcomes under the circumstance of limited capacity of the Government's project implementation capacity, in a context of fragility.** At the same time, the necessity of the capacity building for the AFTI becomes pressing and the Government requires this Project to commence urgently. Under this situation of limited resources, and capacity, the Bank sought an innovative implementation solution for the project. By learning lessons and experiences of other partners that have delivered similar projects in Libya, and from the Bank's experience in implementing technical assistance projects in situations of fragility, the Bank will build on an existing partnership between Morocco and Libya for the delivery of the capacity support in the spirit of South-South Cooperation (SSC). The aim of this approach is to avoid the high costs and procurement delays usually affecting project implementation in transition states.

## **1.2 Project Objective**

1.2.1 **The overarching objective of the Project is to enhance the capacity of AFTI for providing sound public financial and accounting trainings** to government officials, thereby contributing to a transparent, effective and accountable public financial system in Libya. The project will provide necessary assistance to the AFTI to undertake a Capacity Needs Assessment, which will inform the development of a Capacity Development Strategy for AFTI and any future training activities. The project will also support the delivery of a Public Financial Management (PFM) Training Course either remote or in-person mode. By implementing these support, the capacity and knowledge of the AFTI officials will be strengthened. This will result in further strengthening of the entire public institutions' capacity in Libya in management of public finance.

1.2.2 **The project will bridge with an on-going capacity building activity to assure continuity, alignment and efficiency.** The work of producing the training plan and strategy will benefit from the experience of ongoing south-south cooperation between the Government of Libya (GOL) and the Government of Morocco (GOM) which is under the support of the Islamic Development Bank (IsDB). Since the project implementation capacity of the GOL remains quite limited, the general situation in Libya is fluid, on top of time constraints of project implementation, a quick-win type of assistance needs appropriate partners and an innovative structure to implement. The GoL through its project with GOM and IsDB has established a twinning arrangement between AFTI and the Institut des Finances (IDF) of Moroccan Ministry of Finance. Through this cooperation IDF has provided peer support to AFTI to help them develop their institutional capacity. This project will build on this existing relationship and continue to facilitate peer-to-peer exchanges and joint trainings for the benefit of the Libyan authorities to support the effective functioning of AFTI. Therefore, the Bank will join this partnership between AFTI, the IDF, and the IsDB so that the Bank's project can supplement and strengthen the on-going capacity development efforts without duplicating or overlapping on-going initiatives. By doing this, the Project's limited budget will be maximized with high efficiency.

## **1.3 Sector Department responsible for preparing the request**

1.3.1 The Bank's Governance and Public Financial Management Department (ECGF) and the Regional Department North Africa (RDGN) prepared this operation in close collaboration with the Accounting and Financial Training Institute (AFTI) of the State of Libya.

1.3.2 **Lessons from past operations of the Bank:** The key lesson learned from the previous PFM support projects of the Bank in post-conflict contexts is the need for the Bank to: (a) be flexible in responding to the countries' evolving development challenges, (b) help governments to strengthen their oversight and implementation capacity including capacity for PFM; (c) focus on the transfer of knowledge strategically by training local experts through a in-house on-the-job training, and developing user guidelines and manuals; and (d) need for greater focus on critical and core PFM areas to address fiduciary risk. This Project will duly take note of these lessons and reflect them in its planning as much as possible under the limited budget and implementation capacity.

**1.3.3 Lessons from ongoing similar operations in Libya:** Regarding to the ongoing similar operations, the AFTI has been receiving technical assistance support from the USAID, IDF and IsDB. The USAID has been supporting the Ministry of Finance since 2019 under the Libya Public Financial Management (LPFM) Project and to support AFTI recently. USAID's support will soon end. Both USAID and IDF/IsDB projects to the AFTI are similar such that they are providing basic PFM related trainings. Both the USAID project and IDF/IsDB project provided remote training while IDF/IsDB included some limited in-person training. COVID-19 and the limited internet capacity within the Government of Libya has restricted the steady progress of both projects, continuous training remains critical for the AFTI. The key lessons from both USAID and IDF/IsDB projects are (1) the AFTI officials need basic knowledge on Public Financial Management (PFM) including basic finance and accounting skills, and (2) due to the current challenges of COVID-19 and unstable electricity and internet connection, continuous and repeated trainings are needed, and both remote and in-person training methods should be used so that the necessary knowledge and skills will be absorbed steadily.

**1.3.4 With these lessons in mind, the Project will try to be as flexible as possible, focus on transfer of knowledge and critical PFM areas, as much as possible.** By learning from these lessons, the Project will produce Capacity Needs Assessment and Institutional Development Strategy which serves for the purpose of transfer of knowledge. In terms of training approach, the Project will emulate and work closely with the IDF/IsDB project and will provide both remote and in-person training opportunities to the AFTI officials so that the PFM training will be sustainable. Attention will be given towards ensuring complementarity and avoiding duplication.

#### **1.4 Request Form Cleared by RDVP**

1.4.1 The Bank's commitment to provide this support to the Government of Libya was cleared by the Vice President, RDVP, on 6 July 2020, as required by the 2020 Guidelines.

#### **1.5 Justification for the use of the resources**

1.5.1 **Government's commitment to improve economic governance is strong.** First of all, the MOF of Libya established the AFTI in 2016 and it became operational in September 2019. This is a strong manifestation of the Government's commitment on improvement of capacity of the public financial management. Secondly, the Government of Libya has embarked on a new Public Financial Reform Program in February 2020. This Reform Program needs to be based on a strong training program. Thus, the linkage of the AFTI and the Reform Program is quite firm. While there are so many other priorities, the reform and capacity development in public financial management is highly critical.

1.5.2 **This Project will contribute to the implementation of the High 5s by strengthening governance** through improving public finance and accounting capacity of important government offices such as the Ministry of Finance, and also other line ministries that are directly in charge of improving the theme of High 5s. The Bank's Ten-Year Strategy (TYS) that runs till 2022 designates 'Governance and Accountability' as a core operational priority. Governance cuts across all sectors fundamental to Africa's development so that both the TYS and the High 5s require Governance and Accountability as basement of development. The proposed intervention is included in the Bank's short-term programming framework for Libya "Country Brief 2021-2022", which identifies *strengthening capacity for effective institutions and improved economic infrastructures* as its main pillar and priority area of intervention in the country. The project is equally aligned to the new Strategy of Economic Governance in Africa (SEGA) (2021-2025). Particularly the project aligns the first pillar of the strategy, which describes "(i) *Public Sector Effectiveness at National and Sub-national Levels, which has the objective of ensuring RMCs can optimally mobilize, utilize and control their public resources.*" The intervention is also in line with the Bank's Strategy for Addressing Fragility and Building Resilience, which will tackle one of the key drivers of fragility identified in the CB: the serious deficit in institutional capacity. The capacity development of financial and accounting skills of the public officials of Libya is firmly in line with all these Bank's strategies and directions.



1.5.3 **This project will engage with the existing South-South Cooperation (SSC) between the GOL and the GOM under the support of the IsDB.** By joining this existing SSC scheme, the Project will be able to best utilize its limited resources under the shared responsibility with partner organizations. Delivering the peer-to-peer exchanges and capacity support through a SSC arrangement with IDF will be more cost effective than hiring a private training institute to carry out the same task. IDF will provide an in-kind contribution such as offering training venue and other staff work hours on various preparation work, as part of their cooperation agreement with Libya, which further reduces costs. Developing a similar cooperation arrangement with another Government or public organization could perhaps result in similar benefits but would take time and delay the implementation.

1.5.4 Applying a SSC arrangement will yield important lessons and experiences for the Bank that can be applied to addressing capacity constraints in other fragile contexts. By coordinating implementation closely with IsDB, the Bank's partnership with the IsDB will also be strengthened and further enhance the two institutions' synergies in fostering the economic development in Libya thereby having a multiplier effect.

## **2. PROJECT DESCRIPTION**

### **2.1. Description of project activities for which resources are requested**

2.1.1 The technical assistance will comprise three components. Component 1 is production of Training Needs Assessment and Institutional Capacity Development Strategy. Component 2 is development of Human Capacity of AFTI. Component 3 is project management.

2.1.2 Under Component 1, a Capacity Needs Assessment will be prepared in early phase of the project so that it will be a guidance for the training program under Component 2. This Assessment will map-out and detail previous and on-going support to AFTI, as well as gather lessons and experiences and determine the needs to guide future work. Based on the findings and recommendations of the Assessment, Institutional Capacity Development Strategy will be drafted towards the end of the Project which will guide AFTI its institutional capacity issue by ensuring a harmonized approach to future activities. Therefore, the Component 1 will produce two documents, Capacity Needs Assessment and Capacity Development Strategy of AFTI.

2.1.3 The Component 2 is to provide an opportunity for the AFTI officials to participate in the Public Financial Management (PFM) Training Courses both remote and in-person mode with an aspect of the Training of Trainers (TOT) approach which will be organized by the Institute of Finance (Institut des Finances, IDF) based on the Capacity Needs Assessment prepared by the Component 1. The course will be taught in Arabic language which will be beneficial for the AFTI officials.

2.1.4 Mostly what is required as a content of the training program provided by IDF includes Government Financial Management Information System (GFMS), economic studies and forecasts, as well as legal aspects in arbitration and judicial decisions, wage management, etc. Basic knowledge will be also provided depending on the needs of trainees such as basic finance and accounting skills, practical knowledge on public financial management which includes budget cycle, external / internal audit, internal controls, public sector accounting, public sector audit, etc.

2.1.5 The Component 3 is to support the project management. This component will provide resource for hiring Procurement Specialist Consultant as a procurement agent to support PMU of the AFTI. Also, it includes other costs such as meeting cost, external audit and contingency.

### **2.2. Description of expected outputs and their linkages to the targeted project**

2.2.1 There are four outputs of this Project. First and second output is production of Capacity Needs Assessment for the upcoming training program, and also Capacity Development Strategy of the AFTI. The third output is to organize a stakeholder conference on the Draft Strategy. The fourth output is to train 50 AFTI officials by both remote and in-person training, of which 15 to be female (30%) by the

end of the project. The outcome of this Project has three indicators to achieve; (1) Average attendance rate of AFTI training is improved from the current rate of 80% (2020) to more than 90% at the end of the project period in 2023; (2) Number of officials trained by AFTI trainers is improved from the current 271 officials (of which 25 were female, 9%) per year (2020) to 1,500 officials (of which 225 to be female, 15%) at the end of the project period, and (3) the Project reaches 25 out of 100 point of MO Ibrahim Index (Public Administration) by 2023.

### 3 COST ESTIMATES OF THE PROJECT

#### 3.1 Detailed cost estimates

3.1.1 The estimated total cost for the project is USD 242,252 (UA 170,600), of which the Bank will provide USD 205,900 (UA 145,000), to be funded under the MIC Technical Assistance Fund. The Accounting and Financial Training Institute (AFTI) will contribute the sum of UA 25,600 in local currency (equivalent to LYD 165,765 or USD 36,352) to finance expenses related to the staffing, and other costs borne by domestic activities in Libya. The value of training program provided by the Institute of Finance (IDF) will be contributed in the spirit of the South-South Cooperation (SSC). While the cost to be covered by the IDF will be identified after the Capacity Needs Assessment is submitted, this planning covers the Bank's and AFTI's contribution only.

#### 3.2 Financing plan

3.2.1 The Technical Assistance shall be financed by a MIC grant allocation of UA 145,000 under the MIC Technical Assistance Fund (TAF) and AFTI's Counterpart Funding of UA 25,600. The AFTI's contribution will involve: i) in-kind contribution, through the allocation of project staff, meeting/conference venue; ii) monetary contribution, which is the Counterpart Funding, through financing the domestic expenses in Libya, such as local travels of AFTI trainees, cost for travel documents which includes COVID Test fees etc., PFM Capacity Development Consultant's additional travel costs to Libya if necessary, internet connection and its related fees for remote mode trainings, communications and other necessary local cost to manage the PMU. The MIC TAF will fund 85% of the total cost of the proposed activities, while 15% will be supported by the AFTI's contribution as the Counterpart Funding. This financing plan is found at Annex VI (D), Table VI-D-1.

#### 3.3 Cost estimates by components

3.3.1 Estimates of funding by components are outlined below in Table 1. The detail of the table will be found at Annex VI (D), Table VI-D-2.

*Table 1: Cost estimates by components and expenditure category<sup>2</sup>*

<b>Expenditure Item</b>	<b>LYD</b>	<b>USD</b>	<b>UA</b>
Component 1: Planning for training under this Project and Capacity Development Strategy for AFTI's future activity	319,200	70,000	49,296
Component 2: Training Program for Capacity Building	378,480	83,000	58,451
Component 3: Project Management	241,224	52,900	37,253
<b>TOTAL</b>	<b>938,904</b>	<b>205,900</b>	<b>145,000</b>
Counterpart Funding by AFTI	165,765	36,352	25,600
<b>GRAND TOTAL</b>	<b>1,104,669</b>	<b>242,252</b>	<b>170,600</b>

#### 3.4 Cost estimates by categories of expenditure and by financing source

3.4.1 Estimates of funding by category of expenditure and financing source are outlined in table at Annex VI (D), Table VI-D-3.

<sup>2</sup> As indicated, the breakdown of the budget of Training Program will be further discussed in the TMC and approved by PMU and the Bank.

## 4 MODE OF PROCUREMENT OF SERVICES AND LIMITED GOODS

### 4.1 Mode of Procurement of Services

4.1.1 The Bank has carried out a light assessment of procurement capacity of AFTI on May 2021. The assessment has covered procurement department and its capacity to discharge the procurement responsibility under this project. The procurement department has experience only in national tender under administrative and contract regulations Decree number 563/2007. In addition, AFTI staff have limited experience with donor funded project procurement procedure,

4.1.2 Procurement risk mitigation measures: Based on above findings derived from the assessment and the project's requirement, the procurement risk is assessed as High. The mitigation measure for the Project is to hire a part-time Individual Consultant to support this project in order to supplement limited capacity of the AFTI's procurement function to carry out the Project.

4.1.3 In line with MIC TAF fund agreement, all procurement activities under the project of Goods and consulting services will be conducted in accordance with the "Procurement Framework for Bank Group Funded Operations", dated October 2015 and following the provisions stated in the Financing Agreement. The Bank's Procurement Methods and Procedures (Bank PMP) will be used for this operation.

4.1.4 The procurement department of the AFTI, that is responsible for procurement activity, will be supported by a procurement expert who will support all procurement process and contract management. The expected procurement activities under the project consist of (1) consultancy services to be provided by firms and individual consultants; and (2) goods and services needed to strengthen the AFTI's capacity.

4.1.5 **Procurement of operating activities:** All operating cost items and activities under AFTI's Counterpart Funding including fuel, utilities, stationery, internet connection fees and other IT related cost, printers, photocopiers ink, rental car, per diem, operations cost related to training and tours will be managed in accordance to Government rules.

4.1.6 **General Procurement Notice:** The General Procurement Notice (GPN) will be issued for publication in UNDB online and on the Bank's Internet Website upon approval of the Financing of the Grant.

4.1.7 **Review Procedures:** All procurement process except those relating to operational costs items will be submitted to Bank's prior review.

4.1.8 **Procurement Plan:** As part of the preparation of the project, the recipient shall prepare a procurement plan acceptable to the Bank. This plan should cover all procurement items planned for at least the first 18 months and will clearly outline the following:

- Estimated amount for each package
- Proposed procurement methods
- The type of Bank review foreseen
- The planed date for each procurement steps

4.1.9 **Update of the Procurement Plan:** The Recipient shall update the Procurement Plan annually or as needed throughout the duration of the project. All changes to the procurement plan shall need prior approval from the Bank. The Recipient shall implement the Procurement Plan as approved by the Bank. The Procurement Activities' Table is found at Table III-1: Procurement Plan in Annex III.

## **4.2 Mode of Procurement of Goods**

4.2.1 The main goods to be procured under the grant include: (i) procuring of training services; and ii) travel services through hiring a travel agency. Above goods packages will be procured under grant will be small on-shelf items that could be procured under Limited Competitive Bidding Methods-LCB (Shopping) in accordance with the provisions of paragraph 8.5 (b) of the Bank's procurement policy document and methods described in the Bank's Operations Procurement Manual (OPM) through its chapters D.2.1 to D.2.3.

## **4.3 Mode of Procurement of Consulting Services**

4.3.1 Consultants Services will be procured in accordance with the provisions of paragraph 8.6 of the Bank's procurement policy document and with the methods described in the Bank's Operations Procurement Manual (OPM) in Chapters E.2 and E.3.

4.3.2 The audit contract estimated at UA 7,042 will be procured through Consultant Qualification Selection (CQS). The PFM Capacity Development consultant firm that will undertake the capacity needs assessment and the work on the Strategy will also be procured under CQS method based on a short list of qualified firms. Other consultant service, which is designed to be carried out by individual consultant, will be procured based on the qualifications for the assignments of at least 3 consultants assessed, based on their respective Curriculum Vitae.

4.3.3 Training: AFTI will submit annual training plans which will include: (i) the proposed training; (ii) the justification for the training and how it will lead to effective project performance and outcomes; (iii) the personnel to be trained; (iv) the selection method of individuals or institutions conducting such training; (v) the institution that will conduct training, if already selected, (vii) the estimated cost of training. The selection of candidates for training shall also be done through Government procedures and these procedures shall ensure equal opportunity to all eligible participants. This information shall be included in the updated procurement plans which together with the training plan are subject to prior review and approval by the Bank.

The procurement arrangements of this Project is summarized at Table III-2 in Annex III.

# **5 FINANCING MANAGEMENT ARRANGEMENTS**

## **5.1 Disbursements Modalities**

5.1.1 The disbursements of grant proceeds will be made through the direct payment method in accordance with the Bank's disbursements rules and procedures. The Bank team will provide the PMU a training on disbursement procedures at project launching. The reimbursement method may also be used to reimburse for eligible expenditures incurred under the project.

## **5.2 Financial Management Requirements**

5.2.1 AFTI has its financial regulation defining the financial management procedures. The accounts of the Institute are kept manually, and the periodic financial reports and the annual financial statements are prepared using excel. The internal control system includes controls prior to payments exercised by the internal financial controller and the financial controller affiliated to the Ministry of finance. AFTI is under the ex-post control exercised by the Libyan audit Bureau and the administrative control authority.

5.2.2 AFTI through the PMU will be responsible for overall project management, including the budgeting, internal control, disbursements, accounting and reporting. The PMU will include a financial management officer with qualifications acceptable to the Bank. The financial officer will be responsible of monitoring the project budget, preparation of quarterly financial progress reports and financial statements for the project according to templates that will provided by the Bank. The project transactions will follow the internal control procedures in place. Given that AFTI has no previous

experience with the Bank funded projects, the Bank's team will assist the PMU for building its capacities in financial management according to the Bank's rules.

**5.2.3 Audit arrangements:** The project's financial statements will be audited by an independent auditor acceptable to the Bank. The audit will be conducted at project closing and carried out in accordance with the Terms of Reference to review operations financed by the Bank. The audit report, including the report on the internal control, will be submitted to the Bank no later than six months following the closing date of the project.

**5.2.4 Conditions and Financial Covenants:** Conditions precedent to first disbursement under the MIC Grant resource: The AFTI should submit: (i) the establishment decision of the Project Management Unit (PMU), composed of a project coordinator (the Director General of the AFTI), a Focal Point (FP) Officer, and a Financial Management (FM) Officer with qualifications acceptable to the Bank; (ii) the evidence of the recruitment of a Procurement Specialist Consultant with qualifications acceptable to the Bank.

## **6 IMPLEMENTATION MODALITIES AND PROJECT SCHEDULE**

### **6.1 Institutional Capacity Assessment, Arrangements and Implementation Modality**

6.1.1 The Accounting and Financial Training Institute (AFTI) will be the Executing Agency (EA) of the Project, in charge of the day-to-day project implementation and management. Given that AFTI has no previous experience of project financed by the Bank, the Bank will assist the PMU for building its capacities in financial management and in disbursements according to Bank's rules and procedures. An additional background information regarding the Executing Agency will be found in Annex VI (F) Implementation Arrangement.

6.1.2 This Project will be implemented by the Project Management Unit (PMU) led by the AFTI as the Executing Agency (EA). At the same time, the Project will be guided and advised by the Training Management Committee (TMC) comprised by the PMU of AFTI, IDF Project Team, IsDB as an advisory participation, and the Bank's Task Team. An organogram of the project implementation structure is envisaged at Figure 1 in Annex VI (F). Because of urgency of the project that hinders the Project to be equipped with defined activity plan before hand, the TMC has a greater role to guide and define the details of the project once the project begins. All pieces of advice by the TMC will be verified and prior reviewed by the Bank. The Terms of Reference of the TMC is attached at ANNEX VI-(C).

6.1.3 Project Management Unit (PMU) will be headed by the Director General of the AFTI. The Director General (DG) of the AFTI takes the role of the Project Coordinator who takes overall responsibility of the PMU's work. The DG will nominate two staff members of the PMU, for day-to-day project administration and management; (1) Focal Point Officer (FP Officer), who does project management and monitoring and evaluation (M&E), and (2) Financial Management Officer (FM Officer). Also the PMU will procure a part-time Individual Consultant of Procurement Specialist in addition to a Firm Consultant for PFM Capacity Development. The PMU will be responsible for monitoring the project and its budget, preparation of quarterly progress reports and financial statements. Given that AFTI has no previous experience of project financed by the Bank, the Bank will assist the PMU for building its capacities in financial management and in disbursements according to Bank's rules and procedures.

6.1.4 The Firm Consultant for PFM Capacity Development will produce Capacity Needs Assessment for the upcoming training program, and also draft the Capacity Development Strategy of AFTI. The draft Strategy will be submitted to AFTI for clearance ahead of further presentation at the AFTI Stakeholder Conference, which will also involve key partners. The TOR of the Firm Consultant is found at the Annex II 2.

6.1.5 The training program will be implemented by the Institute of Finance (IDF). The Project planning, curriculum will be discussed, agreed at the Training Management Committee (TMC), and prior reviewed by the Bank. Once the plan and curriculum proposed by the Capacity Needs Assessment are agreed, the IDF will manage and implement the remote or in-person Training Program for the AFTI officials at the premise of the IDF.

6.1.6 When the draft of Capacity Needs Assessment is prepared and submitted to the Training Management Committee (TMC), the contents will be discussed and agreed at the TMC. After the TMC and the Bank agree to the proposal, the planned activities will be drawn in the Memorandum of Understanding (MOU) for signature between the AFTI and IDF. Once the MOU is signed by both parties, the Project will implement the plan. Disbursements to IDF will be subordinated to the entry in force of the MOU, acceptable to the Bank, between AFTI and IDF. The Terms of Reference (TOR) of the Training Management Committee (TMC) is attached in the Annex VI (C).

6.1.7 The Islamic Development Bank (IsDB) will be part of this partnership because the IsDB has been working with IDF to support the capacity building project for the AFTI recently so that the TMC can learn from its experience and avoid any duplication or overlapping. The IsDB will not cover any cost of this Project but the participation to the TMC will be voluntary in the spirit of collaboration among MDBs and in the goodwill of supporting the IsDB's member countries.

6.1.8 The Task Manager in the TA Team will provide guidance, advice and comments based on the Bank's rules and procedures to lead the Project in appropriate direction on behalf of the TA Team. All official approvals by the Bank for the planning proposal, Procurement Plan (PP), payment related processes, will be communicated through the Task Manager.

Further detailed description of Implementation Arrangement is found at Annex VI (F).

## **6.2 Timing of Activities Planned**

6.2.1 The project is to be implemented over a period of maximum 18 months between the fourth quarter of 2021 and the first quarter of 2023, which includes a preparation period (three to four months), training implementation period (minimum six month to maximum ten months) and a finishing period to record and document writings (one to four months depending on the situation). The indicative implementation timeframe including supervision missions is presented in the Table IV-1 in Annex IV.

## **7 Gender Equality Promotion and Women's Empowerment**

7.1 According to the African Gender Index (AfDB, 2019), Libya stands well in promoting gender equality in the social dimension (education and health). The country scores 1.038, which is beyond the average of African countries (average for all African countries 0.966). However, in the economic dimension (labour market participation and outcomes, access to resources and management), Libya scores 0.450 and in political representation and women's empowerment dimensions, (national parliament, ministerial positions, land & house ownership and management), Libya scores 0.154, among the lowest indices in Africa.

7.2 Despite the close gender gap in overall population and working age and despite overall higher levels of education among women, women in labour market are at around 26% and most of them in the public sector. It could have been better to have the state of AFTI in terms of gender desegregated data of human resources: men and women at all levels and grades to appreciate the level of gender balance at institution level.

7.3 For the capacity building activities, it advised to involve women in all domains of training between 15 to 30%. This percentage will be defined according to the number of women available in each domain of training. Building the capacity of women will contribute to reinforce their capacities and facilitate them to keep their jobs or develop their career. The project is categorized

GMS3, under the Gender Marker System of the Bank. The gender action plan for the GMS includes one activity-capacity building to women and men at each training aspect and don't need to be added separately.

## **8 Environmental and Social Safeguard**

8.1 The project Environmental and Social Safeguard category is confirmed as 3. The operation is a technical assistance which is not supporting any physical activity or the preparation of a physical investment in a further phase. It does not require any environmental and social assessment as per national requirements. Beyond the categorization, no environmental and social assessment is required as per the Bank's Integrated Safeguard System. The Environmental and Social Compliance Note is attached at Annex VI, (A).

## **9 Draft Work Program and Procurement Schedule**

9.1 While the details of this Project will be further discussed and determined at the TMC, the basic framework of the work program is described at the Table IV-1 in Annex VI. And Procurement Schedule is shown at the Table III-1 in Annex III: Project Procurement Plan.

## **10 LEGAL PROVISIONS**

### **10.1 Legal Instruments and Compliance**

10.1.1 **Legal instrument.** The project will be financed by a MIC TAF Grant through a Letter of Agreement to be signed by the African Development Bank, in its capacity of administrator of the MIC TAF, and the State of Libya (the "Recipient").

10.1.2 **Compliance with the Bank Group Policies.** The project complies with all applicable Bank policies as well as with the MIC TAF revised guidelines (2020).

### **10.2 Conditions Associated with The Bank's Intervention**

10.2.1 **Conditions precedent to the entry in force of the Letter of Agreement.** The entry in force of the Letter of Agreement shall be subject to its signature by the Bank and the Recipient.

10.2.2 **Conditions precedent to first disbursement.** In addition to the entry in force of the Letter of Agreement, the first disbursement of grant resources shall be subject to the fulfilment by the Recipient, to the Bank's satisfaction, of the following conditions:

- (i) The submission of evidence of the establishment of a Project Management Unit (PMU) within the Executing Agency; and
- (ii) The submission of evidence of (i) the appointment of a Project Coordinator, Focal Point (FP) Officer, the Financial Management (FM) Officer; and (ii) the recruitment of a procurement agent with qualifications and terms of reference acceptable to the Bank;
- (iii) The execution and delivery of a Subsidiary Agreement between the Ministry of Finance of Libya and the AFTI in form and substance satisfactory to the Bank.

10.2.3 **Other Condition.** Disbursements to IDF will be subordinated to the entry in force of the MOU, acceptable to the Bank, between AFTI and IDF.

## **11 CONCLUSIONS AND RECOMMENDATIONS**

9.1 It is recommended that a grant not exceeding UA 145,000 from the Middle-Income Country Technical Assistance Fund to the State of Libya for the purposes and subject to the conditions stipulated in this proposal.

## **ANNEXE**

ANNEX I : Official Request from Focal Ministry (Minister of Finance)

ANNEX II : Terms of References for consultancy services

ANNEX III : Project Procurement Plan

ANNEX IV : M&E Arrangement

ANNEX V : Risk to Result

ANNEX VI : Other Relevant Annexes

(A) Environmental and Social Compliance Note

(B) Fragility and Resilience Analysis

(C) Terms of Reference: Training Management Committee (TMC).





(D) Cost estimates of the Project by components and expenditure category

(E) Project Description as Supplementary Explanation

(F) Implementation Arrangement



## ANNEX I: Official Request from Focal Ministry (Minister of Finance)

Government of National Accord Minister of Finance		حكومة الوفاق الوطني وزير المالية
التاريخ: 20 21 / 2 / 23		الرقم الإشاري: 146 / 52
<b>H.E Dr. Akinwumi Adesina</b> <b>President of African Development Bank Group</b>		
<b>Subject: Official technical support request letter.</b>		
Mr. President,		
I wish to take this opportunity to thank you and your team whose providing technical support to Libya.		
Referring to the discussions held between the Libyan Ministry of Finance and the African Development Bank in the preparation of the Country Brief (CB) that was made for State of Libya, by the Bank Paragraph 5.2.3 in which indicates that (As part of "building effective institutions", the Bank is planning to provide an array of technical assistance to Libyan national bodies) among them the Accounting and Financial Training Institution (AFTI), affiliated to the Ministry of Finance.		
Upon the Virtual meeting that was held between the North Africa Regional Office' Team and the Director of AFTI on Thursday February the 4 <sup>th</sup> , an official technical support letter was requested.		
By this letter we officially request The Bank assisting AFTI in developing its capacities to provide best training practices to Libyan Public Financial Personnel and other different issues.		
Please accept the assurance of my highest consideration		
		
	<b>Faraj Abdulrahman Abumtary</b> <b>Minister of Finance</b> <b>Governor of The State of Libya</b>	
Tel: 362 0145 / 49 P.O.Box: 81145 Tripoli - Libya www.mof.gov.ly		هاتف: 362 0145 إلى 49 / طرابلس/ ص. ب: 81145 فاكس: 362 0138 طريق السكة - طرابلس

Annex 1: Official Request from Focal Ministry (Minister of Finance)

## **ANNEX II: Terms of References for consultancy services**

### **1. Procurement Specialist: Part time**

A part-time Individual Consultant (Procurement Specialist (PS) Consultant) will be responsible for executing (1) hiring a firm consultant for Public Financial Management Capacity Development, (2) procurement of simultaneous translation company, (3) procurement of a travel agency, (4) recruitment of External Audit firm for the Project.

The planned period of the work of the Procurement Specialist is within 4 to 5 months. During this period, the Procurement Specialist make procurement arrangement of above four tasks. Once these tasks' contracts are signed and implemented, the Procurement Specialist's work will be completed. All procurement will be carried out under the direct supervision by the Project Management Unit (PMU) of the AFTI and the guidance of the Procurement Department of the Bank.

Among 4 Tasks listed below, the task 1 and 2 will take place at the beginning of the project so that the main activities of this Project will be able to begin. After the procurement Task 1 and 2 are completed, the task 3 and 4 will take place. The terms of reference of these tasks will be provided by the PMU.

**Major Tasks** of the Consultant will;

#### **[(1) Recruitment of Firm Consultant for PFM Capacity Development (CD)]**

- Recruitment of a Public Financial Management (PFM) Capacity Development (CD) Consultant for the Project by Consultants' Qualifications Selection (CQS) method under the direct supervision by the Project Management Unit (PMU) of the AFTI and the guidance of the Procurement Department of the Bank.

#### **[(2) Procurement of Simultaneous Translation Service Company]**

- Procure a Simultaneous Translation Service Company for supporting the Training Management Committee (TMC) meetings and the Conference on Capacity Development Strategy. At least, there will be seven occasions which needs simultaneous translation between Arabic and English for effective and efficient communication. This procurement will be a framework agreement with selected company to provide such translation services so that the vender will provide service continually during the project period upon instruction by the PMU. The procurement method will be Shopping method under the direct supervision by the Project Management Unit (PMU) of the AFTI and the guidance of the Procurement Department of the Bank.

#### **[(3) Procurement of Travel Agency]**

- Perform procurement of a travel agency by the Shopping method under the direct supervision by the Project Management Unit (PMU) of the AFTI and the guidance of the Procurement Department of the Bank. The procured travel agency will implement the tasks listed below;
  - ✓ e-ticket of air travel for AFTI Officials who will participate in the training program at IDF in Morocco,
  - ✓ accommodation for participants of the training program,

- ✓ internal transportation between the airport pick up and airport drop.
- ✓ distributing the Daily Subsistence Allowance (DSA) to each participant from the AFTI to the Training Program under the Bank's rules and procedures.
- The contract with this travel agency will be further specified after the training program will be agreed and approved. This procurement will also be a framework agreement.

**[(4) Hiring of External Audit Firm for the Project]**

- Procure an external audit firm for the Project by Consultants' Qualifications Selection (CQS) method under the direct supervision by the Project Management Unit (PMU) of the AFTI and the guidance of the Procurement Department of the Bank.

**Qualification** of the Procurement specialist Consultant for this Project that should exhibit below professional experiences and qualification:

- Have minimum a Master's degree in business administration, finance, commerce or any other relevant subjects.
- Have more than 5 (five) years of previous experience of supporting procurement activities of public institutions or private entities.
- At least 2 Year experience in procurement of multilateral development Banks
- Be familiar with the Bank's rules and procedures on procurement, which is a strong asset.
- Have good understanding on international public procurement principles.
- Be fluent in English and Arabic. Fluent in French is advantage.
- Very good in communication skills.
- Observe the highest standard of ethics, honesty and accountability.
- Be competent in the use of standard Microsoft Office applications.

**2. Terms of reference: Consultant Firm Specialized in Public Financial Management Capacity Development**

A Firm Consultant specialized for Public Financial Management Capacity Development (CD Consultant) will be responsible to produce Capacity Needs Assessment and Draft a Capacity Development Strategy for the AFTI under the Component 1. Also the CD Consultant joins the Training Management Committee (TMC) as an advisor and support the Project Management Unit (PMU) to organize the TMC meetings in terms of technical aspect. The CD Consultant will be hired home-based in principle. However, the CD Consultant should be able to join any physical occasions at AFTI and IDF so that the CD Consultant can collect and document any important information or data for the documents to be produced by the CD Consultant.

The Capacity Needs Assessment will be prepared by the CD Consultant by collecting available information from the previous USAID training to AFTI, IDF/IsDB's training program, as well as from other partners that have provided capacity support to AFTI, if applicable. The Capacity Needs Assessment will be submitted to AFTI for review, it will also be discussed and used by the TMC to inform the selection and design of ToT trainings for delivery under Component 2. The Capacity development assessment will provide an important basis upon which the Capacity Development Strategy for AFTI will drafted. The CD Consultant will conduct consultations with AFTI officials as well as other relevant stakeholders including representatives from the Ministry of Finance, and other development partners engaged with AFTI. The consultant will also seek to identify best

practices and recommendations from similar contexts and other training institutions such as IDF- to inform the strategy. Once the Draft Strategy is submitted and cleared by AFTI, a AFTI Stakeholder Conference on the Capacity Development Strategy of AFTI will be organized, inviting relevant government officials and partners such as IDF, IsDB and the Bank to present and disseminate the Strategy.

The CD Consultant should be consist of at least two specialists, one is the PFM specialist who leads the entire activity of Component 1, another is the Institutional Capacity Development Specialist who provides technical expertise on the Training for Trainers (TOT) and the AFTI's institutional capacity development aspect.

The time period of this consultancy will be approximately for 12 to 16 months, depending on the Project details to be found later. And the expected actual working days will be approximately 60 days during this 12 month period.

#### Major deliverables & tasks of the CD Consultant

- Prepare an inception report before commencing the activity, which includes detailed activity plan, adjusted scope of work, and time schedule.
- Produce and submit a draft Capacity Needs Assessment of the AFTI to PMU. This will inform the Capacity Development Strategy for AFTI and also serve as a guide for the agreement of the training program under the component 2 for both remote and in-person trainings. In conducting the capacity needs assessment the consultant will be expected to gather information and conduct interviews with AFTI officials to determine the needs, he/she will also be expected to gather information from on-going or previous capacity programs/ trainings, such as the one delivered by IDF/ IsDB. The Assessment tries to formulate training module, training manuals indicatively, which will be further refined in the Capacity Development Strategy. The Assessment includes an analysis of two levels: (i) key capacity challenges at central government level; and (ii) given the central role of AFTI in this project, deeper analysis of AFTI and its capacity challenges. The Capacity Needs Assessment also should propose a practical way to add Training for Trainers' aspect with maintaining of quality of training, a simple and practical way to evaluate trainees, the best utilization of remote training, etc. The Assessment also try to propose as innovative approach as possible, for example tutor system for maintaining effectiveness of training, and others.
- Participate in the Training Management Committee (TMC) meetings as an advisor to the TMC. During this opportunity in the TMC meetings, the CD Consultant will gather as much information and knowledge on the status and capacity situation of AFTI officials as possible. CD Consultant also support the Project Management Unit (PMU) of the AFTI to organize the meetings such as taking minutes and other tasks necessary.
- Produce and submit a Capacity Development Strategy of the AFTI. The draft will be reviewed by AFTI for any amendment and improvement. It will also be shared with the TMC for comment. The Strategy will emphasize an institutional development within the Government of Libya as a whole. Therefore, the Strategy should equip with a benchmark, target, how to assess the activities other than training, etc. The Strategy also try to propose as innovative approach as possible for example using tutor to avoid dropouts, staff exchange program with other governments, or other study programs etc. After the PMU of the AFTI and the Task Team of the AfDB agree, the report will be finalized. After it is

finalized, the AFTI will organize a Stakeholder Conference on the Capacity Development Strategy of AFTI by inviting relevant government officials and partners such as IDF, IsDB and the Bank to present and disseminate an idea of the Strategy.

**Qualification of the Firms & its Key Personnel** of the CD Consultant for this Project that should exhibit below professional experiences and qualification:

Consultant Firm;

- Registered as a development consultant firm in one of RMCs.
- The firm has at least 5 years' experience in providing consulting services to IFIs', MDBs', bilateral development agencies, governments in relation to public service reforms, PFM related services, institutional capacity development services, and any other public service development related consulting services.
- Experience in working with developing countries is necessary, particularly in African context. Work experience in post-conflict circumstance is an asset.
- Particular working experience on PFM training, TOT, Institutional Capacity Development is a strong asset.
- Working experience of donor funded project is an asset.

Key CD team;

1. Team leader; Public Financial Management Specialist

- Have minimum a Master's degree in Economics, Public administration, Business administration, Development studies, Finance, or related field.
- Have more than 6 (six) years of previous experience of working with Public Finance or Public Financial Management (PFM) related job.
- Have experience of working at international organizations such as MDBs, major bilateral or multilateral organizations, or other reputable institutions, which is a strong asset.
- Have sound understanding of Public Finance and Public Financial Management issue in developing countries, particularly in African and transition countries.
- Have sound understanding and practical experience of capacity development and training methods of PFM.
- Appropriate knowledge on Training for Trainers (TOT) method, and practicing experience of TOT is an asset.
- Be fluent in French, English and Arabic.
- Be strong in communication skills.
- Observe the highest standard of ethics, honesty and accountability.
- Be competent in the use of standard Microsoft Office applications.

2. Institutional Capacity Development Specialist

- Have minimum a Master's degree in Human Resource Management, Business administration, Public administration, Development studies, or related field.
- Have more than 6 (six) years of previous experience of working with Institutional Capacity Development related job.
- Have experience of working at international organizations such as MDBs, major bilateral or multilateral organizations, or other reputable institutions, which is a strong asset.
- Have sound understanding of Human and Institutional Capacity Development issue in developing countries, particularly in African and transition countries.

- Appropriate knowledge and experience on Institutional Capacity Development of public institution particularly in the context of developing countries with fragile or post-conflict governance situation.
- Appropriate knowledge on Training for Trainers (TOT) method, and practicing experience of TOT is a strong asset.
- Be fluent in French, English and Arabic.
- Be strong in communication skills.
- Observe the highest standard of ethics, honesty and accountability.
- Be competent in the use of standard Microsoft Office applications.

## ANNEX III: Project Procurement Plan

**Table III-1: Procurement Plan**

Ref.	Package Description	Lot number	Total contract estimated amount in USD million	Procurement Method	Pre- or Post qualification ?	Dom/Reg. Preference (Y/N)	Date Published SPN/IFB	Contract Start Date
1	Hiring of Procurement specialist		20,000	IC	Prior Review	N	Nov. 2021	Dec. 2022
2	Hiring of a Firm Consultant Specialized for PFM Capacity Development		70,000	CQS	Prior Review	N	Jan. 2022	Feb 2022
3	Hiring Simultaneous Translation Company		17,500	Shopping	Prior Review	N	Feb. 2022	March 2022
4	External Audit (audit at the closing)		10,000	CQS	Prior Review	N	Feb. 2022	March 2022
5	Hiring a Travel Agency for making travel arrangement for AFTI Trainees		53,000	Shopping	Prior Review	N	Feb 2022	March 2022
6	Capacity Development Program Cost		30,000	Shopping	Prior Review	N	Feb. 2022	March 2022
<b>Total Cost</b>			200,500					

The procurement arrangements of this Project is summarized in Table III-2 below.

**Table III-2: Summary of Procurement Arrangements**

	IC (UA)	CQS (UA)	Shopping (UA)	Other (UA)	Total (UA)
<b>1. Consultancy Services</b>					
1.1 Individual Consultant (Procurement Specialist)	14,084				14,084
1.2 Firm Consultant Specialized for Public Financial Management Capacity Development		49,296			49,296
1.3 Audit (Firm)		7,042			7,042
<b>2. Non-Consultancy Service</b>					
2.1 Capacity Development Program Cost			21,127		21,127
2.2 Travel Cost for AFTI Trainees			37,324		37,324
2.3 Meeting (Simultaneous Translation)			12,324		12,324
2.4 Contingent				3,803	3,803
<b>TOTAL</b>	<b>14,084</b>	<b>56,338</b>	<b>70,775</b>	<b>3,803</b>	<b>145,000</b>

## **ANNEX IV: M&E Arrangement**

As described in the 6.2, The Bank will undertake supervision missions, at least, twice during the project period to review implementation progress and provide technical support and quality assurance of the assessment. The mission will also analyze to what extent the activities undertaken have contributed to the realization of the anticipated results/outputs and project objectives as well to address any issues encountered and identify “time-bound” remedial actions. A project completion report will be prepared to evaluate progress against outputs and outcomes and draw lessons for possible follow-up operation.

*Table IV-1: Indicative project implementation time frame and M&E Process*

ACTIVITY/YEAR	2021				2022				2023		ACTION BY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
<b>Preparation and Approval</b>											
Preparation of Appraisal report and Review											AfDB
Grant Approval											AfDB
Signing of the Letter of Agreement/ Effectiveness											AfDB & AFTI
<b>Project Implementation</b>											
1. Procurement or Recruitment of the Consultant (EOIs & ToRs, evaluation and contract award)											AFTI & AfDB
2. Capacity Needs Assessment is drafted and agreed (Agreement on training time, curriculum, etc.)											AFTI, IDF, IsDB & AfDB
3. Training (for max 50 AFTI officials)											AFTI, IDF, AfDB
4. Draft Capacity Development Strategy for AFTI											AFTI, IDF, IsDB & AfDB
5. Stakeholder Conference on the Capacity Development Strategy of AFTI											AFTI, IDF, IsDB & AfDB
5. Supervision and monitoring											AFTI, AfDB
6. Audit Report											External auditor, AFTI
7. Project Completion Report											AfDB, and AFTI

### Monitoring plan

#### **A. Alignment indicators**

Indicator name	Definition/ description	Source	Baseline and targets (where possible)
<i>MO Ibrahim Index (Public Administration).</i>	<i>Capacity of AFTI improved</i>	<i>Ibrahim Index on Governance</i>	<i>20.7/100 (2019) as baseline 25/100 (2023) as target</i>

#### **B. Outcome and output indicators (performance indicators)**

Indicator name	Definition/ description	Methodology for collection	Responsibility for collection	Frequency of reporting	Results planning	
					2020 Base Line	2023
<i>Average attendance rate of AFTI training improved.</i>	AFTI's training attracts higher attendance because of improved AFTI trainers' capacity	AFTI's record	AFTI PMU	Annually in 2022, and 2023 until the end of the project	80% (2020)	More than 90%



<i>Number of officials trained by AFTI trainers (of which # of women).</i>	AFTI's trainers train more numbers of government official because of improved capacity	AFTI's record	AFTI PMU	Annually in 2022, and 2023 until the end of the project	271 officials (of which 25 were female) per year	1,500 officials per year (of which 225 to be female)
<i>Capacity Needs Assessment produced.</i>	Training Program for the Project is produced	AFTI's record	AFTI PMU	During the project period	0	1
<i>Capacity Development Strategy of AFTI produced.</i>	Institutional capacity development strategy is produced	AFTI's record	AFTI PMU	During the project period	0	1
<i>Stakeholder Conference on Capacity Development Strategy of AFTI</i>	A conference to discuss and disseminate the strategy is organized	AFTI's record	AFTI PMU	During the project period	0	1
<i>AFTI Staff trained.</i>	Number of AFTI officials trained under this Project	AFTI's record	AFTI PMU	During the project period	0 (AFTI's own achievement was 30 in 2020)	50 (of which 15 to be female)

## **ANNEX V: Risk to Result**

There is potential risks to implement this project. Below indicates such potential risks and remedial activities.

<b>RISK CATEGORY</b>	<b>RISK DESCRIPTION</b>	<b>RATING</b>	<b>MITIGATION MEASURE</b>	<b>RISK OWNER</b>
CAPACITY OF IMPLEMENTING ENTITY	There is a risk in this project that the lack of capacity within the AFTI's Project Management Unit (PMU) which may not assure the fiduciary function of the project.	High	The Project hires a consultant as a procurement agent to support the Project for mitigating this risk. Also the Bank's appropriate departments will provide necessary support and training to the PMU to properly implement its PMU's mandate.	The Bank and the Government
ENVIRONMENTAL AND SOCIAL	There is another risk which associate with the globally on-going health hazard of the COVID-19. This risk would potentially slow the project progress such that the in-person training would be hindered due to the further travel restriction or any other unexpected situation.	High / Middle	The Project will devise the way to mitigate this risk by seeking a usage of remote training through internet when the international travel will be difficult. Or another way to mitigate this is to delay the travel time within the acceptable time.	The Bank and the Government
COUNTRY'S POLITICAL AND GOVERNANCE CONTEXT	Political and other risks may affect the implementation of training program.	Low	The mitigation measure is to review and revise the target figure as frequent as possible so that the final result should be in line with a realistic output level.	The Bank and the Government

**ANNEX VI: Other Relevant Annexes**

**(A) Environmental and Social Compliance Note**

ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)  
(This is found on the following pages.)

# ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)



AFRICAN DEVELOPPEMENT BANK GROUP

## A. Basic Information<sup>3</sup>

<b>Project Title:</b> TECHNICAL ASSISTANCE PROJECT ON CAPACITY BUILDING FOR THE FINANCIAL AND ACCOUNTING TRAINING INSTITUTE (FATI) OF THE GOVERNMENT OF THE STATE OF LIBYA		<b>Project "SAP code:</b> P-LY-K00-001
<b>Country:</b> LIBYA	<b>Lending Instrument<sup>4</sup>:</b> DI <input checked="" type="checkbox"/> FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input type="checkbox"/>	
<b>Project Sector:</b> Governance	<b>Task Team Leader:</b> MAMOROU ENDO	
<b>Appraisal date:</b> 01/04/21	<b>Estimated Approval Date:</b> 12/05/21	
<b>Environmental Safeguards Officer:</b> XXXXXX		
<b>Social Safeguards Officer:</b> LAKPO Kossi Doumegno		
<b>Environmental and Social Category:</b> 3	<b>Date of categorization:</b> 12/04/21	<b>Operation type:</b> SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>
<b>Is this project processed under rapid responses to crises and emergencies?</b>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>Is this project processed under a waiver to the Integrated Safeguards System?</b>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

## B. Disclosure and Compliance Monitoring

### B.1 Mandatory disclosure

<b>Environmental Assessment/Audit/System/Others (specify: )</b>		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]	
Date of receipt, by the Bank, of the authorization to disclose	[Date]	
Date of disclosure by the Bank	[Date]	
<b>Resettlement Action Plan/Framework/Others (specify: )</b>		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]	
Date of receipt, by the Bank, of the authorization to disclose	[Date]	
Date of disclosure by the Bank	[Date]	
<b>Vulnerable Peoples Plan/Framework/Others (specify:)</b>		
Was the document disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]	
Date of receipt, by the Bank, of the authorization to disclose	[Date]	
Date of disclosure by the Bank	[Date]	
<b>If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: NA.</b>		

### B.2. Compliance monitoring indicators

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Is the total amount for the full implementation for the Resettlement of affected people, as <b>integrated in the project costs, effectively mobilized and secured?</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	NA <input checked="" type="checkbox"/>

## C. Clearance

Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board?  
Yes  No

<sup>3</sup> Note: This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

<sup>4</sup> DI=Direct Investment; FI=Financial Intermediary; CL=Corporate Loan; BS=Budget Support; GU=Guarantee; RPA=Risk Purchase Agreement; EF=Equity Financing; RBF=Results Based Financing.

**ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE  
(ESCON)**



AFRICAN DEVELOPPEMENT BANK GROUP

<i>Prepared by:</i>	<i>Name</i>	<i>Signature</i>	<i>Date</i>
Environmental Safeguards Officer:	XXXXXX		
Social Safeguards Officer:	Lakpo Kossi Doumegno		12/04/21
Task Team Leader:	Mamorou Endo		12/04/21
<b><i>Submitted by:</i></b>			
Sector Director:	Abdoulaye COULIBALY		17/11/21
<b><i>Cleared by:</i></b>			
Director SNSC:	Maman-Sani ISSA		17/11/21

## **(B) Fragility and Resilience Analysis**

The assessment of the consideration of fragility and resilience factors of the AFTI technical assistance project was prepared in accordance with the “Operational Guidelines for the implementation of the strategy for Addressing Fragility and Building Resilience in Africa and for the Transition Support Facility”.

### **1. Introduction**

The technical assistance project on capacity building for the Accounting and Financial Training Institute (AFTI) aims to contribute to a transparent, effective and accountable public financial system in Libya, through offering a training plan and an institutional development strategy of AFTI with conducting a training program for AFTI officials to be well capacitated trainers, and, thus, supporting the country’s path to resilience. The project provides an opportunity to tackle one of the key drivers of fragility in Libya, namely the serious deficit in institutional capacity. Indeed, Libya suffers from very weak capacity to embark on and sustain the new reforms needed to transition to peace. Training opportunities are limited in Libya and there is insufficient funding for capacity development. The gap in technical capacity is widely due to the brain drain of senior-level public sector employees. Government services are overstuffed but they have few highly skilled employees. The technical assistance includes three components, including: (i) a Capacity Needs Assessment of AFTI which will help to inform the development of a Capacity Development Strategy for AFTI, (ii) a Public Financial Management (PFM) Training Course for AFTI officials, and (iii) support for the project management. The project will be implemented by AFTI, a technical training institute placed under the Ministry of Finance and endowed with legal personality and financial autonomy. The purpose of this note is to identify the anchor points of the project in order to identify, correct, or adapt the drivers of fragility as well as the activities that could have the greatest impact in achieving resilience.

The 2019 Country Resilience and Fragility Assessment for Libya (AfDB, 2019) indicates that the country displays general notable fragility across all 7 dimensions, except one: economic and social inclusiveness. However, within the scope of this project, the dimension which refers to Inclusive Politics requires particular attention, with special emphasis to be placed on the Corruption and Bribery sub-dimension. Indeed, Libyans’ declining enthusiasm for politics has translated into low public participation in political discourse. The same is true for public participation in the electoral process: only 18% of voters took part in the 2014 parliamentary elections. The country is under significant pressure for corruption and bribery. A lack of legitimacy among Libya’s public institutions and persistent gridlock also inhibits the representation of the people in political life. It is worth noting that Libya’s high score for political instability is based on 2019 data and does not reflect the most recent approval of an interim government of national unity by Parliament.

### **2. Key drivers of fragility**

The key drivers of fragility affecting Libya’s transition to peace and stability are as follows:

2.1 Terrorism in the region: The instability imposed by the conflict in Libya, external interferences, institutional divisions, the proliferation of a large number of weapons beyond the control of the authorities, continue to pose a threat to the international peace and security, providing fertile ground for traffickers, armed groups and terrorist organizations.

Despite the ceasefire agreement signed in October, Libyan territory remains host to thousands of armed groups, including private mercenaries sent by foreign entities. Despite the UN arms embargo by all member states, about 20 000 foreign troops and mercenaries remained in Libya as of late 2020 (UN Security Council). Aggravating factors such as the porosity of Libyan borders, poor governance of oil resources, as well as the absence of public services in some parts of the territory exacerbate the conflict.

2.2 Illicit migration: The conflict in Libya has facilitated a wave of illicit migration in the region. Since 2014, migrants in transit, particularly from East and West Africa, continue to use the country as a transit point to migrate to Europe, through the central Mediterranean. In addition, the United Nations Refugee Agency estimates that more than 217,000 people have been internally displaced and an estimated 1.3 million people are in need of humanitarian aid in Libya.

2.3 A serious deficit in institutional capacity: Libya suffers from very weak capacity to embark on and sustain the new reforms needed to transition to peace. A 2018 report of international development non-for-profit – Crown Agents, found that training opportunities are limited in Libya and there is insufficient funding for capacity development. The gap in technical capacity is wide due to the mass exodus of senior-level public sector employees. Although government services are overstuffed, they have more administrative than professional employees with limited skills to deliver on the respective institutional mandates. Also, while recruitment is not merit-based, the salary scale does not attract high-skilled workers into the system.

2.4 Climate change: Libya is one of the driest places on earth. The country is confronted with enormous challenges in climate change adaptation. Agricultural productivity is hindered by limited renewable water resources, harsh climatic conditions, and poor soil quality. Only 3.8 million hectares, 1-2 percent of the country's area, can support crop growth, and just 5 percent of the country receives more than 100 mm of rainfall per year.

### **3. Opportunities for resilience/Project activities**

3.1 The project, via Component 1, will provide the government with planning tools that will facilitate the formulation of a strategy for AFTI and ensure a harmonized approach to future activities, focusing on institutional capacity issues.

3.2 Under Component 2, AFTI officials will benefit from a training course in Public Financial Management (PFM), both remote and in-person mode with an aspect of the Training of Trainers (TOT) approach which will be organized by the Institute of Finance (Institut des Finances, IDF) based on the Capacity Needs Assessment by the Component 1. The course will be taught in Arabic language which will be beneficial for the AFTI officials. This will afford an increase in the number of professional skilled staff within the government, equipped to deliver on the respective institutional mandates.

3.3 Finally, the hiring of a Procurement Specialist Consultant, under Component 3, to support the PMU of the AFTI will improve public finance and accounting capacity of this key institution, in particular and also other line ministries that are directly in charge of improving the theme of High 5s, in general.

### **4. Recommendation**

Despite the challenges imposed by a multitude of drivers of fragility, Libya has made significant progress on the political and security fronts in recent months. It is important to maintain the current positive momentum and support the Libyan Transitional Government in carrying out the commitments for the transition period and electoral preparations. Libya's capacity building needs are significant and require the establishment of solid institutions and an increase in the number of trained and skilled personnel in the public and emerging private sectors. Through projects such as the AFTI, the Bank can support the country by engaging in operations aimed at facilitating the acquisition of technical advice and know-how that can contribute to institution building and the development of the required skills to implement respective institutional mandates. This will provide an opportunity to slow down the exodus of senior level public sector employees. The design of the AFTI technical assistance project has taken into consideration these opportunities for resilience and will provide strong support to the government's new Financial Reform Program, thus building better legitimacy for Libya's public institutions.

### **(C) Terms of Reference: Training Management Committee (TMC).**

The Training Management Committee (TMC) is comprised of the four parties, (1) Project Management Unit (PMU) of the Accounting and Financial Training Institute (AFTI) of the Government of Libya (GOL) which includes PFM Capacity Development (CD) Consultant, (2) the Project Team (PT) of the Institute of Finance (Institut des Finances, IDF) of the Government of Morocco (GOM), (3) representative of the Islamic Development Bank (IsDB), and (4) the Task Team (TT) of the African Development Bank (AfDB), for the Technical Assistance Project on Capacity Building for the Accounting and Financial Training Institute (AFTI) of the Government of the State of Libya (the Project). The Project will be organized in the spirit of the South-South Cooperation (SSC) between the AFTI and IDF, with the support of IsDB and the AfDB.

The TMC will help the overarching objective of the Project, which is to enhance the capacity of AFTI and its officials to carry out its mandate of providing public financial and accounting trainings to government officials which contribute to a transparent, effective and accountable public financial system in Libya. Therefore, this Training Program will focus on capacity development of AFTI officials with the emphasis of an aspect of Training of Trainers (TOT) on top of general capacity development on financial and accounting knowledge and skills.

While the IDF and the IsDB has previous experience of providing training to the AFTI officials, the TMC will benefit from the IDF/IsDB's experience to support capacity development of the AFTI. At the same time, the TMC will coordinate this Project and previous activity by IDF/IsDB, and the future activity by IsDB for supporting the AFTI in order to avoid duplication and overlapping. By coordinating these activities at the TMC, the Project assures continuity and alignment with similar activities for the purpose of strengthening capacity of the AFTI and achieve higher efficiency of the Project.

#### **The Purpose of the TMC**

The purpose of the TMC is to discuss and agree on contents of the Training Program, which to be agreed by the Bank for implementation, among four parties in consideration of avoiding duplication and overlapping but aiming for achieving synergy effects. The contents are as follows;

- Curriculum of the Training Program
- Schedule of the Training Program
- Assessment Method for the trainees of the Training Program
- Review on the Outcome of the Training Program
- Advising the breakdown of the budget within its limitation
- Other necessary items to implement the Training Program smoothly

#### **The Activity Planning of the Training Program by Approving the Capacity Needs Assessment**

The Activity Planning of the Training Program, which is prepared under Capacity Needs Assessment (Assessment) by the CD Consultant, will be submitted to and discussed in the TMC in the early stage of the Project. The contents of the Assessment include above items listed in the Purpose of the TMC. While some items may be considered as part of the AFTI's or the project's indicators or targets, the Assessment should propose proper indicators. The Assessment should be presented to, discussed and agreed at the TMC. After the Assessment is agreed by the Bank, the



project implementation begins for following period. After the implementation, the TMC will review the achievement of the Training Program immediately after the Training Program.

### **The Meeting of the TMC**

The Meeting of the TMC will be organized at least twice during the preparation period in order to agree on the contents of the Training Program. During the implementation period, the TMC meeting will be held at least once in order to oversee the Training Program. And immediately after the implementation of the Project, the TMC will be organized at least once for agreeing on an assessment of the trainees and a recommendation for the AFTI. The Meeting of the TMC will be organized anytime during the Project period by agreement of four parties.

### **Joint Meeting of the TMC and Supervision Mission**

The Bank will conduct Supervision Mission at least twice during the Project period. The Meeting of the TMC and the Supervision Missions will be organized jointly in partial manner. The nature of these arrangements differ but both meetings also share same interest such as the achievement of the Training Program, coordination status among four institutions, and way forward to the following potential capacity building activities. Therefore, there is a strong benefit to organize a joint meeting on technical aspect of the Training Program. After the TMC meeting, the Supervision Mission between the AFTI's PMU and the Bank will discuss the management issue.

### **Capacity Development Strategy of the AFTI and a Stakeholder Conference**

The CD Consultant will develop the Draft Capacity Development Strategy (Strategy) of the AFTI toward the end of the Project. After three months of the Training Program, the CD Consultant will submit the Draft Strategy to the AFTI, discuss and agree the Draft Strategy. The TMC will be shared the Strategy through AFTI. After the Bank agrees the Draft Strategy, the AFTI will organize a Stakeholder Conference on the Capacity Development Strategy mainly by inviting government officials and present and disseminate the strategy. Any stakeholders which include the TMC members will be invited and provide any inputs.

### **Secretariat of the TMC**

The Project Management Unit (PMU) of AFTI will function as Secretariat of the TMC. The Focal Point (FP) Officer will coordinate among four institutions and make arrangement of meeting date, preparing agenda, taking minutes and sharing it among participants. The Bank will provide any necessary support for the AFTI's PMU to carry out this function.

### **The Simultaneous Translation Arrangement**

The Project Management Unit (PMU) of AFTI will arrange the English-Arabic Simultaneous Translation service for the TMC Meeting under the support of the Bank. The Budget for the translation service should be included in the Project Budget. If the Project budget lacks, the AFTI's Counterpart Funding may be considered to supplement it.

### **Cooperation among Four Institutions**

The TMC will be organized in the spirit of goodwill on cooperation to the AFTI and its capacity building efforts. Therefore, any item which will be benefit to the AFTI's capacity building can be raised at the TMC. Also any doubt and discrepancy will be discussed openly and among all four institutions in the spirit of goodwill on cooperation to the AFTI.

(D) Cost estimates of the Project by components and expenditure category

**Table VI-D-1: Financing plan/Cost by Source of Financing**

Source	LYD	USD	UA	% of Financing
AfDB - MIC Grant	938,904	205,900	145,000	85%
Accounting and Financial Training Institute (AFTI)'s Counterpart Funding	165,765	36,352	25,600	15%
<b>TOTAL</b>	<b>1,104,669</b>	<b>242,252</b>	<b>170,600</b>	<b>100%</b>

**Table VI-D-2: Cost estimates by components and expenditure category (AfDB Financing)<sup>5</sup>**

Expenditure Item	Costs category	LYD	USD	UA
<b>Component 1: Planning for training under this Project and Capacity Development Strategy for AFTI's future activity</b>		<b>319,200</b>	<b>70,000</b>	<b>49,296</b>
1. Firm Consultant Specialized for PFM Capacity Development	Consultancy Services	319,200	70,000	49,296
<b>Component 2: Production of Training and Staff Development Strategy</b>		<b>378,480</b>	<b>83,000</b>	<b>58,451</b>
2. Capacity Development Program Cost	Non-Consultancy Service	136,800	30,000	21,127
3. Travel Cost for AFTI Trainees	Non-Consultancy Service	241,680	53,000	37,324
<b>Component 3: Project Management</b>		<b>241,224</b>	<b>52,900</b>	<b>37,253</b>
4. Individual Consultant (Procurement Specialist)	Consultancy Services	91,200	20,000	14,084
5. Meeting (Simultaneous Translation)	Non-Consultancy Service	79,800	17,500	12,324
6. Audit (audit at the end of the project)	Consultancy Services	45,600	10,000	7,042
7. Contingency		24,624	5,400	3,803
<b>All above items will be under Direct Payment Method TOTAL</b>		<b>938,904</b>	<b>205,900</b>	<b>145,000</b>
<b>Counterpart Funding by AFTI</b>		<b>165,765</b>	<b>36,352</b>	<b>25,600</b>
<b>GRAND TOTAL</b>		<b>1,104,669</b>	<b>242,252</b>	<b>170,600</b>

**Table VI-D-3: Cost estimates by expenditure category**

Expenditure Category	Category of expenditure	LYD	USD	UA	Percentage
1. Services (AfDB Financing)	Services	938,904	205,900	145,000	85%
2. Operating cost (AFTI's Counterpart Funding)	Operating cost	165,765	36,352	25,600	15%
<b>TOTAL</b>		<b>1,104,669</b>	<b>242,252</b>	<b>170,600</b>	<b>100%</b>

<sup>5</sup> As indicated, the breakdown of the Training Program budget will be further discussed in the Training Management Committee (TMC) and will be approved by the Bank for implementation.

## **(E) Project Description as Supplementary Explanation**

This section provide supplementary explanation of the Project Description explained in the 2.1.

The technical assistance will comprise three components.

### **Component 1**

i) The Component 1 is to produce Capacity Needs Assessment for the upcoming training program, and also Draft Capacity Development Strategy for the AFTI's institutional development. During the Project period, these two documents will be produced by a Firm Consultant specialized for Public Financial Management Capacity Development (CD). The capacity building training for AFTI officials has to continue for next several years in minimum. It may even keep continuing for a much longer period. At this moment, there is no clear document which can provide information to plan training activities for the AFTI officials. In this context, conducting capacity needs assessment before the project is essential. Also the Draft Capacity Development Strategy will provide a strategic direction for AFTI in its institutional development.

ii) Under the Component 1, firstly, the Capacity Needs Assessment will be prepared at the beginning of the Project based on the existing training activities by AFTI as much as possible so that the upcoming training program will better aligned with the on-going training and avoid duplication. Secondly, the Capacity Development Strategy will be prepared towards the end of the Project which reflects the progress and improvement done by the Project. This project will accumulate practical information and knowledge which will benefit upcoming AFTI's training activity further on top of a strategic direction of institutional development. Therefore, the Component 1 will contribute to enhance the future AFTI's capacity development efforts by offering a Training and Capacity Development Plan prepared by a Firm Consultant specialized for Public Finance, Training of Trainers, Institutional Development and related knowledge.

### **Component 2**

iii) The Component 2 is to provide an opportunity for the AFTI officials to participate in the Public Financial Management (PFM) Training Course both remote and in-person mode with an aspect of the Training of Trainers (TOT) approach which will be organized by the Institute of Finance (Institut des Finances, IDF) of Morocco. The curriculum and planning of the Training Course will be based on the Capacity Needs Assessment prepared by the Component 1, which is agreed by stakeholders at the TMC. The course will be taught in Arabic language which will be beneficial for the AFTI officials. The cost of training provided by the IDF will be subsidized with the spirit of the South-South Cooperation by the Government of Morocco, which will be less than the cost of hiring private training institute to carry out the same task. The project also supports the travel cost between Tripoli, Libya and Rabat, Morocco.

iv) Mostly what is required to provide as a content of the training course for the AFTI officials includes basic finance and accounting skills, practical knowledge on public financial management which includes budget cycle, external / internal audit, internal controls, public sector accounting, public sector audit, etc. Because the AFTI is the leading institution in the Government of Libya (GOL) to provide financial and accounting trainings to the other ministries and institutions of the GOL, the Training of Trainers (TOT) approach is highly important so that the AFTI officials will be effective trainers. The Project will incorporate the TOT aspect as much as possible depending on the status of the trainees and the progress of the trainings.

### **Component 3**

v) The Component 3 is to provide support to project management. This component will provide resource for hiring Procurement Specialist Consultant as a procurement agent to support PMU of the AFTI so that PMU's capacity for procurement activities will be strengthened. The meeting cost which supports Arabic and English simultaneous translators' cost will be supported under this component so that all stakeholders will be able to contribute well. Also the external auditing and contingent budget are under this component.

#### **The Arrangement of Capacity Needs Assessment and Memorandum of Understanding**

vi) The detailed contents of the PFM training course in the Component 2 will be jointly formulated by the AFTI and the Institute of Finance (Institut des Finances , IDF) of Morocco in the spirit of the South-South Cooperation (SSC), together with the Islamic Development Bank's advisory involvement and the Bank's Task Team, that consist of the Training Management Committee (TMC). The Public Financial Management Capacity Development (CD) Consultant will prepare the draft of Capacity Needs Assessment and submit it to the TMC through AFTI's PMU. The contents to be discussed and advised by the TMC include curriculum of the Training, schedule, and the assessment of the achievement of trainees and appropriate budget break down.

vii) After the TMC and the Bank agrees the proposal, the planned activities will be drawn in the Memorandum of Understanding (MOU) for signature between the AFTI and IDF. Once the MOU is signed by both parties, the Project will implement the plan. The Terms of Reference (TOR) of the Training Management Committee (TMC) is attached in the Annex VI-(C).

## **(F) Implementation Arrangement**

This section provides supplementary explanation of the Implementation Arrangement explained in the “6. Implementation Arrangement.”

### **(F)-1. Executing Agency**

1. AFTI is established by Cabinet Resolution No.27 of 2016 as a technical training institute placed under the Ministry of Finance and endowed with legal personality and financial autonomy. The Institute mission is to enhance the financial and accounting skills and capacities of employees of the Ministry of Finance and the other Ministries and affiliates. AFTI is governed by a Board of Directors and a Director General appointed by the Minister of Finance. AFTI started operations following the appointment of its Director General by Minister of Finance Decision No.27 of September 2019. According to this decision, the organogram of AFTI is approved by Minister of Finance Decision No.223 of 2018.
2. The Institute is composed of 4 Directorates with a workforce of 16 employees. AFTI prepared in November 2020 its organizational chart including the organogram and the responsibilities of the Directorates and departments, and its financial regulation defining the financial management and the procurement procedures. The organizational chart and the financial regulation are currently under the Board review for approval before their submission for the Minister of Finance approval.
3. Given that AFTI has no previous experience of project financed by the Bank, the Bank will assist the PMU for building its capacities in financial management and in disbursements according to Bank’s rules and procedures.

### **(F)-2 Implementation Arrangement in Detail**

#### **Project Management Unit of the AFTI**

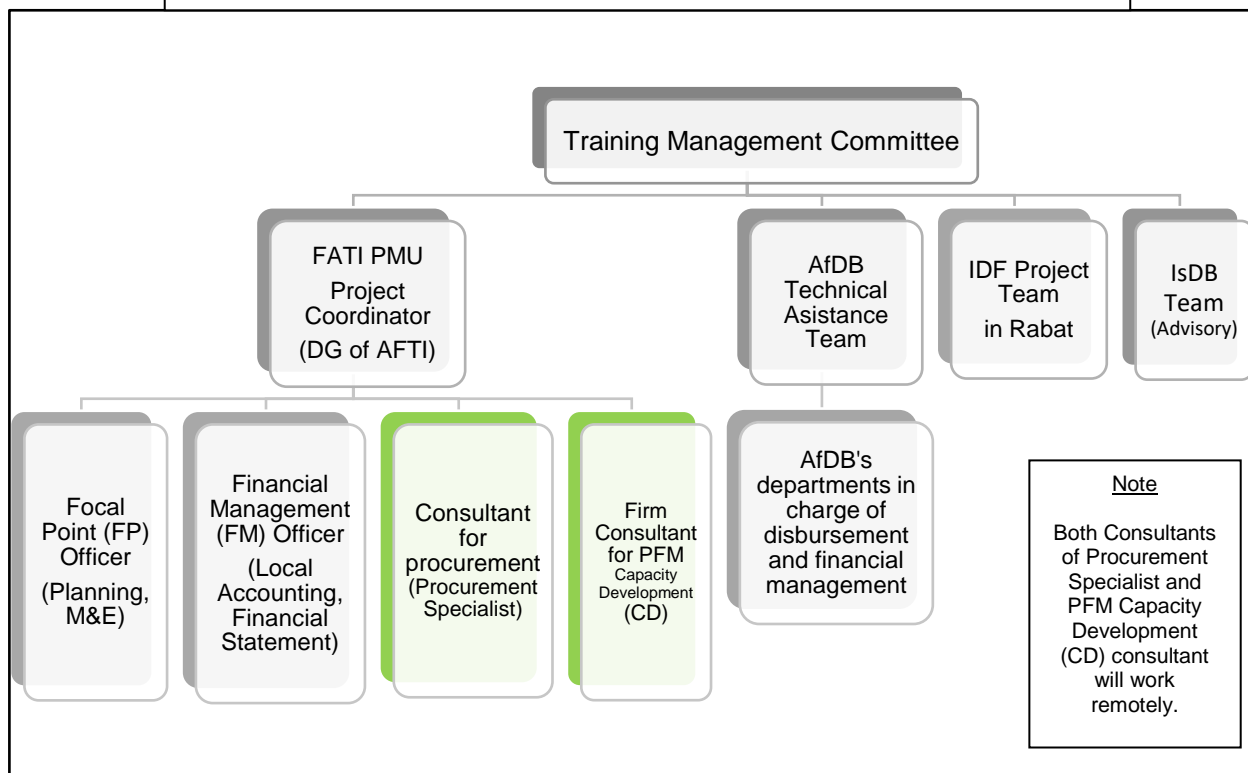
1. This Project will be implemented by the Project Management Unit (PMU) led by the AFTI. At the same time, the Project will be guided and advised by the Training Management Committee (TMC) comprised by the PMU of AFTI, IDF Project Team, IsDB as an advisory participation, and the Bank’s Task Team. An organogram of the project implementation structure is envisaged at Figure 1. Because of urgency of the project that hinders the Project to be equipped with defined activity plan before hand, the TMC has a greater role to guide and define the details of the project once the project begins. All advices by the TMC will be verified and pre reviewed by the Bank. The Terms of Reference of the TMC is attached at ANNEX VI-(C).
2. The AFTI will be responsible for overall management of the project as the Executing Agency (EA). The AFTI will form a Project Management Unit (PMU) headed by the Director General of the AFTI. While the project implementation capacity of the AFTI is limited as an Executing Agency, the PMU should be supplemented by external support. The Director General (DG) of the AFTI takes the role of the Project Coordinator who is the head of the PMU and takes overall responsibility of the PMU’s work. The DG will nominate two staff members of the PMU, for day-to-day project administration and management; (1) Focal Point Officer (FP Officer), who does project management and monitoring and evaluation (M&E), and (2) Financial Management Officer (FM Officer). Also the PMU will procure a part-time Individual Consultant of Procurement Specialist, and a Firm Consultant Specialize for Public Financial Management Capacity

Development (CD Consultant). The PMU will be composed of 3 AFTI staff members and PS Consultant as a Procurement Agent. The PMU will be responsible for monitoring the project and its budget, preparation of quarterly progress reports and financial statements. Given that AFTI has no previous experience of project financed by the Bank, the Bank will assist the PMU for building its capacities in financial management and in disbursements according to Bank’s rules and procedures.

**Focal Point Officer (FP Officer) of PMU**

3. The AFTI’s Director General assigns a staff member to carry out Focal Point of the Project and the Monitoring and Evaluation (M&E) work, under the direct supervision by Project Coordinator (Director General of the AFTI). This work’s title is the Focal Point Officer (FP Officer). The FP Officer works as a focal point of the project implementation so that he/she maintains close communication with the Bank’s Task Manager of the Project and also the Procurement Specialist (PS) Consultant in order to implement the project. The FP Officer will organize a meeting of the Training Management Committee (TMC), keep the minutes, and maintain communications among participating institutions. The FP Officer will be responsible for all necessary arrangement for implementing the Training Travel. The FP Officer prepares Procurement Plan (PP) together with the AFTI’s Procurement Department with a technical support from the Bank, and maintain the PP throughout the Project period. The FP Officer will also manage all activities within Libya, for example, preparation of participants’ list, proper information sharing for the AFTI officials including upcoming schedule and other necessary information, arranging necessary travel document including COVID Test, arranging transport to and from the airport if

**Figure 1: Organogram of the Project Implementation Structure**



necessary, necessary internet and IT arrangement for the remote training occasions, keep all records including information of indicators for Result Based Logical Framework, etc. The FP Officer will prepare a quarterly report of the activity which includes the report from the Consultant on top of the monitoring result regarding indicators in the Result Based Logical Framework, and other necessary management issue of the project. Particularly, the final report should express the result of outcome and impact level of indicators. The FP Officer's human cost, if any, and all cost that born in Libya is covered by the AFTI's Counterpart Funding.

#### **Financial Management Officer (FM Officer) of PMU**

4. The Financial Management (FM) Officer will be responsible for preparing, monitoring, and reporting the budget execution. While the MIC Grant will be disbursed through direct payments by the Bank's support so that the FM Officer in the AFTI will not handle any part of the MIC Grant resource directly. However there is Counterpart Funding which is contributed by the AFTI to cover the necessary local cost for implementing the Project. For the purpose of handling and managing such local costs, the FM Officer and the FP Officer who handles execution of local activities should be in a close communication. The FM Officer is fully responsible of managing such Counterpart Funding resource in terms of financial management. At the end of every quarter, the FM Officer should consolidate the financial information from the disbursement reports provided by the Bank that covers the MIC Grant resource and the financial information of the AFTI's local execution. And the FM Officer should submit the quarterly financial progress reports to be included in the project progress reports to be submitted to the Bank, and at the project financial statements for the review by the external auditor that will be recruited. The Bank will provide the financial templates and the disbursement forms to be used, and also necessary training so that the FM Officer can perform sufficiently. The FM Officer's cost, if any, and all cost that born in Libya is covered by the AFTI's Counterpart Funding.

#### **Procurement Specialist Consultant of PMU**

5. The Project will hire a part-time Individual Consultant (Procurement Specialist) to implement and support this project. The Consultant will perform as a Procurement Agent in this project so that this position will supplement limited capacity of the AFTI to carry out the Project. Therefore, the Procurement Specialist (PS) Consultant, which will be selected from qualified individual consultants, should have sufficient capacity and experience on public procurement activity. The payment for this project from the MIC Grant resource will be carried out only through Direct Payment by the Bank. And no Bank's resource of this Project will be handled within Libya by the AFTI. Therefore, the Financial Management concern is safeguarded. Throughout the Project period, the PS Consultant will receive instructions and guidance from the Focal Point (FP) officer so that the Consultant will implement all necessary procurement works for the project, which includes procurement of a Firm Consultant specialized for Public Financial Management Capacity Development, travel agency, simultaneous translation company, and an external auditor. The PC Consultant's function will complete in earlier phase of the Project when all these procurements will be done. The PS Consultant will work closely with the Bank's staff members of appropriate departments to perform compliance of procurement. The Terms of Reference (TOR) of PS Consultant will be found at ANNEX II.

#### **A Firm Consultant Specialized for Public Financial Management Capacity Development**

6. The Project will hire a Firm Consultant Specialized for Public Financial Management Capacity Development (CD Consultant) for producing the Capacity Needs Assessment and the Capacity Development Strategy. While the Public Financial Management Capacity Development (CD) Consultant will be hired and work mostly home-based, the CD Consultant will visit either or both IDF and AFTI as long as opportunity allows. Also the CD Consultant will join the TMC as an advisor, and support AFTI's PMU during the TMC meetings in terms of technical aspect. The objective of the CD Consultant is to produce the Capacity Needs Assessment and the Capacity Development Strategy for AFTI. The CD Consultant will gather as much information and knowledge on the status and capacity situation of AFTI officials as possible through TMC meetings, training by IDF and any other available occasions. If necessary, CD Consultant can observe the training provided by the IDF. By producing such the Capacity Needs Assessment and the Capacity Development Strategy, AFTI will be benefitted for upcoming AFTI's training activity further. The Capacity Needs Assessment and the Capacity Development Strategy will be submitted to the AFTI in the beginning of the project and by the end of the Project's period respectively. The Terms of Reference (TOR) of CD Consultant will be found at ANNEX II.

### **Institute of Finance (Institut des Finances, IDF)**

7. The training program will be implemented by the Institute of Finance (Institut des Finances, IDF). The Project planning, curriculum planning will be discussed, agreed at the Training Management Committee (TMC), as Capacity Needs Assessment, and proposed to the Bank for agreement. Once the Capacity Needs Assessment will be agreed, the IDF will manage and implement the remote and in-person Training Program for the AFTI officials at the premise of the IDF. The IDF will form the Project Team that comprise of necessary staff members who carry out the activity. The IDF maintains close communication with the Bank's Task Team, AFTI's PMU including the CD Consultant. The cost of the Training Program that the IDF needs to implement will be subsidized by the IDF in the spirit of the South-South Cooperation. The details will be further discussed and determined at TMC.

### **The Islamic Development Bank (IsDB)**

8. The Islamic Development Bank (IsDB) will be part of this partnership because the IDF has been working with the IsDB to support the capacity building project for the AFTI recently. The outcome of the current capacity building project will be quite useful for the Bank's Project so that the Training Management Committee (TMC) needs to learn from the IsDB's experience. Also in order to avoid any duplication or overlapping among these two projects and the future similar activity by the IsDB, the involvement of IsDB to this Project is highly valuable and necessary. Therefore, the IsDB's presence in the TMC helps this Project to maintain continuity and alignment with the IDF/IsDB's projects and increase efficiency of this Project. The IsDB will not cover any cost of this Project but the participation to the TMC will be voluntary in the spirit of collaboration among Multilateral Development Banks (MDBs) and in the goodwill of supporting the IsDB's member countries.

### **The African Development Bank**



9. The Task Manager in the TA Team will provide guidance, advice and comments based on the Bank's rules and procedures to lead the Project in appropriate direction on behalf of the TA Team. All official approvals by the Bank for the planning proposal, Procurement Plan (PP), payment related processes, will be communicated through the Task Manager. Also the Task Manager will closely communicate with the AFTI's PMU, IDF's Project Team and the IsDB's representative so that the project will be successfully implemented.

10. The Bank's appropriate departments will assist the PMU in disbursements of grant resources and in financial management of the Project in compliance with the Bank's rules and procedures. Since the Bank's resource for this Project will be disbursed only under the direct payment method, the Bank's appropriate departments will be in charge of such role. For this purpose, Financial Management (FM) Officer of the AFTI's PMU has to closely communicate with the Bank's departments that are in charge of disbursement and other financial management issues of the Project.