

THE AFRICAN DEVELOPMENT BANK



MIC GRANT REQUEST:	TECHNICAL ASSISTANCE FOR SMALL AND MEDIUM ENTERPRISE DEVELOPMENT
COUNTRY:	THE SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

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Acronyms and Abbreviations

AfDB	African Development Bank
AGS	Academy of Graduate Studies
PSD	Private Sector Development
SMEs	Small & Medium Enterprises

Currency Equivalents

(July 2010)

Currency unit =	Libyan Dinar (LD)
UA 1.00	= LD 1.93
UA 1.00	= USD 1.48

Fiscal Year: July 1 – June 30

GRANT INFORMATION

Client's Information

RECIPIENT: Government of Libya
IMPLEMENTING AGENCY: Academy of Graduate Studies

Financing Plan

Source	Amount	Instrument
ADB	UA 579,780	MIC Grant
Academy of Graduate Studies	UA 194,393	AGS Budget
Total Cost	UA 774,173	

ADB's Key Financing Information

MIC Grant Currency

Timeframe – Main Milestones (Expected)

Submission of MIC Grant to Country Team : August 2010
MIC Grant Approval : October 2010
Effectiveness : December 2010

RESULTS BASED LOGICAL FRAMEWORK - MIC TAF REQUEST
LIBYA: TECHNICAL ASSISTANCE FOR SMALL AND MEDIUM ENTERPRISE DEVELOPMENT

Hierarchy of Objectives	Expected Results	Reach (Target Population)	Performance Indicators	Indicative Targets Timeframe	Assumptions/Risks
Goal To contribute to the diversification of the Libyan economy and the sustainability of growth (ADB Country Engagement Note 2009)	a) A conducive environment for SME development	a) Government officials b) Existing entrepreneurs and SME owners	a) New SME business activity b) Recommendations are adopted by the GoL	Program implementation completed and target results reached by 30 th September 2012	Government's commitment to pursue its economic diversification and liberalisation objective
Project Purpose To strengthen institutional and human capacity in Libya with respect to SME and entrepreneurship development.	a) Improved understanding by both the public and private sectors of the needs, opportunities & challenges facing SMEs development in Libya b) Improved entrepreneurship capability & leadership of Libyan SMEs c) Increase in business development opportunities within and outside Libya d) Improved capacity of the Academy of Graduate Studies to support entrepreneurs	c) Students & future entrepreneurs d) Academy of Graduate studies staff	a) New SME business activity b) Recommendations are adopted by the GoL c) Level of satisfaction of SMEs with type and quality of services offered d) New targeted activities developed within the Academy of Graduate Studies e) Number of exchanges between SMEs within and outside Libya		
Activities 1) Economic & Sector Work on SME development in Libya 2) Capacity building activities to support SME Development	a) A report detailing the needs, opportunities & challenges facing SMEs development in Libya is discussed within a national forum, validated by the Bank and endorsed by the GoL b) A curriculum for SME training integrating ESW outcomes. a) Public sector representatives & Academy staff trained on SMEs needs in Libya and on how to promote entrepreneurship. b) A center is established and functioning within the Academy of Graduate Studies to support and foster entrepreneurship. c) A forum is hosted by the academy and brought together entrepreneurs from a range of businesses both locally and internationally d) Students are trained on SME development through a virtual incubator activities, internships, and job fairs.	a) Government officials b) Existing entrepreneurs and SME owners c) Academy of Graduate studies staff a) Senior staff from government agencies dealing with PSD b) Academy staff a) Prospective and Existing entrepreneurs and SME owners b) Academy Alumni a) Existing and latent entrepreneurs b) Private companies in RMCs a) Students of the Academy and future entrepreneurs b) Private sector in Libya	a) A study is produced & endorsed b) Recommendations are streamlined by the GoL c) Increase in SMEs targeting the sectors identified in the study d) Recommendations are streamlined within Academy's curricula e) Feed back received from end users a) No. of training courses organized b) No. of trainees. c) Positive feed-back on the training received a) No. of active members in the Center b) No. of sessions organized c) No. of new business activities emerging a) One forum is organized b) Number of participants from RMCs outside Libya a) Number of job fairs organized b) Number of participants to the virtual incubator c) Number of promising SMEs identified through the incubator	a) A publication is produced by July 2011. b) A forum is organized and held by July 2011 attracting at least 150 participants. a) 20 modules are completed. b) 56 Staff are trained a) 60 sessions mobilizing at least 20 entrepreneurs are organized a) A forum with 250 participants is organized by end 2011 with a minimum of 20 % of participants from RMCs a) 2 job fairs are organized with at least 75 private sector entities b) A virtual incubator is set up and mobilize . 10 students c) Three promising SMEs identified.	a) The study is overambitious and lacks focus b) Unavailability of data a) Participation is low if training quality is not guaranteed, a) Low take-up by entrepreneurs due to the quality a) Lack of stakeholders participation b) Limited networking a) Low take-up by students and the private sector.

Source of Funds (UA):					
MIC Trust Fund	UA 579,780				
AGS	UA 194,393				
Total	UA 774,173				

A detailed results based logical framework is presented in annex II

LIBYA: TECHNICAL ASSISTANCE FOR SMALL & MEDIUM ENTERPRISES DEVELOPMENT

I. INTRODUCTION

1.1 This document presents a proposal for granting Libya five hundred seventy nine thousand seven hundred and eighty (579,780) Units of Account from MIC TAF resources in support of small and medium-size enterprises (SMEs) development. SMEs are identified as potential engines of growth to diversify and restructure the Libyan economy. The grant is specifically intended to finance a capacity building program focusing on strengthening the institutional capacity of the Government of Libya with regard to SME development and on developing capacity within existing and potential Libyan entrepreneurs. The proposed program is in line with the MIC TAF Guidelines as well as with the Country Engagement Note for Libya, endorsed by the Board of Directors in March 2009 proposing an initial support in the form of technical assistance for capacity building as well as diagnostic & analytical work. It is also consistent with the Government's strategy for economic diversification, which is aimed at achieving sustainable growth and building capacity to mitigate exogenous shocks from oil price fluctuations.

1.2 Further to the interest expressed by the Libyan government for the Bank to provide the country with technical assistance and knowledge support, the Bank developed a menu of options for areas of potential support. These options triggered the interest of the Government of Libya to undertake analytically relevant work and develop capacity to support private sector development in Libya and the Academy of Graduate study was recommended as the vehicle to deliver targeted training to foster SME development. The components of the following MIC TAF proposal were identified and defined during two AfDB missions to the Academy of Graduate Studies in April and July 2010. In particular a one day workshop was organized by the Academy and the Bank to exchange views and ideas on SMEs development and identify components of the technical assistance proposal. In total 16 participants from Libyan People Committees, private sector entities and the Academy of Graduate studies attended the workshop and identified potential activities. The outcomes of the workshop were translated into the first draft of a technical assistance logical framework. This grant will thus be channeled through the Academy of Graduate Studies based in Tripoli.

1.3 Libya's capacity building needs are wide ranging and require developing appropriate institutions and expanding the stock of trained and qualified staff in the public sector and emerging private sector. The role of the Bank is to facilitate the acquisition of technical advice and know-how that can contribute to building institutions and the requisite skills. The use of the MIC TAF resources is expected to contribute to the procurement of the services of national and international experts to provide knowledge generation, transfer and skills building activities among the various stakeholders of the private sector sphere. The proposed operation will further consolidate the renewed cooperation between the Bank and Libya in capacity development and is also expected to help in acquainting the Libyan officials and stakeholders of the private sector with the Bank's operational activities. In addition the proposed operation will strengthen capacity within one of the most prestigious academic institution in Libya, guarantying the sustainability of the training activities financed under this Grant.

1.4 This proposal is organized as follows: following the introduction, Section 2 provides a background analysis of the main policy challenges facing the Government of Libya in general

and private sector development in particular. It also presents the case and rationale for the proposed program. Section 3 describes the proposed program, outlining its components, sub-components and expected outcomes. Section 4 gives cost estimates and the financing plan, while section 5 explains the implementation arrangement. Section 6 and Section 7 focus respectively on the procurement and the financial arrangement. The conclusion and recommendations are given in the final section.

II. BACKGROUND

2.1 Challenges to Private Sector and SME Development in Libya: The Libyan economy is characterized by a high dependence on the oil and gas sector and an oversized and inefficient public sector. Indeed the predominance of the state, which in the 1970s and 1980s took control over much of oil & gas production and distribution, annihilated private sector activities in most sectors with the exception of the agriculture and small services. Despite significant efforts over the past twenty years the Libyan economy remains highly dependent on hydrocarbons, the oil and gas industries accounting for nearly 70% of GDP, generating over 90% of government revenues and representing only approximately 5 % of total employment. The lack of diversification in the economy has impacted job creation with overall unemployment levels in 2006 estimated at 20.7%, and up to 30% for youth under 25. These effects have been exacerbated by a lack of human capital and skills development in key areas and by the dearth of backward and forward linkages emanating from the capital-intensive oil and gas sectors. However, increases in oil prices and the lifting of international sanctions, in addition to a gradual reform process have led to much improved macroeconomic performance even if growth slowed in 2009 to 2% due to a fall in oil prices and lower OPEC production quotas. There is now both the political will and the potential to stimulate the private sector and act to develop and support a thriving SME sector. Libya has introduced a series of public sector reforms including fiscal administration, civil service and public sector management, privatization of public companies and some banks. Furthermore, the government is in the process of reforming the education and training sector.

2.2 The SME sector: SMEs have the potential to become growth engines for Libya's private sector. Currently the SME sector is dominated by the production of food products, wood products, and metal for construction. Some, small firms also engage in the production of clothing, ceramics and bricks, grain milling and press and publication goods. Most small scale manufacturing is concentrated in Benghazi, Jebel Akhdar and Al-Marqab. Small scale manufacturing firms have the potential to link into economic growth opportunities through the development in areas such as tourism (e.g. production of souvenirs). There is also scope for them to expand activities in the glass and leather goods industries, fisheries and tourism. A strategy that linked small firms into larger national and Multinational Enterprises (MNEs) as suppliers in value chains is another area that could be investigated along with the development of higher technology industrial clusters.

2.3 To date the value added contribution and growth performance of the SME and non-oil sector have been considerably lower than in the oil sector. Few and limited exports originate from natural resource-based activities (fisheries, dates). The Libyan indigenous private sector in general and SMEs in particular lack business know-how and face problems of economies of scale, and poor managerial, financial and marketing capabilities. In addition, whereas the

macroeconomic environment is favorable and business taxes are relatively low, the overall regulatory framework still needs to be streamlined and improved. Transaction and start-up costs for developing and sustaining businesses are high, and uncertainty often prevails.

2.4 Another challenge to the development of a thriving SME sector is the limited presence and influence of a culture of entrepreneurship within the population. The incentive and legal framework, and the institutional coordination are reported to undermine the emergence of a sustainable SME sector.

2.5 Nevertheless the consolidation of the incentive framework and the development of a strategy for SME development suffer from important knowledge gaps. There is a need to assess Libya's SME sector and institutional framework to identify existing opportunities and challenges to promote SME development along local and national comparative and competitive advantages .

2.6 The Academy of Graduate Studies - Tripoli: The Academy was founded in 1988 as a graduate institute offering graduate programs in management, economics, accounting and finance. In 1995, and due to the outstanding performance, the general people's committee for higher education and scientific research decided to upgrade the institute to a full academy for graduate studies. The academy is to be government owned and established yet self sponsored organization. Since then the academy has grown to be the largest graduate school in Libya. The academy is currently a member of the National Planning Council, and a member of the National Committee for Graduate Studies.

2.7 The Academy offers more than 90 different graduate programs through seven different schools (Management and finance, basic Sciences, Engineering and applied Sciences, Humanities, Languages, Strategic and International studies, and media and arts). The academy has three different branches (Tripoli, Misrata, and Benghazi) where more than 5000 students currently enrolled. The academy, also houses one of the largest training centers in the country, to date thousands of employees from various sectors have been trained at the centre. Training programs at the center covers a wide range of skills (Languages, ITC, Management and Finance, Engineering...etc.). In terms of academic support Services, the academy houses the best academic Libraries in the country, and the best data centre connected to a computer network with more than 400 High performance PC's serving staff, students, administrators.

2.8 In addition the academy for graduate studies has been a major consulting agency for government and private sectors; in particular, it has conducted a number of studies on behalf of a number of government ministries and agencies. Recently, the academy has concluded an agreement with the national planning council to conduct a number of strategic studies. The academy is also stimulating the development debate through the organization of conferences, symposiums and seminars. Currently, tens of such seminars and conferences are organized every year.

2.9 International Cooperation is also high on the Academy of Graduate studies agenda. The academy is a member of the international Universities association, and the Arab Universities Association. The academy has also signed more than seventy cooperation agreements with various international universities, departments, and organizations. For example, the Academy has recently signed a MoU with The Henley Business School - University of Reading - relating to an MSc in Marketing which will be delivered at the Academy by both Henley and Academy staff.

As part of this MSc, students will undertake business related projects working with Libyan companies.

2.10 Rationale for Bank's Support: Endowed with significant savings and capital surplus, Libya has not made use of Bank lending services after joining the AfDB in 1972. However, Libya and AfDB have recently engaged in enhanced cooperation. After the Bank President's visit to Tripoli, Libya, in December 2008, the Board of Directors approved the Libya Country Engagement Note in March 2009. This renewed engagement materialized through the co-financing of a multinational telecommunications project for the Regional African Satellite Communication Members and the delivery of advisory services to Libya's new Export Promotion Centre. The purpose of the proposed activity is to further consolidate the Bank's engagement with Libya by delivering demand-driven capacity-building and technical assistance in a sustainable manner and prepare the ground for future operations led by the private sector.

2.11 The operation is aligned with the objectives of MIC TAF, which is partly intended to address critical needs for capacity building, institutional strengthening and private sector development. The underlying argument is that SME development in the country has enormous potential, which is however largely limited by lack of policy consistency, and coordination among multiple agencies involved with SME development. The need for an "external support" and for a comprehensive analysis on SMEs leading to provide policy recommendations has therefore clearly been identified. In addition, despite the government's active support of private sector development through direct funding of entrepreneurs, future entrepreneurs still lack capacity building opportunities in areas such as entrepreneurship development, business management and network building and management. Furthermore, it appeared that students lack the opportunity to fully comprehend and embrace private sector prospects. The Bank in this context is well placed to support the development of the Libyan Private sector through technical assistance and trilateral cooperation activities.

2.13 The Academy of Graduate Studies, as a renowned knowledge institution and independent agent, has been identified as well placed to act as a powerful convener and facilitator, which can foster debate in the country among different actors. The Academy has both the capacity and capability to become a thriving centre for entrepreneurship and is ideally placed to deliver private sector and entrepreneurship-specific training programmes, host international events and manage the proposed Economic and Sector Work with select partners which will be a key element in determining the various components of the capacity building activities.

III. DESCRIPTION OF THE PROGRAMME

3.1 The Objectives

3.1.1 The overall objectives of the proposed MIC-TAF funded programme are to contribute to the diversification of the Libyan economy and the sustainability of growth. The specific purpose of the programme is to deliver support with respect to SME and entrepreneurship training and development. The sustainability of the activities is guaranteed through the development of the capacity of the Academy of Graduate Studies to deliver such targeted support.

3.2 Technical Assistance Programme Components

3.2.1 The Programme is divided into two inter-related components : 1) The first component consists of an Economic and Sector Work on SME development in Libya which will focus on the identification of opportunities and challenges for fast track and sustainable SME development in Libya; 2) The second component focuses on developing Capacity building activities to support SME, development through a) the development of a training programme targeting public sector officials and Academy staff and to promote private sector & entrepreneurship ; b) the development of a Centre for entrepreneurship to build capacity among existing and potential entrepreneurs, ; c) the organization of a forum to bring together entrepreneurs from a range of businesses both locally and internationally; and d) the development of a wide range of activities facilitating the involvement of the Academy’s students within private sector activities. Each of the two components includes several activities as shown in Table 3.1.

**Table 3.1
Subcomponents of the Proposed MIC Grant Request**

1st Component: Economic and Sector work on SME development in Libya	2nd Component: Capacity building activities to support SME , entrepreneurship & leadership development
1.1 Economic & sector work on SME development in Libya. A study detailing the needs, opportunities and challenges of entrepreneurs in Libya. This study would include a variety of sectors including food and agro processing and downstream oil products and would detail institutional and enterprise level issues. A report will be produced aimed at enhancing SME performance	2.1 Training of trainers and PSD champions. The development of a train the trainers programme designed to train public sector officials and Academy staff and to understand the needs & behavior of entrepreneurs and to promote entrepreneurship in Libya. The programme activities would draw on lessons from the ESW. 2.2 Development of Center for entrepreneurship. A facility providing training to entrepreneurs’ on leadership management and marketing, and activities such as networking, business clinics and mentoring will be developed.
1.2 Knowledge and policy forum: discussion & dissemination of the results and recommendations outlined in the study	2.3 Development of a forum for entrepreneurs & trilateral cooperation. The forum will target business people, academics and other stakeholders. 2.4 Linking youth and the industry. In this activity, special emphasis would be placed on encouraging and supporting young people and women interested in becoming entrepreneurs. Activities will include the development of a virtual SME incubator, internship programmes and the hosting of a series of job fairs.

3.2.2 The two components target four areas of institutional capacity. **First**, they aim **to facilitate knowledge transfer and understanding between public officials and private sector players** as to the roles, responsibilities and needs of the two groups so that a true private-public sector partnership approach can be developed. **Second**, they seek **to improve entrepreneurship capability, capacity and leadership in SMEs** in the various sectors in Libya. **Third** they aim to improve the capacity of the Academy **to support entrepreneurs and potential entrepreneurs**

in identifying, developing and sustaining small businesses. Particular emphasis will be given to developing training and support for young and female entrepreneurs. **Forth, they aim to identify and help develop business opportunities** both within and outside Libya.

3.3 Activities

1st component: Economic & Sector Work

3.3.1 **The first activity** involves collecting data and undertaking a detailed field study to assess Libya's SME sector including number, type, sector, regional distribution, contribution to the local and national economies in terms of job and wealth creation employment, and existing institutions and gaps in institutional capacity and policy initiatives to support and develop SMEs. The study will also address the strengths, weaknesses, challenges, and opportunities (SWOT) currently facing SMEs (both nationally and regionally at within various sectors and industries), the role and level of other stakeholders in SME development, and the potential for increasing the competitiveness of existing SMEs and developing new individual SMEs and clusters of SMEs. Furthermore, the study will investigate gaps in capacity and capability and recommend avenues for policy, stakeholder involvement and support, training, finance for different types of SMEs over their lifecycle. It will also explore ways of promoting SME development along local and national comparative and competitive advantages and developing incentives to induce entrepreneurs, particularly young and female players into the market. This will be achieved through the necessary investigation of other related issues including education and training, financial support incentives and mechanisms, and the potential for developing clusters, value chains and linkages with other industries and universities and other research and development and standard institutions.

The team will include international and local consultants. The implementation will be divided in four phases : phase I - consultation & preparation of the ESW ; phase II - desk review - field activities & data collection; phase III - desk review – analysis, phase IV - writing of the report.

An Economic and Sector Work report will be produced for the purpose of discussing and disseminating the outcomes of the study, which will be both informative and action based. The report will inform entrepreneurs, policy makers and other stakeholders and will constitute the basis for developing activities and training at the entrepreneurship centre in the Academy. The AfDB will provide guidance and technical support throughout the study, and will closely interact with the research team so that the ESW becomes a joint product of the Academy and the Bank. In particular the outline of the report and the research methodology produced at the end of the first phase I and the report delivered at the end of Phase IV will be reviewed by the Bank. The report will have to be endorsed by the GoL and the African Development Bank and should serve as a basis for the adoption of an action plan to support SME development in Libya. In addition the report will be used to develop and strengthen the Academy's curricula with the view to better respond to the needs and specificities of the Libyan private sector and associated entrepreneurship development

3.3.2 **The second activity** will consist of a forum that should be hosted by the Academy to discuss the outcomes of the Economic and Sector Work and engage the policy dialogue. The forum should target senior staff from government agencies/bodies dealing with private sector development, Academy staff, AfDB staff, existing entrepreneurs and SME owners and outsiders who wish to engage in business relationships in Libya. The authors of the report will moderate the sessions with the support of local consultants for the organization of the meeting.

2nd component: Capacity building activities to support SME, entrepreneurship & leadership development

3.3.3 **The first activity** is to train private sector development champions in Libya. The objective here is to upgrade the skills of public sector officials and Academy staff to understand the specific needs of Libya's private sector. At the same time, the programme will create a pool of trainers, who can lead training sessions in the future (in particular within the framework of the Center for entrepreneurship). To a large extent, the exact content of the programmes will be determined by the findings of the ESW study but might be expected to include business development and management skills, especially in the areas of strategic planning; marketing; finance and accounting; leadership *e.g.* team and consensus-building, collaborative decision making, problem solving, conflict management inter-personal communication skills, negotiations tactics; project management (including monitoring and evaluation). The team in charge of this activity will include international and local consultants who will design and impart the training sessions. Terms of references will be produced by the Academy of Graduate Studies and submitted to the AfDB for its approval before the recruitment of the consultants. The implementation will be divided in four phases : Phase I - design of the training & preparation of modules material; Phase II - modules implementation (20 modules of 2 days).

3.3.4 **The second activity** is the establishment of a Center for Entrepreneurship within the Academy of Graduate Studies. This Center will act as a platform to provide guidance to entrepreneurs in Libya, facilitate capacity building among them and create networking opportunities. Activities within the center will include for example training on management and leadership; networking activities; business clinics & mentoring. The training sessions will be initially led by consultants, and then by the staff of the Academy. Terms of references will be produced by the Academy of Graduate Studies and submitted to the AfDB for its approval before the establishment of the Center and the recruitment of the consultants. The Center will organize sessions once a week. In addition to the mentoring, and business clinics activities delivered by senior local consultant, international and local guest speakers will also be invited on an *ad hoc* basis to share their experience. A mechanism will be put in place to guarantee the sustainability of the Center.

3.3.5 **The third activity** is the organization of an international SME Forum targeting business people, academics and other stakeholders. The objectives of the Forum are threefold: i) to raise the profile of Libyan business both nationally and internationally; ii) to provide a platform for the exchange of ideas, lessons learned and experiences between practitioners, academics and other stakeholders from both within and outside Libya, and iii) to provide an ideal basis for debating and developing input relating to private sector policy formation. This structure will also build on AfDB trilateral cooperation expertise to mobilize private sector participants outside Libya.

3.3.6 **The fourth activity** is catered to the students of the Academy. To better address chronic youth unemployment, a series of job fairs are planned to be organized. These fairs will aim at linking students/potential entrepreneurs with private sector companies including SMEs and providing both parties with an opportunity for interacting directly and discuss employment and career matters, network with a high number of individuals and companies in an informal, risk-

free environment. Employers and managers also gain in that they are exposed to highly trained and motivated job candidates.

3.3.7 This activity will also include the development of a virtual SME incubator within the Academy and a series of internship programmes. The virtual incubator will be set up in a dedicated room within the Academy. The incubator will allow students to gain skills on running a small business, improving competitiveness and job creation. Local and international speakers from the private sector and the banking industry will be invited to share their experience, and advice on means of financing business ventures and accessing credit. Per the incubator's purpose, students will be able to design virtual projects and business initiatives in a form that could be later on submitted to banking institutions for possible financing. After training of each group, the graduate would be allowed to join the Center of Entrepreneurship. The Academy will also identify a mechanism (with the potential support of the private sector and the GoL) to support the development of the best projects formulated.

3.3.8 Finally an internship programme will be financed to provide potential entrepreneurs and business students with the 'hands-on' experience that is a necessary part of business know-how development. It is envisaged that internships would be linked to MSc business programmes within the academy.

3.4 Outputs & Expected Outcomes

3.4.1 The overall programme is expected to contribute to facilitate SME development and stimulate entrepreneurship in Libya. This will be achieved through: (1) Knowledge generation and sensitization activities on PSD targeting public sector officials & staff of the Academy (Components 1.1 ; 1.2 & 2.1); (2) Capacity building of existing entrepreneurs (Component 2.2); (3) Networking activities (Components 1.2, 2.2 & 2.3); & (4) Facilitating the emergence of new entrepreneurs and developing linkages between youth and the industry (Components 2.2 & 2.4).

3.4.2 In particular, Component 1 should lead to an improved understanding by the private and public sector and other stakeholders of the needs, opportunities and challenges facing policy makers and practitioners relating to the development and sustained growth of both the SME sector as a whole and individual SMEs and local clusters of SMEs. It should also lead to the development of an action plan to support SME development in Libya.

3.4.3 On the other hand, the proposed operation, through its second component, is also expected to contribute to build capacity at entrepreneurs and public sector officials levels. For the latter it should capacitate them to strengthen policy, coordination, institutional framework and capacity and capability of SMEs to achieve successful sustained growth and development . For the former the operation should enhance business know-how via the development of a range of management and business skills and activities. It is expected that this component will contribute to creating the necessary conditions to the development of business opportunities and enhancement of entrepreneurship and leadership capabilities, particularly, among youth and women..

3.4.4 Overall, the programme is expected to generate a number of measureable outputs. The main output from the first component, is the study detailing the needs, opportunities & challenges facing SMEs development in Libya and subsequent report (Component 1.1). The report will aim at enhancing the performance of existing entrepreneurs & SMEs managers and

encouraging new entrants and should lead to the adoption of an action plan by the GoL. Outcomes of the study will also feed into the development of the “*train the trainer*” and PSD champions programme and the curricula of the Academy will be revised. Finally a forum (Component 1.2), hosted by the Academy to discuss the outcomes of the study, will be organized involving at least 150 participants - ranging from senior government officials dealing with private sector development; Academy staff; existing entrepreneurs and small and medium enterprises owners; and potential foreign investors .

3.4.5 In the area of management and leadership training, a series of trainings of trainers & PSD champions will be organized by the academy (Component 2.1). Each training program will be composed of 5 training modules each of 2 days and over a four month period. 4 cohorts including at least 12 senior staff from government and 2 staff of the academy will undertake the program (in total 20 modules are completed). An evaluation will be organized at the end of the programme to assess the impact of the trainings.

3.4.6 As part of component 2.2, a *Center for Entrepreneurship* is established within the academy with at least 20 existing entrepreneurs, SME owners & academy Alumni registered and participating on a regular basis to the activities of the Center. At the end of the project, 60 events will have been organized on a weekly basis. These events will have included 10 sessions imparted by international business experts and/or entrepreneurs; and 40 sessions imparted by local business experts and/or successful entrepreneurs. In addition, a local consultant will have delivered business clinics & mentoring to the entrepreneurs within 50 sessions. A financing mechanism will be defined to guarantee the sustainability of the events after project completion and sessions organized by alumni and entrepreneurs. A subsequent evaluation will be conducted to assess the impact of the center.

3.4.7 Furthermore one forum for entrepreneurs and academics is organized (Component 2.3). The forum should involve 250 participants including a minimum of 50 companies based outside Libya.

3.4.6 As for the activities aiming at linking youth and the industry (Component 2.4), outputs include the organization of 2 job fairs involving at least 75 private sector entities. A virtual incubator is set up and functional and 10 students meet on a regular basis with a facilitator to simulate various business ventures and propose the most promising business plans to financing institutions for possible funding. Finally, 6 internships are financed and 6 high quality and pertinent case studies are produced by the students and disseminated.

IV. COST ESTIMATES & FINANCING PLAN

4.1 Cost Estimates

Table 4.1: Summary of Estimated Costs by Component

COMPONENTS	' USDS'			'000 UA'			% F.E	% Base Cost
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total		
1.1 Economic & sector work on SME development in Libya	45,700	137,950	183,650	30,878	93,209	124,088	75.1%	17%
1.2. Knowledge and policy forum	30,860	3,750	34,610	20,851	2,534	23,385	10.8%	3%
2.1 Training of trainers and PSD champions	31,000	93,400	124,400	20,946	63,108	84,054	75.1%	11%
2.2 Development of Center for entrepreneurship.	182,121	66,000	248,121	123,055	44,595	167,649	26.6%	23%
2.3 Development of a forum for entrepreneurs & trilateral cooperation	72,000	37,950	109,950	48,649	25,642	74,291	34.5%	10%
2.4 Linking youth and the industry	148,089	40,375	188,464	100,060	27,280	127,341	21.4%	17%
3. Programme management	187,306	15,000	202,306	126,558	10,134	136,486	7.4%	19%
Total Baseline Costs	697,076	394,425	1,091,501	470,997	257,402	728,399	65%	100%
Contingencies (5%)	34,854	19,421	54,575	23,550	22,224	45,774		
TOTAL PROGRAM COSTS	731,930	413,846	1,145,776	494,547	279,626	774,173		

Table 4.2: Summary of Estimated Costs by Expenditures Accounts

EXPENDITURES ACCOUNTS	'000 USDS			'000 UA			% F.E	% Base Cost
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total		
I. INVESTMENT COSTS								
Goods	57,611	0	57,611	38,926	0	38,926	0.0%	5.4%
Technical Assistance	195,990	200,200	396,190	132,426	135,270	267,696	50.5%	36.8%
Contractual Services	228,144	74,750	302,894	154,151	50,507	204,658	24.7%	28.1%
II. RECURRENT COSTS								
Daily Subs. Allowances	0	104,475	104,475	0	70,591	70,591	100.0%	9.7%
Office rental	173,882	0	173,882	117,488	0	117,488	0.0%	16.2%
General Oper. Charges	31,949	0	31,949	21,587	0	21,587	0.0%	3.0%
Procurement Advisor	0	15,000	15,000	0	10,134	10,134	100%	0%
Audit	9,500	0	9,500	6,419	0	6,419	0.0%	0.9%
Total Baseline Costs	697,076	394,425	1,091,501	470,997	257,402	728,399	65%	100%
Contingencies (5%)	34,854	19,421	54,275	23,550	22,224	45,774		
TOTAL PROGRAM COSTS	731,930	413,846	1,145,776	494,547	279,626	774,173		

4.2 Financing Plan

Table 4.3: Financing Plan of the Program

FINANCING SOURCES	('Milliers \$ EU)			('Milliers d'UC)			Financement (%)
	Monnaie locale	Devises	Total	Monnaie locale	Devises	Total	
FAT-PRI	444,229	413,846	858,075	300,155	279,626	579,780	75%
Académie des études supérieures	287,701	0	287,701	194,393	0	194,393	25%
TOTAL	731,930	413,846	1,145,776	494,547	279,626	774,173	

V. IMPLEMENTATION ARRANGEMENT

5.1 Executing Agency

5.1.1 The Academy of Graduate Studies shall assume the role of the Project Executing Agency. It will be responsible for organizing, coordinating, monitoring and implementing the various components of the programme. The Executing Agency shall appoint a Program Coordinator, an Accountant, a secretary and a Procurement Expert, who will facilitate implementation and report on progress and potential problems. These four Officers shall be financed by the Academy of Graduate Studies. The Management Team of the Academy under the leadership of the Head of the Academy shall oversee and monitor the project implementation. The Academy will inform

the National Planning Council (the highest planning authority in the country) on the development of all activities and outputs. The activities will involve cooperation with the ministry of industry, economy and commerce.

5.2 Implementation Schedule

The program is estimated to be executed in 18 months starting in December 2010 and closing on July 30th, 2012. A tentative implementation schedule is shown in Table 5.1 below.

5.3 Supervision, Monitoring & Risks

5.3.1 The Executing Agency shall be responsible for keeping documents supporting implementation and disbursements as well as details of the accounts kept for the proceeds of the grant, especially as related to the special account. Quarterly status reports will be prepared by the Executing Agency. The disbursement reports will be made available to Bank's supervision missions. Upon the approval of the grant, the AfDB will launch the project. Subsequently, a supervision mission will be taken after 6 months of implementation, which will also review progress and disbursements. An experienced procurement advisor will also be recruited to assist the executing agency during its first 10 months of execution.

5.3.3 The main risks anticipated include a low take up of the activities by the various stakeholders due to a lack of interest, the low quality of the training provided and the irrelevance of the activities proposed. Nevertheless, the Academy can tap into its large alumni base to trigger interest and ensure high participation to the activities & adequate mentoring. The credibility of the Academy should also help to attract outsiders to join the Centre and to participate to the fora and other dissemination events. The quality of the training may be guaranteed by using international standards during the bidding process. In addition, the sequencing of the different activities should allow the use of the information and knowledge generated during the Economic and Sector work study to adequately target private sector needs. Additionally, the facilitators of the training sessions will organize quick surveys to identify the needs of the future participants.

5.3.4 The question of long-term sustainability of some of the activities (beyond project completion) may also be questioned. To address this risk, the Academy will design – in cooperation with the participants - a mechanism that can help sustain the Center for Entrepreneurship after the project completion (through a membership fee for example). Similarly, the functioning of the virtual incubator could be galvanized through the development of partnerships with private organizations looking to test out their new ideas and ventures before implementing them in real life.

5.3.4 Another identified risk lies in the scope of the Economic and Sector work which could be overambitious and/or could lack focus in addition to the difficulties that could be faced when trying to disseminate the outcomes. To mitigate such risk, the proposal will be shared with AfDB for technical guidance. In addition the ESW will be a joint product of the academy and the AfDB to guarantee continuity in the technical support provided by the Bank and to allow a broader dissemination of the outcomes of the study.

Table 5.1 Indicative Implementation Schedule

Activities	2010						2011						2012												
	I	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
Proposal processing	■	■	■																						
Approval of proposal				■																					
Effectiveness					■	■																			
Appointment of Program Coordinator						■																			
Launching						■																			
Component 1.1 : ESW																									
Drafting of the TORs							■																		
Procurement							■	■	■																
ESW - Phase I - Consultation & Preparation of the ESW								■	■	■															
ESW - Phase II - Desk review - Field activities & data									■	■	■														
ESW - Phase III - Desk review – analysis										■	■	■													
ESW - Phase IV - Writing of the Report											■	■													
Component 1.1 : Knowledge & Policy Forum																									
Drafting of the TORs											■	■													
Procurement											■	■	■												
Phase I - Organization of the conference																									
Phase II - Implementation of the conference																									
Component 2.1 : Training of trainers & PSD																									
Drafting of the TORs												■	■												
Procurement												■	■	■											
Phase I - Design of the training & preparation of																									
Phase II - modules implementation (20 modules of 2																									
Component 2.2 : Development of a Center for																									
Drafting of the TORs												■	■												
Procurement												■	■	■											
Phase I - Design of the Center & preparation of training																									
Phase II - Coordination of the center & mentoring (60																									
Phase III - Imparting of the training sessions																									
Component 2.3 : Development of a forum for																									
Drafting of the TORs																									
Procurement																									
Phase I - Organization of the forum																									
Phase II - Implementation of the forum																									
Component 2.4 : Job fairs																									
Drafting of the TORs																									
Procurement																									
Job fair Phase I - Organization (2 job fairs)																									
Job fair Phase II - Implementation (2 job fairs)																									
Component 2.4 : Virtual Incubator																									
Drafting of the TORs																									
Procurement																									
Virtual Incubator Phase I - Design of the incubator																									
Virtual Incubator Phase II - Coordination of the																									
Virtual Incubator Phase III - Imparting of the training																									
Component 2.4 : Internship program																									
Drafting of the TORs																									
Evaluation committee																									
Implementation																									

VI. PROCUREMENT

6.1 All procurement of goods and works and acquisition of consulting services financed by AfDB will be in accordance with Bank's Rules and Procedures for Procurement of Goods and Works or, as appropriate, Rules and Procedures for the Use of Consultants, using the relevant Bank Standard Bidding Documents. The Executing Agency will be responsible for the procurement of goods/works/ service contracts, consulting services, as summarized in Table 6.1 below. The Executing agency has a procurement unit and a dedicated procurement expert will be trained by the the AfDB on Bank's Rules and Procedures for Procurement of goods and services. All procurement will also be reviewed by the Bank on a prior review basis.

Table 6.1: The Procurement Arrangement (UA)

		CQS	LCS	Shopping	Others	Total Mic TAF	Academy	Total
I. INVESTMENT COSTS								
Goods				40,873		40,873		40,873
Technical Assistance	ESW on SME	70,662				70,662		70,662
	Knowledge and Policy Forum	5,505				5,505		5,505
	Training the trainers and PSD Champions	41,716				41,716		41,716
	Development of Centre for entrepreneurship	61,758				61,758		61,758
	Development of a forum for entrepreneurs & trilateral cooperation	37,034				37,034		37,034
	Linking Youth and Industry	64,405				64,405		64,405
Contractual Services				143,861		143,861	71,030	214,891
II. RECURRENT COSTS								
Daily Subs. Allowances					74,121	74,121		74,121
Office rental							123,362	123,362
General Oper. Charges				22,667		22,667		22,667
Procurement Advisor		10,439				10,439		10,439
Audit			6,740			6,740		6,740
Total		291,520	67,40	207,400	74,121	579,780	194,393	774,173

6.3 Auditing services estimated to cost UA 6,740 will be procured from a qualified audit firm operating in Libya using Least Cost Selection (LCS).

6.4 Taking into account the relatively small amount of the different technical assistance activities and the well defined objectives of the assignments the procurement mode for technical assistance (including recruitment of local & international consultants) for a total of UA 291,520 will be short-listing based on Consultant Qualities Selection (CQS). All Contractual services financed under the MIC TAF Grant (including tickets, domestic travels and dissemination services, communication services, translation services - for a total of UA 143,3861) will be procured through Shopping procedures. Contracts for goods such as computer and office equipment for UA 40,873 as well as goods and services paid out of operating costs estimated at UA 22,667, will also be procured through Shopping procedures. These constitute mainly off the shelf items and general services that are fairly standard and generally available in Libya or the region. The office facilities and conference room used for the training activities and workshop will be provided by the Academy. In addition the academy will pay the salaries of the project management team including a Coordinator, a Procurement Expert, a Secretary and an Accountant.

VII. FINANCIAL ARRANGEMENT

7.1 Disbursements

The Direct Payment Disbursement Method will be used for disbursement applications related to the acquisition of the international consultancy services financed by the MIC Technical Assistance Fund. Other disbursement methods including the use of special account may also be used as appropriate. All disbursements will follow the procedures and standard supporting documents outlined in the Bank's Disbursement's Hand Book.

7.2 Suspension of disbursements

Suspension of disbursement of MIC funds can take place in accordance with the Bank's disbursement regulations.

7.3 Audit

The project accounting will be maintained by the Academy of Graduate Studies through its Finance & Administration Department, which has adequate accounting and financial monitoring capacity. An external audit will be conducted by an audit firm, the financing of which is included in the design of the Program. The audit reports will be submitted to the ADB no later than 6 months after the end of each accounting year.

7.4 Letter of Agreement

Following the approval of the grant proposal by the Board of AfDB, the authorized representatives of the Bank and the Government of Libya will sign a Letter of Agreement in line with the Guidelines for the Administration and Utilization of the Middle Income Countries Technical Assistance Fund. The obligation of the Bank to make the first disbursement of the Grant shall be conditional upon fulfillment of the following conditions by the Recipient, namely, the Recipient shall have submitted evidence satisfactory to the Bank that:

- a) A special foreign currency deposit account (the "Special Account") has been opened in a bank acceptable to the Bank.
- b) The depository bank of the Special Account has issued a confirmation, in a form acceptable to Bank that the funds in the Special Account will be segregated as a special deposit for the specific purposes for which the Grant is granted, and consequently shall not be subject to claims of setoff, seizure, or attachment; and
- c) The Recipient has appointed a Program Coordinator, a Secretary, an Accountant and a Procurement Expert acceptable to the Bank.

VIII. CONCLUSIONS AND RECOMMENDATIONS

8.1 CONCLUSIONS

8.1.1 Following the approval of the Board of Directors of Libya Country Engagement Note in March 2009, the Bank has set to increase its interaction and consultations with the Libyan authorities with the objective of identifying areas of cooperation and/or support. The Government recognizes that the major development challenges facing the country are: i) to promote private sector development, ii) build institutional capacity and raise skills, iii) diversify the production bases, and iv) improve the quality of human capital both in the health and education sectors.

8.1.2 The purpose of the proposed MIC TAF grant is, hence, a) to help develop knowledge around SME sector in Libya and propose an action plan for their development and b) to build capacity building activities to support SME development & entrepreneurship. The proposed activity is demand-driven, consistent with Government's objectives and in line with the Country Engagement Note and the Bank's strategy for Middle Income Countries. By acquainting the Libyan officials and entrepreneurs with Bank's capabilities and work modalities, the proposed operation is expected to open further avenues for cooperation between the Bank and Libya in areas of capacity development, technical assistance as well as in regional integration.

8.2 RECOMMENDATIONS

8.2.1 It is recommended that a grant not exceeding five hundred seventy nine thousand seven hundred and eighty (579,780) Units of Account (UA) from MIC TAF resources be awarded to the Government of Libya for the purpose of financing the capacity building program in support of the Academy of Graduate Studies described above. It is also recommended that the obligation of the MIC-TAF to make a disbursement to the special account shall be conditional upon the entry into force of the Agreement and the appointment by the Recipient of a Program Coordinator and a procurement Expert.

ANNEXES

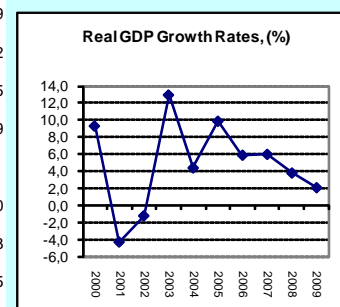
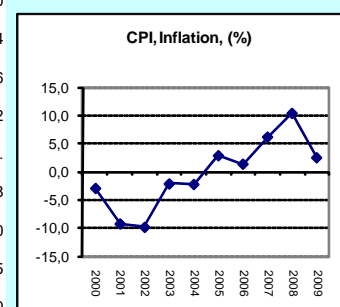
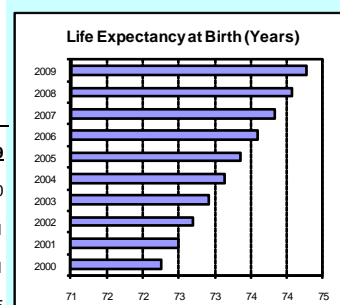
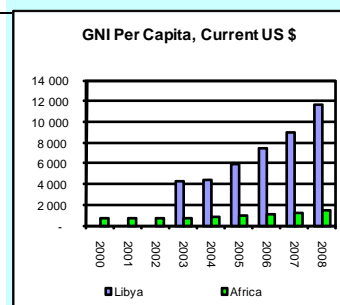
ANNEX I



Libya - Country Profile



	Libya		Africa		Developing countries
	Year	Value	Most Recent Year		
Social					
Population, mid-year (millions)	2009	6,4	1008	5629	
Population growth (annual) (%)	2009	2,0	2,3	1,3	
GNI per capita (Atlas method, US\$)	2008	11 590	1 428	2 780	
Urban population (% of total population)	2009	77,7	39,6	44,8	
Life expectancy at birth (years)	2009	74,3	55,7	66,9	
Infant mortality (per 1,000 live births)	2009	17,3	80,0	49,9	
Child malnutrition (% of children under 5)	2003	1,0	130,2	80,8	
Access to an improved water source (% of population)	...	...	64,0	84,0	
Illiteracy (% of population age 15+)	2007	86,8	59,4	19,0	
Gross primary enrollment (% of school-age population)					
Male	2006	113,0	101,6	108,9	
Female	2006	107,5	91,7	104,6	
Human Development Index	2007	0,847	0,514	0,679	
Macroeconomic indicators					
	1990	2000	2007	2008	2009
GDP (US\$ billions)	28,3	38,2	69,7	83,6	70,0
Real GDP Growth Rate (%)	3,5	9,3	6,0	3,8	2,1
Real Per Capita GDP Growth Rate (%)	1,3	7,2	3,9	1,8	0,1
Gross capital formation (% of GDP)	20,8	9,8	26,2	22,5	27,5
Gross national savings (% of GDP)	28,4	39,6	65,2	68,6	50,4
Inflation (%)	7,1	-2,9	6,2	10,4	2,5
Growth of Money Supply, M2 (%)	19,0	3,1	38,0	49,2	19,0
Export Growth of Goods, volume (%)	20,0	3,8	8,3	-2,7	-5,4
Import Growth of Goods, volume (%)	9,3	-20,1	21,8	6,9	28,6
Terms of Trade (%)	14,1	11,6	-9,3	18,4	10,2
Debt Service (% of Exports of G&S)	...	...	...	...	...
Current Account (% of GDP)	7,4	20,6	37,1	40,7	16,8
Total external debt (% of GDP)	18,4	13,8	8,0	6,7	8,0
Average exchange rate (National Currency Per US \$)	3,705	0,512	1,263	1,248	1,235
Reserves including gold (US\$ millions)	5 991,2	9 725,7	50 410,0	60 095,0	63 623,0
Reserves (months of imports of goods & services)	8,0	23,3	29,6	28,4	28,4
STRUCTURE of the ECONOMY					
By sector (% of GDP)					
Agriculture	7,2	7,3	2,0	2,1	1,9
Industry	48,0	52,3	78,5	76,4	78,2
Manufacturing	44,7	4,5	4,5	4,5	4,5
Services	44,7	40,4	19,5	21,4	19,9
By sector (Annual growth rate)					
Agriculture	17,4	3,0	9,8	4,0	2,0
Industry	5,5	3,2	5,2	7,4	9,3
Manufacturing	13,8	-5,5	4,7	7,6	8,5
Services	-1,5	4,4	6,2	4,2	-4,6



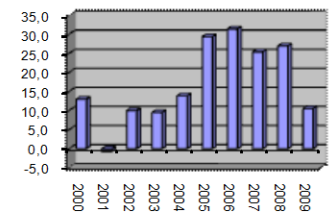


Libya - Country Profile

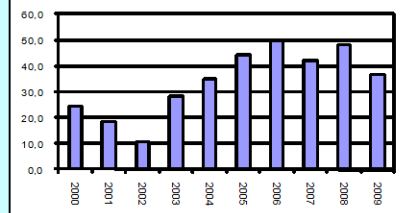


Private sector development	1990	2000	2007	2008	2009
Time to start a Business (days)	...	...	...	...	...
Registering Property (days)	...	...	...	...	...
Paying Taxes - Payments (number)	...	...	...	...	...
Enforcing Contracts - Time (days)	...	...	...	...	...
Protecting Investors - Investor Protection Index (0-10)	...	...	...	...	...
Government finance (% GDP)					
Total revenue and grants	36,5	41,3	60,4	69,9	59,0
Total expenditure and net lending	35,1	28,2	35,1	43,0	48,4
Overall surplus/deficit (including grants)	1,4	13,0	25,4	26,9	10,6
BALANCE of PAYMENTS					
(US\$ millions)					
Trade balance	3 779,5	9 379,0	29 207,4	40 033,4	25 454,5
Exports of goods (fb)	11 359,6	13 508,0	46 871,8	61 552,9	44 742,2
Imports of goods (fb)	7 580,1	4 129,0	17 664,4	21 519,5	19 287,7
Services balance	-1 304,7	-718,0	-1 917,0	-2 537,0	-3 259,0
Net income	153,6	-180,0	-21,0	-1 606,0	216,0
Current account balance	2 147,0	7 891,0	25 870,4	34 001,4	11 779,9
BALANCE of PAYMENTS					
(% of GDP)					
Trade balance	13,4	24,5	41,9	47,9	36,4
Exports of goods (fb)	40,2	35,3	67,2	73,6	63,9
Imports of goods (fb)	26,8	10,8	25,3	25,7	27,6
Services balance	-4,6	-1,9	-2,7	-3,0	-4,7
Net income	0,5	-0,5	0,0	-1,9	0,3
Current account balance	7,6	20,6	37,1	40,7	16,8
Financial Flows and External Debt					
(US\$ millions)					
Net Total Flows from All Donors	50,8	...	1 898,4	1 548,4	...
Net Total ODA (Official Dev. Assistance) from All Donors	8,3	...	19,4	60,2	...
Foreign Direct Investment Inflows from All Donors	158,9	141,0	4 689,0	4 111,0	...
Total debt outstanding at year-end	5 322,4	5 280,0	5 573,5	5 573,5	5 573,5
Total debt service	...	...	...	...	...

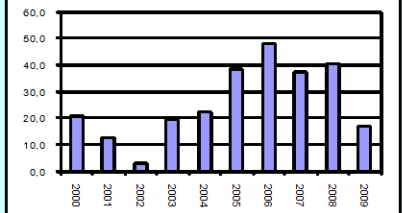
Fiscal Balance (% of GDP)



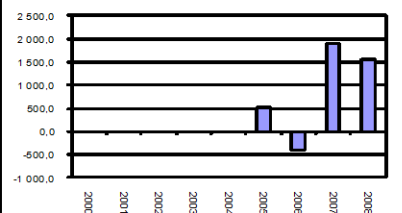
Trade Balance (% of GDP)



Current Account Balance (% of GDP)



Net Total Flows from All Donors (US\$ Millions)



ANNEX II

DETAILED LOG-FRAME

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH	PERFORMANCE INDICATORS	INDICATIVE TARGETS TIMEFRAME TARGET	ASSUMPTIONS & RISKS
<p>Goal</p> <p>To contribute to the diversification of the Libyan economy and the sustainability of growth (Country Engagement Note 2009)</p> <p>Specific purpose: Help develop institutional capacity in Libya with respect to SME and entrepreneurship development and provide technical assistance to existing and potential SMEs</p>	<p>Outcomes</p> <p>1. Improved understanding by both the public and private sectors of the needs, opportunities & challenges facing SMEs development in Libya</p> <p>2 . Improved entrepreneurship capability & leadership of Libyan SMEs</p> <p>3. Increase in business development opportunities within and outside Libya</p> <p>. Improved capacity of the Academy of Graduate Studies to support the entrepreneurs in seizing opportunities & meeting challenges at all levels of SME development</p>	<p>1. Government officials in various entities involved in private sector development</p> <p>2. Existing entrepreneurs and SME owners</p> <p>3. Academy staff</p> <p>4. Students of the Academy and future entrepreneurs</p>	<p>1. New SME business activity</p> <p>2. Recommendations are adopted by the GoL</p> <p>3. Enrolment and participation to the different SME development activities created</p> <p>3. Number of graduates employed by the Private Sector through the program</p> <p>4. Number of women benefiting for SME development support</p> <p>5. Enhanced capacity of the center to support SME development</p>	<p>Program implementation completed and target results reached by 30th September 2012</p>	<p>1. Government's commitment to pursue its economic diversification and liberalisation objective</p>
Activities	Project Outputs				
1st Component: Identification of opportunities and challenges for fast-track & sustainable SME development in Libya					
<p>1.1 Economic & sector work on SME development in Libya</p>	<p>1. A study detailing the needs, opportunities & challenges facing SMEs development in Libya is conducted. The institutional issues and the lack of integration will be covered in details. The study could include food & agro processing; downstream oil related products; services</p> <p>2. A publication that details the key outcomes of the study is produced for dissemination</p>	<p>1. Government officials in various entities involved in private sector development</p> <p>2. Academy staff</p> <p>3. Existing entrepreneurs and SME owners</p> <p>4. Outsiders who want to develop business in Libya</p>	<p>1. A study is produced</p> <p>2. Recommendations are streamlined by the GoE</p> <p>3. Recommendations are streamlined within Academy's curricula</p> <p>4. Feed back received from end users</p>	<p>A publication under a disseminable format is produced by May 2011. The publication includes the outcomes of the study and sets out clear policy recommendations.</p>	<p>1. The study is overambitious and lacks focus and selectivity</p> <p>2. Unavailability of data</p> <p>Mitigation :</p> <p>1. Data will be accessed with the help of the Academy.</p> <p>2. The scope and outcomes of the study will be discussed in collaboration with AfDB.</p>
<p>1.2. Knowledge and policy forum</p>	<p>1. A forum is hosted by the academy to discuss the outcomes of the study</p>	<p>1. Senior staff from gvt agencies dealing with PSD</p> <p>2. Existing entrepreneurs and SME owners</p> <p>3. Academy staff</p> <p>4. Intl Investors who wish to develop business in Libya</p>	<p>1. Number of participants to the forum</p> <p>2. Extent to which policy recommendations are put in place</p> <p>3. Increase in SMEs targeting the sectors identified in the study</p>	<p>The forum is organized and held by July 2011 (i.e. maximum 2 months after completion of the ESW study. This forum will attract at least 150 participants to discuss the outcomes of the study</p>	<p>1. Low participation to the forum</p> <p>2. Delayed organization of the Forum lessening its effectiveness</p> <p>Mitigation :</p> <p>1. The Academy's large alumni base should insure good participation</p>

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH	PERFORMANCE INDICATORS	INDICATIVE TARGETS TIMEFRAME TARGET	ASSUMPTIONS & RISKS
2nd Component: Development of the Academy of Graduate Studies capacity to deliver SMEs, entrepreneurship & leadership development services					
2.1 Training of trainers and PSD champions	1. A programme is developed to train public sector representatives & academy staff on understanding SMEs set up, behavior & needs in Libya and promote entrepreneurship within the society. The program content would be built on the outcomes of the ESW.	1. Senior staff from government agencies dealing with PSD 2. Academy staff	1. Nb of training courses organized 2. No. of trainees. 3. Positive feed-back on the training received	The training is taking place 9 months after the start of project activities The completion of a series of training program. Each training program will be composed of 5 training modules each of 2 days and over a four month period. 4 cohorts including at least 12 Senior staff from government and 2 Staff of the academy will undertake the program (in total 20 modules are completed).	1. Trained trainers are retained. 2. Participation is low if training quality is not guaranteed, not practical or not targeted. Mitigation : 1. Retention of trainers in the academy would be guaranteed through improved incentives 2. Quality is guaranteed through the definition of adequate international standards during the bidding process.
2.2 Development of a Center for entrepreneurship.	1. The development of a facility within the Academy of Graduate Studies to support and foster entrepreneurship 2. Activities will include: training on management and leadership; innovation, networking activities; business clinics; as well as coaching & mentoring	1. Prospective and Existing entrepreneurs and SME owners 2. Academy Alumni	1. No. of training courses organized 2. No. of members in the Center 3. No. of clinics organized and business issues solved 4. Increase in the number of new business activities/ventures emerging through networking and training activities	The Center is set up within 4 months after the start of project activities. The completion of 60 events mobilizing at least 20 entrepreneurs organized on a weekly basis. These events should include 10 sessions imparted by international business experts and/or entrepreneurs; 40 sessions imparted by local business experts and/or successful entrepreneurs. In addition a local consultant will deliver business clinics & mentoring over 50 sessions. A mechanism is defined to guarantee the sustainability of the events after project completion.	1. Low take-up by entrepreneurs due to the quality and irrelevance to day-to-day activities. 2. Lack of mentors to manage the session and share experience. 3. Limited sustainability. Mitigation : 1. The Academy's large alumni base should ensure good participation and mentorship; 2. The Academy visibility and credibility should attract outsiders to join the Center. 3. Quality is guaranteed through the definition of adequate international standards during the bidding process. 4. Experts will undertake a quick survey to identify needs. 5. A mechanism is developed to guarantee the financial sustainability of the Center.

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH	PERFORMANCE INDICATORS	INDICATIVE TARGETS TIMEFRAME TARGET	ASSUMPTIONS & RISKS
2.3 Development of a forum for entrepreneurs & trilateral cooperation	1. A forum will be hosted by the academy and bring together entrepreneurs from a range of businesses both locally and internationally for information & experience sharing and networking activities. Focus would be put on entrepreneurs from RMCs	1.Existing Libyan entrepreneurs and SME owners 2. Private companies in RMCs 3. Latent entrepreneurs	1.One forum is organized 2.Number of participants from RMCs outside Libya 3.Positive feed-back on the training received	One forum is hosted by the academy within 12 months after the start of project activities. The forum will involve 250 participants including 20 % of Africa-based companies (outside Libya).	1. Lack of stakeholders participation from inside and outside Libya. 2. Limited networking Mitigation: 1. The AfDB will also leverage on its own network to guarantee good visibility of the event outside Libya.
2.4 Linking youth and the industry	1. Series of job fairs will be hosted by the Academy and bring together the private sector and students from the Academy to exchange experience and facilitate recruitment 2. An SME virtual incubator will be established within the academy for the benefit of the students to develop entrepreneurship experience 3. Internship programs developed to enhance the skills and experiences of the Academy's students and provide exposure to the private sector. Case studies are being produced out of student's internship and disseminated	1.Students of the Academy and future entrepreneurs 2.Private sector in Libya	1.Number of job fairs organized 2. Number and type of participants to the job fairs 3. Number of participants to the virtual incubator 4. Number of promising SMEs identified through the incubator	1. Two job fairs are organized involving at least 75 private sector entities (both local and international). 2. A virtual incubator is set up and functional. 10 students meet on regular basis with a facilitator. 3. Six high quality and pertinent case studies are produced by the students and disseminated.	1. Low take-up by students and the private sector. Mitigation : 1.The Academy's large alumni base should insure good participation from private sector side to the job fair. 2.The Academy's visibility and credibility should attract outsiders 3.The very large student base should ensure good participation 4. The functioning of the incubator could be galvanized through development of partnership with a private institution.
Source of Funds (UA):					
MIC Trust Fund		UA 579,780			
AGS		UA 194,393			
Total		UA 774,173			

ANNEX III ESW PROPOSAL

Small and Medium Enterprises Development in Libya

1. Background

SMEs have the potential to be an engine of growth whilst at the same time reducing unemployment and ensuring an equitable distribution of income. However they face many challenges and their small size and lack of market power makes them vulnerable in Libya. Without flexible and effective supporting systems in place, the SME sector will not thrive and develop. Much has been written about the challenges at the firm and industry level and the need to support firms over their life cycle whilst at the same time ensuring exit and entry barriers are low so that new firms can enter the industry and old inefficient and nonperforming enterprises can leave.

Libya is a resource-based economy and such economies often face greater challenges developing their SME sector than non-resource-based economies. The networks and linkages needed for the development of a thriving SME sector are more easily generated in manufacturing value chains than in resource-based ones.

Productivity in the non-oil sectors is low, though there is a large potential growth in the service sector (World Bank, 2006). Unemployment is high (though uneven across Libya's regions) due to a shortage of jobs and reluctance of Libyans to accept certain jobs. The challenge is to harness these unemployed individuals into the labour market by creating opportunities in SMEs and by developing clusters both around Tripoli and in the regions. Among the challenges to be faced, many Libyans prefer to work in the public sector, not least because of the high wage differential between the public and private sector and the accompanying job security in the public sector. Lack of entrepreneurship and status for entrepreneurs exacerbates this challenge, and it will need a strong incentive system to overcome these obstacles.

In the SME sector, the production of food products, wood products and metals for construction dominate all other economic activities. However, small firms also engage in production of clothing, ceramics and bricks, grain milling and press and publication goods.

Most small scale manufacturing activities in Libya are concentrated in the North Western (Mişrātah, Al Jfara and Tripoli - 46%) and North Eastern (36%) regions.

Employment in small-scale manufacturing is concentrated in Benghazi, Jebel Akhdar and Al – Marqab (Libya Industry Year Book 2007). In the small firm sector, firms owned by private individuals employ the largest number of people followed by small corporate firms and family owned firms. Wholesale and retail trade and restaurants are important in terms of employment especially in urban areas accounting for 5.6% of GDP in 2006 (Oxford Business Group 2008).

Small-scale manufacturing firms have the potential to link into economic growth opportunities through development in other areas such as tourism, especially production of goods of tourist interest including ceramic and clay products, small metal souvenirs, wood products. Expansion of products in the glass and leather goods industry is another area where small firm activity may be able to expand.

It is entirely plausible that some regions could be linked into a strategy where small enterprises supply to larger national and MNEs. Other could become second or first tier linkages into the tourist value chain.

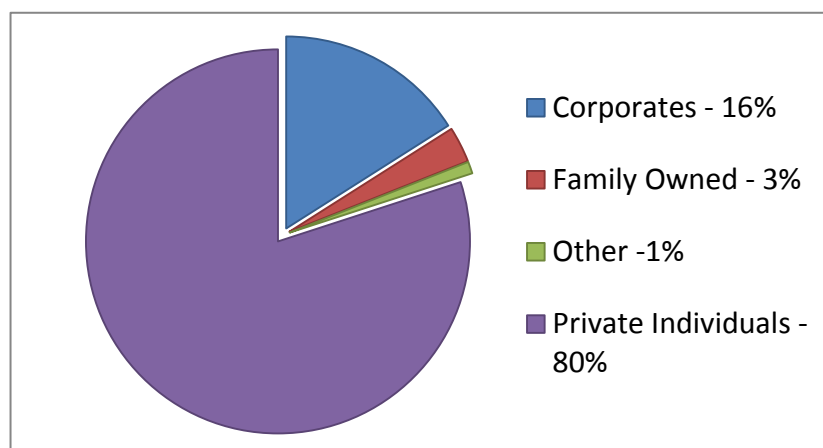
In terms of ownership patterns, state owned firms are the largest employers in the large firm sector

Table 1 : Profile of the Manufacturing Sector – Concentration by Number of Firms and Employees

Rank	Large Firms		Small Firms	
	No. of Firms	Employment	No. of Firms	Employment
1.	Construction	Food & Beverages	Food & Beverages	Food & Beverages
2.	Food & Beverages	Construction	Metals & Heavy Metals Products	Metals & Heavy Metals Products
3.	Ceramics & Bricks	Metals & Heavy Metals Products	Wood & Paper	Wood & Paper
4.	Metals & Heavy Metals Products	Electric & Electronic Goods & Accessories	Textiles & Clothing	Textiles and Clothing
5	Chemicals	Chemicals	Ceramics & Bricks	Ceramics & Bricks
6.	Wood & Paper	Ceramics & Bricks	Furniture	Furniture

Source: Data calculated and compiled from National Statistics by 2007

Figure 1 : Ownership Structures of Small Firms by Number of Employees



Source: Data compiled from national Statistics 2007

2. Project Rationale

The main aim of this project would be to identify programmes and policy options which could contribute to the development of a sustainable SME sector that has the potential to contribute to local and national growth and employment and the ability to upgrade over time and encourage the location of high value-added productive and service enterprises.

3. Development Objectives

The overall goal is to obtain a clear and detailed picture of :

- I. The key drivers of sustainable SME growth in Libya in the various sectors and clusters
- II. Ways in which productivity in the SME sector could be increased

- III. The support systems required for successful SME development in Libya
- IV. The gaps in funding and financial mechanisms needed for SME and cluster development
- V. The required enabling environment in which the private sector and SMEs in particular can thrive.

4. Project Description

1. Investigate issues external to the firm these might include ways of:

- I. Developing an effective public-private sector partnership that involves grassroots entrepreneurs and officials in planning processes.
- II. Minimizing uncertainty in the business environment and policy arena.
- III. Developing a level playing field between large and small enterprises with respect to the legal and judicial system.
- IV. Developing an appropriate set of financial delivery mechanisms and instruments for SMEs.
- V. Providing a sound support system and training in management, marketing, finance, process and operations that is linked to enterprises and industries.
- VI. Developing research centres and links with universities and colleges.
- VII. Ensuring international quality standards.
- VIII. Targeting viable industries for development and upgrade.
- IX. Linking SME development into cluster development and MNEs and large enterprises.
- X. Developing business and physical infrastructure including ICT.

2. Analyse ways in which Entrepreneurship and an Entrepreneurial Culture can be strengthened and developed. This might include investigations into:

- I. Developing an entrepreneurial culture by introducing entrepreneurial programmes in schools, colleges and universities, linking with overseas institutions where appropriate.
- II. Rewarding entrepreneurship with money and status.
- III. Targeting the informal sector as it is usually full of latent and small time entrepreneurs; their survival depends on their ability to run very small successful ventures.

3. Analyse and investigate ways in which employment opportunities across Libya could be developed and unemployment reduced. Area for study might include ways in which to:

- I. Targeting youth by developing a set of incentives that will induce them into the private sector.
- II. Ensuring wages in the SME sector are in line with those in other sectors particularly the public sector but at the same time investing to increase productivity.
- III. Developing systems to ensure new entrepreneurs have financial support whilst they are developing their business but at the same time develop safeguards that prevent abuse and misuse of the system.
- IV. Targeting SME industries in areas where there is either a pool of suitably skilled labour or where one can easily be developed.

4. Investigate ways of developing a range of SME industries with the potential to upgrade and develop over time. The role of technology upgrading and innovation is particularly important here. However in order for this to happen firms must be confident that intellectual property (IP) rights are protected and appropriate quality standards in areas of production, process and employment are in place. Mechanisms through which SME industries can upgrade include:

- I. Linking SME development through clusters into high tech MNEs.
- II. Developing spin off industries from university and research institutes and projects.
- III. Developing marketing at the industry and cluster level.

5. The final section here relates to linking SMEs into a national system of output and exporting. If Libya's SME sector is to be an engine of growth it must engage in trade.

However systematic trading is a complex procedure and requires much knowledge, know-how and planning. An analysis of existing and required systems, procedures, ICTs and infrastructure would enable the GoL to selectively provide technical support and to provide input on policy and procedural issues and challenges. Investigations could be categorised under the following general headings:

- I. Business and physical infra structure necessary for firms to produce and export.
- II. Export opportunities and niche markets.
- III. Developing linkages for SMEs *e.g.* developing marketing and export strategies at the cluster level.
- IV. Linking SME development into centre upstream enterprises *e.g.* MNE or JV, and into value chains.
- V. Simple and transparent exporting procedures.

ANNEX IV
DETAILED BUDGET

DETAILED COST ITEMS	Unit	#units	Cost/unit (USD\$)	MIC TAF			Academy of Graduate Studies		
				Base cost (USD\$)	Cost + contingencies	Cost + contingencies	Base cost (USD\$)	Cost + contingencies	Cost + contingencies
					(USD\$)	(UA)		(USD\$)	(UA)
1st Component									
1.1: Economic & Sector work on SME									
I. INVESTMENT COST									
A. SERVICES									
A.1 Technical Assistant									
ESW - Phase I - Consultation & Preparation of the ESW									
Senior International Consultant	days	10	600	6000	6300	4257			
Senior Local Consultant	days	10	280	2800	2940	1986			
ESW - Phase II - Desk review - Field activities & data collection									
Senior International Consultant	days	20	600	12000	12600	8514			
Junior International Consultant	days	20	280	5600	5880	3973			
Senior Local Consultant	days	25	280	7000	7350	4966			
Junior Local Consultant	days	25	200	5000	5250	3547			
ESW - Phase III - Desk review - analysis									
Senior International Consultant (overall analysis)	days	15	600	9000	9450	6385			
Senior International Consultant (quantitative analysis)	days	15	600	9000	9450	6385			
Junior International Consultant	days	20	280	5600	5880	3973			
Senior Local Consultant	days	25	280	7000	7350	4966			
ESW - Phase IV - Writing of the Report									
Senior International Consultant	days	30	600	18000	18900	12770			
Junior International Consultant	days	30	280	8400	8820	5959			
Senior Local Consultant	days	15	280	4200	4410	2980			
A.2 Contractual Services									
ESW - Phase I - Consultation & Preparation of the ESW									
Plane tickets (International consultant)	ticket	1	1350	1350	1417,5	958			

DETAILED COST ITEMS	Unit	#units	Cost/unit (USD\$)	MIC TAF			Academy of Graduate Studies		
				Base cost (USD\$)	Cost + contingencies	Cost + contingencies	Base cost (USD\$)	Cost + contingencies	Cost + contingencies
					(USD\$)	(UA)		(USD\$)	(UA)
ESW - Phase II - Desk review - Field activities & data collection									
Plane tickets (International consultant)	ticket	2	1350	2700	2835	1916			
Domestic Travels (Research team)	lump sum	1	3600	3600	3780	2554			
ESW - Phase IV - Production of the Report									
Plane tickets (International consultant) - Finalization of the report	tickets	2	1350	2700	2835	1916			
Editor (to edit the ESW - English version)	lump sum	1	9000	9000	9450	6385			
Translator (English into Arabic)	lump sum	1	18500	18500	19425	13125			
Publishing & Printing (For the dissemination of the report-500 copies)	lumpsum	1	12500	12500	13125	8868			
II. RECURRENT COST									
A. SUBSISTENCE ALLOWANCES									
Per diem - ESW	days	70	430	30100	31605	21355			
B. DISSEMINATION									
Dissemination - ESW	copies	100	36	3600	3780	2554			
Sub total				183 650	192 833	130 292	0	0	0
1.2: Knowledge and Policy Forum									
A. SERVICES									
A.1 Technical Assistant									
Phase I - Organization of the conference									
Senior Local Consultant	days	10	280	2800	2940	1986			
Junior Local Consultant	days	10	200	2000	2100	1419			
Phase II - Implementation of the conference									
Senior International Consultant - Moderation of the conférence	days	4	600	2400	2520	1703			
Senior Local Consultant - Moderation of the conférence	days	2	280	560	588	397			
A.2 Contractual Services									
Phase II - Implementation of the conference									

DETAILED COST ITEMS	Unit	#units	Cost/unit (USD\$)	MIC TAF			Academy of Graduate Studies		
				Base cost (USD\$)	Cost + contingencies	Cost + contingencies	Base cost (USD\$)	Cost + contingencies	Cost + contingencies
					(USD\$)	(UA)		(USD\$)	(UA)
Plane tickets (International consultant)	ticket	1	1350	1350	1417,5	958			
Communication services	lumpsum	1	4400	4400	4620	3122			
Logistics for the conference	lumpsum	1	3600	3600	3780	2554			
Catering	people	150	50	7500	7875	5321			
Domestic Travels + participants accomodation outside Tripoli	people	50	200	10000	10500	7095			
Sub total				34 610	36 341	24 554	0	0	0
2nd Component									
2.1: Training the trainers and PSD Champions									
I. INVESTMENT COST									
A. SERVICES									
A.1 Technical Assistant									
Phase I - Design of the training & preparation of modules material									
Senior International Consultant	days	10	600	6000	6300	4257			
Senior Local Consultant	days	20	280	5600	5880	3973			
Phase II - modules implementation (20 modules of 2 days)									
Senior International Consultant - Implementation of the training	days	60	600	36000	37800	25541			
Senior Local Consultant - Implementation of the training	days	40	280	11200	11760	7946			
A.2 Contractual Services									
Phase I - Design of the training & preparation of modules material									
Plane tickets (International consultant)	ticket	1	1350	1350	1417,5	958			
Phase II - modules implementation (20 modules of 2 days)									
Plane tickets (International consultant) - 2 cohorts trained / week	ticket	10	1350	13500	14175	9578			
Domestic Travels (for 20 people)	lumpsum	20	360	7200	7560	5108			
II. RECURRENT COST									
A. SUBSISTENCE ALLOWANCES									

DETAILED COST ITEMS	Unit	#units	Cost/unit (USD\$)	MIC TAF			Academy of Graduate Studies		
				Base cost (USD\$)	Cost + contingencies	Cost + contingencies	Base cost (USD\$)	Cost + contingencies	Cost + contingencies
					(USD\$)	(UA)		(USD\$)	(UA)
Phase I - Design of the training & preparation of modules material									
Per diem (international consultant)	days	5	430	2150	2257,5	1525			
Phase II - modules implementation (20 modules of 2 days)									
Per diem (international consultant)	days	80	430	34400	36120	24405			
B. GENERAL OPER. CHARGES									
Logistics for the training	lumpsum	1	7000	7000	7350	4966			
Sub total				124 400	130 620	88 257	0	0	0
2.2.: Development of Centre for entrepreneurship (20 participants)									
I. INVESTMENT COST									
A. SERVICES									
A.1 Technical Assistant									
Phase I - Design of the Center & preparation of training program									
Senior International Consultant	days	10	600	6000	6300	4257			
Senior Local Consultant - Design of the Center	days	20	280	5600	5880	3973			
Phase II - Coordination of the center & mentoring (60 sessions - 1/week)									
Senior Local Consultant	days	90	280	25200	26460	17878			
Junior Local Consultant	days	90	145	13050	13702,5	9258			
Phase III - Imparting of the training sessions									
Senior International Guest speakers	days	20	600	12000	12600	8514			
Senior Local Guest speakers	days	40	280	11200	11760	7946			
Senior Local Consultant - Business clinics & mentoring	days	50	280	14000	14700	9932			
A.2 Contractual Services									
Office Rental including utilities	Month	17	5050				85859	90152	60913
Phase I - Design of the Center & preparation of training program									
Plane tickets (International consultant)	ticket	1	900	900	945	639			

DETAILED COST ITEMS	Unit	#units	Cost/unit (USD\$)	MIC TAF			Academy of Graduate Studies		
				Base cost (USD\$)	Cost + contingencies	Cost + contingencies	Base cost (USD\$)	Cost + contingencies	Cost + contingencies
					(USD\$)	(UA)		(USD\$)	(UA)
Phase III - Imparting of the training sessions									
Domestic Travels (Local consultant)	lumpsum	20	145	2900	3045	2057			
Plane tickets (International consultant)	ticket	10	900	9000	9450	6385			
B. GOODS									
Computer sets	set	20	1150	23000	24150	16318			
Laser Printer	unit	1	216	216	226,8	153			
UPS (Uninterrupted Power Supply)	unit	20	145	2900	3045	2057			
Scanner	unit	1	72	72	75,6	51			
Fax machine & Connection	unit	1	360	360	378	255			
Copy Machine	unit	1	1400	1400	1470	993			
Chairs	unit	20	145	2900	3045	2057			
Office/computer desk	unit	20	500	10000	10500	7095			
Others	unit	1	1400	1400	1470	993			
II. RECURRENT COST									
A. SUBSISTENCE ALLOWANCES									
Per diem	days	30	430	12900	13545	9152			
B. GENERAL OPER. CHARGES									
Internet/communications	lumpsum/month	16	54	864	907,2	613			
Office Supplies	lumpsum/month	16	400	6400	6720	4541			
Sub total				162 262	170 375	115 118	85 859	90 152	60 913
Activity 2.3: Development of a forum for entrepreneurs & trilateral cooperation									
I. INVESTMENT COST									
A. SERVICES									
A.1 Technical Assistant									
Phase I - Organization of the forum									

DETAILED COST ITEMS	Unit	#units	Cost/unit (USD\$)	MIC TAF			Academy of Graduate Studies			
				Base cost (USD\$)	Cost + contingencies	Cost + contingencies	Base cost (USD\$)	Cost + contingencies	Cost + contingencies	
					(USD\$)	(UA)		(USD\$)	(UA)	
Senior Local Consultant	days	60	280	16800	17640	11919				
Junior Local Consultant	days	60	200	12000	12600	8514				
Senior International Consultant	days	30	600	18000	18900	12770				
Phase II - Implementation of the forum										
Senior International Consultant - Moderation of the forum	days	5	600	3000	3150	2128				
Senior Local Consultant - Moderation & implementation	days	5	280	1400	1470	993				
Junior Local Consultant - implementation	days	5	200	1000	1050	709				
A.2 Contractual Services										
Phase I - Organization of the conference										
Plane tickets (International consultant)	ticket	2	1350	2700	2835	1916				
Communication services (english; french; arabic)	lumpsum	1	7000	7000	7350	4966				
Phase II - Implementation of the conference										
Plane tickets (International consultant)	ticket	1	1350	1350	1417,5	958				
Logistics for the conference	lumpsum	1	7000	7000	7350	4966				
Interpretation (english; french; arabic)	lumpsum	1	5400	5400	5670	3831				
Catering	people	250	60	15000	15750	10642				
Domestic Travels	people	32	200	6400	6720	4541				
II. RECURRENT COST										
A. SUBSISTENCE ALLOWANCES										
Per diem for the international consultant	days	30	430	12900	13545	9152				
Sub total				109 950	115 448	78 005	0	0	0	
Activity 2.4: Linking Youth and Industry										
I. INVESTMENT COST										
A. SERVICES										
A.1 Technical Assistant										

DETAILED COST ITEMS	Unit	#units	Cost/unit (USD\$)	MIC TAF			Academy of Graduate Studies		
				Base cost (USD\$)	Cost + contingencies	Cost + contingencies	Base cost (USD\$)	Cost + contingencies	Cost + contingencies
					(USD\$)	(UA)		(USD\$)	(UA)
Job fair Phase I - Organization (2 job fairs)									
Senior Local Consultant	days	40	280	11200	11760	7946			
Junior Local Consultant	days	40	190	7600	7980	5392			
Job fair Phase II - Implementation (2 job fairs)									
Senior Local Consultant - Moderation & implementation	days	4	280	1120	1176	795			
Junior Local Consultant - implementation	days	4	190	760	798	539			
Virtual Incubator Phase I - Design of the incubator									
Senior International Consultant	days	10	600	6000	6300	4257			
Senior Local Consultant	days	15	280	4200	4410	2980			
Virtual Incubator Phase II - Coordination of the incubator & mentoring									
Senior Local Consultant (1,45 days / week)	days	90	280	25200	26460	17878			
Junior Local Consultant (1,5 days / week)	days	90	190	17100	17955	12132			
Virtual Incubator Phase III - Imparting of the training sessions									
Senior International Guest speakers	days	20	600	12000	12600	8514			
Senior Local Guest speakers	days	20	280	5600	5880	3973			
A.2 Contractual Services									
Job fair Phase I - Organization (2 job fairs)									
Communication services	lumpsum	2	7000	14000	14700	9932			
Job fair Phase II - Implementation 2 job fairs)									
Logistics for the job fairs	lumpsum	2	3600	7200	7560	5108			
Virtual Incubator Phase II - Coordination of the incubator									
Room for virtual incubator	Months	14	2165				30303	31818	21499
Virtual Incubator Phase I - Design of the incubator									
Plane tickets (International consultant)	ticket	1	1350	1350	1417,5	958			
Virtual Incubator Phase III - Imparting of the training sessions									

DETAILED COST ITEMS	Unit	#units	Cost/unit (USD\$)	MIC TAF			Academy of Graduate Studies		
				Base cost (USD\$)	Cost + contingencies	Cost + contingencies	Base cost (USD\$)	Cost + contingencies	Cost + contingencies
					(USD\$)	(UA)		(USD\$)	(UA)
Domestic Travels	lumpsum	1	2525	2525	2651,25	1791			
Plane tickets (International consultant)	ticket	10	900	9000	9450	6385			
Internships									
Internships (3-month period)	month	18	500	9000	9450	6385			
B. GOODS									
Virtual Incubator Phase I - Design of the incubator									
Work stations - Virtual incubators	1 set	10	850	8500	8925	6030			
Printing Equipment	1 set	1	216	216	226,8	153			
II. RECURRENT COST									
A. SUBSISTENCE ALLOWANCES									
Virtual Incubator Phase I - Design of the incubator									
Per diem	days	7	325	2275	2388,75	1614			
Virtual Incubator Phase III - Imparting of the training sessions									
Per diem	days	30	325	9750	10237,5	6917			
A. GENERAL OPER. CHARGES									
Virtual Incubator Phase II - Coordination of the incubator									
Supplies for the maintenance of Virtual incubators	lumpsum	1	3565	3565	3743,25	2529			
Sub total				158 161	166 069	112 209	30 303	31 818	21 499
Project Management									
I. INVESTMENT COST									
A. SERVICES									
A.2 Contractual Services									
Procurement Advisor (ad-hoc support)	Month	10	1500	15000	15450	10439			
Coordinator	Month	20	2165				43300	45465	30720

DETAILED COST ITEMS	Unit	#units	Cost/unit (USD\$)	MIC TAF			Academy of Graduate Studies		
				Base cost (USD\$)	Cost + contingencies	Cost + contingencies	Base cost (USD\$)	Cost + contingencies	Cost + contingencies
					(USD\$)	(UA)		(USD\$)	(UA)
Procurement Assistant (1 week / month)	Month	5	1984				9921	10417	7039
Secretary	Month	20	902				18038	18940	12797
Accountant	Month	20	1400				28860	30303	20475
Office Rental including utilities	Month	20	2886				57720	60606	40950
Audit	lumpsum	2	4750	9500	9975	6739,864865			
Travels	lumpsum	2	1400	2800	2940	1986			
Per diems	days								
B. GOODS									
Desktop Computer	1 set	1	866	866	909	614			
Laser Printer	unit	1	216	216	227	153			
UPS (Uninterrupted Power Supply)	unit	1	145	145	152	103			
Scanner	unit	1	72	72	76	51			
Fax machine & Connection	unit	1	360	360	378	255			
Copy Machine	unit	1	1804	1804	1894	1280			
Chairs	unit	4	145	580	609	411			
Office desk (with 2 book shelves)	unit	1	800	800	840	568			
Meeting room desk (including 7 chairs)	unit	1	1804	1804	1894	1280			
II. RECURRENT COST									
A. GENERAL OPER. CHARGES									
Internet/communications	lumpsum/month	20	54	1080	1134	766			
Dissemination activities	lumpsum/month	20	72	1440	1512	1022			
Office Supplies	lumpsum/month	20	400	8000	8400	5676			
Sub total				44457	46390	20 906	157 839	165 731	111 980
Total				817500	858075	579780	274001	287701	194393

ANNEX IV
OFFICIAL REQUEST LETTER FOR TECHNICAL ASSISTANCE

الجمهورية العربية الليبية
الشعبية الاشتراكية العظمى
اللجنة الشعبية العامة
للصناعة والاقتصاد والتجارة



اللجان في كل مكان

التاريخ: 1378-7-15
الموافق: 2010-7-15

الإشاري: بلا

Dr. DONALD KABERUKA
President
African Development Bank

Subject: Technical Assistance Support

Dear Dr. KABERUKA

Small and Medium Enterprises have globally been proven to be catalyst for economic development leading to economic diversification, a goal which Libya should give the highest priority. As the academy of graduate studies is planning to undertake a number of activities that we believe would be instrumental in the transformation process of the Libyan economy from a rentier economy to a healthy diversified economy namely:

- A study on SME's development
- The establishment of a leadership training center
- The organization of an international economic forum
- Upgrading the educational curricula to better link the education system with industry, and the development of small business incubator.

Based on our awareness of the experience of the African Development Bank in the area of lending technical assistance, we here by request the bank's technical support for this ambitious and crucial project.

We thank you for your support, and we hope that this project will further strengths the cooperation between Libya and the African Development Bank.

Yours Sincerely,

Mohamed Ali El Huwej
Secretary of the General
People's Committee Of Industry,
Economy and Commerce



Cc:
M. Jacob Kolster
Director ORNA
African Development Bank

Dr Abdul Magid Gadad
Executive Director
African Development Bank

إن الجهل سينتهي عندما
يقدم كل شئ على حقيقته
قائد الثورة

الجمهورية العربية الليبية الشعبية الإشتراكية العظمى

التاريخ: 1 / 1
الموافق: 2015 / 7 / 15

أكاديمية الدراسات العليا
طرابلس



الرقم الاشاري: ٩٥٦-١/دع

Dr. Donald Kaberuka,
President
African Development Bank

Subject: Technical Assistance Support to the Academy of Graduate Studies, Tripoli, Libya

Dear Dr. Kaberuka,

Small and Medium Enterprises (SMEs) have generally been proven to be a catalyst for private sector-led growth contributing to economic diversification, a goal that is at the core of Libya's national economic development strategy. In this regard, the Academy of Graduate Studies, one of Libya's leading higher education institution is planning to undertake a comprehensive programme aimed at building its capacity to support private sector development in Libya. This programme is believed to be instrumental in contributing to the ongoing economic reform and diversification process.

In particular, the programme would focus on the following activities:

- The implementation of a study detailing the needs, opportunities and challenges of SME development in Libya
- The development of a training program to upgrade the skills of Academy staff and public sector officials to understand the specific needs of Libya's private sector
- The establishment of a leadership and entrepreneurship training center
- The setup of an international economic forum for prospective and existing entrepreneurs
- The creation of a virtual incubator and the implementation of job fairs to simulate and support student-led innovative business ventures

The Academy of Graduate Studies believes that the African Development Bank's privileged position as a leading development finance institution and its vast experience in delivering technical assistance in the above-mentioned areas can be leveraged to support the Academy's goal in meaningfully contributing to the country's private sector development.

We thank you in advance for your support and sincerely hope that this project will further strengthen the cooperation between Libya and your esteemed institution.

Yours Sincerely,
Dr. Salah Ibrahim
Dean, Academy of Graduate Studies



Copy: Jacob Kostler, Director, ORNA

ANNEX VI
MIDDLE INCOME COUNTRIES (MIC) TRUST FUND
REQUEST FORM

Title of the Program	Libya: Technical Assistance for Small & Medium Enterprises Development
Country	SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA
Executing Agency	The Academy of Graduate Studies
Description of Activities	<ol style="list-style-type: none"> 1. Economic & sector work on SME development; 2. Knowledge and policy forum; 3. Training of trainers and Private Sector Development champions; 4. Development of Center for entrepreneurship 5. Development of a forum for entrepreneurs & trilateral cooperation; 6. Linking youth and the industry
Rationale of Activities	<p>The proposed program is consistent with the Government's strategy for economic diversification. The overall objectives of the proposed MIC-TAF funded programme are to contribute to the diversification of the Libyan economy and the sustainability of growth. The specific purpose of the programme is to deliver support with respect to SME and entrepreneurship training and development. The sustainability of the activities is guaranteed through the development of the capacity of the Academy of Graduate Studies to deliver such targeted support.</p>
Project Cost	UA 774,173
Financing Plan	<p>ADB MIC TAF grant: UA 579,780 Academy of Graduate Studies: UA 194,393</p>
Proposed Mode of Procurement	<ol style="list-style-type: none"> 1. All procurement of goods and works and acquisition of consulting services financed by AfDB will be in accordance with Bank's Rules and Procedures for Procurement of Goods and Works or, as appropriate, Rules and Procedures for the Use of Consultants, using the relevant Bank Standard Bidding Documents. The Executing Agency will be responsible for the procurement of goods/works/ service contracts, consulting services, as summarized in Table 6.1 below. The Executing agency has a procurement unit and a dedicated procurement expert will be trained by the the AfDB on Bank's Rules and Procedures for Procurement of goods and services. All procurement will also be reviewed by the Bank on a prior review. 2. Auditing services estimated to cost UA 6,740 will be procured from a qualified audit firm operating in Libya using Least Cost Selection (LCS). 3. Taking into account the relatively small amount of the different technical assistance activities and the well defined objectives of the assignments the procurement mode for technical assistance (including recruitment of local & international consultants) for a total of UA 281,081 will be short-listing based on Consultant Qualities Selection (CQS). All Contractual services financed under the MIC TAF Grant (including tickets, domestic travels and dissemination services, communication services, translation services - for a total of UA 143,3861) will be procured through Shopping procedures. Contracts for goods such as computer and office equipment for UA 40,873 as well as goods and services paid out of operating costs estimated at UA 22,667, will be procured through Shopping procedures. These constitute mainly off the shelf items and general services that are fairly standard and generally available in Libya or the region. The office facilities and conference room used for the training activities and workshop will be provided by the Academy. In addition the academy will pay the salaries of the project management team including a Coordinator, a Procurement Expert, a Secretary and an Accountant.