2023 CLA CASE COMPETITION

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Case Title:

Strengthening Anti-corruption and Excellence Through Adaptation to Lib

Name:

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Organization:

USAID/Libya

Summary:

Through open and transparent external and internal collaboration and the collective willingness to adapt and ask hard questions, USAID/Libya tackled multiple challenges simultaneously while remotely managing its activity implementation.

USAID/Libya strongly focuses on Collaborating, Learning, and Adapting (CLA) throughout its projects and activities. Using multiple components of the CLA Framework, USAID/Libya achieved a stronger impact with less funding in a shorter period of time. USAID/Libya's robust collaboration with local partners resulted in the certification of the first-ever auditors in the MENA region in accordance with the International Organization of Supreme Audit Institutions (INTOSAI), the gold standard of auditing certification. In addition, the Libyan Audit Bureau (LAB), USAID's local partner, co-funded more than 60% of the total cost of USAID/Libya's proposed activities.

The culture of critical thinking built within the USAID Economic Growth team enabled the Libya mission to pause, reflect, and ask hard questions needed to steer its activity to success. Through this work culture, the mission was able to utilize multiple components of the CLA Framework, namely through internal collaboration with other USAID offices and the interagency, and external collaboration with its local partner, the LAB. The mission identified critical focus priorities, shifting the mission direction and creating a more robust communication mechanism despite the remote management situation.

1. **WHAT: What is the general context in which the case takes place? What organizational or development challenge(s) or opportunities prompted you to collaborate, learn, and/or adapt?**

The 2021 Transparency International "Corruption Perceptions Index" named Libya one of the world's most corrupt countries, ranking 172 out of 180. The large-scale corruption in Libya hampers the government's ability to deliver for its citizens and has created an accountability vacuum between Libyans and their government that has fueled the ongoing conflict. The political rivalry split national-level institutions between the two rivaling governments in the east and west, further exacerbating the problem.

In 2018, USAID launched its Libya Public Financial Management (LPFM) to assist Libya's sovereign economic institutions in implementing transformational reforms to its public spending. During the first two years of implementation, LPFM partnered with the Ministry of Finance (MoF) and multiple municipalities, providing technical support to strengthen Libya's public financial management at the national and sub-national levels. The interim evaluation of LPFM highlighted the high demand and the need to focus on anti-corruption tasks in all activity implementation areas and how the ongoing power struggle between the political rivals in the east and west of Libya is one of the main constraints for economic reform. In addition, USAID/Libya has also been suffering from budget cuts that have almost ended its LPFM activity.

The split had prevented the LAB from being able to audit all government accounts and institutions that would enable a comprehensive overview of Libyan finances. Due to the political situation, leadership from both the east and west branches of the LAB needed help to initiate steps that would lead to unification on the technical level. Through its CLA, USAID brought the LAB's both branches together and engaged LAB in co-funding USAID's activities enabling USAID to continue its programming aimed at fighting corruption.

2. **What two CLA Sub-Components are most clearly reflected in your case?**

Internal Collaboration

Internal Collaboration

3. **HOW: What steps did you take to apply CLA approaches to address the challenge or opportunity described above?**

Considering budgetary limitations, USAID updated its CLA Framework to search for opportunities and evaluate if any identified opportunities would better impact its purpose than its ongoing efforts. The Libya mission focused on internal collaboration to determine future activities:

- The mission conducted a preliminary review of the results and the information gathered over the lifetime of the project and the interim evaluation of LPFM. The review comprised multiple Pause and Reflect Sessions that included the Department of State (Economic and Political Office), the LPFM technical team, and the different offices from USAID/Libya, concluding to put more focus on anti-corruption activities;
- The mission continued the already-started dialogue with the LAB, Libya's Supreme Audit Institution (SAI), which exercises control and audit functions over central government revenues and expenditures. As a result of the CLA efforts, and the decision to focus on anti-corruption activities, the mission had to end its partnership with the MoF and the municipalities due to its budget limitations and shift its focus to the LAB as one of the leading partners of USAID's LPFM activity.

USAID and the LAB engaged in a co-design process to ensure that the support would align with the LAB's vision and goals. The security situation forced USAID/Libya to manage its activities remotely. Remote management came with the challenges of communicating with the LAB. In addition, the budget constraints had also severely impacted USAID's ability to expand its technical support to the LAB. USAID Libya took the following steps in its external collaboration to address these challenges:

- The mission conducted a Pause and Reflect Session to determine how to collaborate with the LAB. The conclusion was delegating more of the communication functions to the technical teams in Tripoli and shifting its work to be demand-driven, based on a strategy built between both USAID and the LAB;
- Considering that Libyan institutions split between east and west, USAID aimed to include auditors from east and west LAB branches. Due to the political rivalry, both leaders of the LAB had reservations about some aspects of the proposed activities. USAID ensured transparent communication regarding its activities. Since both leaderships had similar concerns, USAID supported the LAB in designating a team that provides ongoing collaboration and consultation to USAID and communicates concerns as it arise.
- USAID had clear communication with the LAB concerning its budgetary constraints. Recognizing the value USAID brought to its capacity-building efforts and USAID's bestowed trust, the LAB insisted on co-funding USAID activities to lift some of the budgetary weight.

The transparent and continuous communication between USAID and the LAB led to a strong relationship with the LAB through the first year of implementation. The added value of building the LAB's internal strategy led the mission to focus on areas relevant to the LAB. USAID aims to support the LAB in becoming a model of excellence among Libyan institutions that could protect Libya's wealth and pave the way to stability. Libyan institutions had always approached the international community with skepticism. Through USAID's external collaboration, the LAB co-funded more than 63% of the total cost of USAID's activities. The best example of cost-sharing was demonstrated through the certification of 45 auditors in accordance with INTOSAI standards, considered the gold standard of auditing certification; this is the first SAI that had its auditors certified per best international practices in the MENA region.

4. **RESULTS: Choose one of the following questions to answer.**

We know you may have answers in mind for both questions; However please choose one to highlight as part of this case story

B. ORGANIZATIONAL EFFECTIVENESS

In light of the budget restrictions, the mission challenged itself by asking the hard questions regarding which collaboration would yield a greater impact. By shifting its focus from the Ministry of Finance and the municipalities at the sub-national level to the LAB, USAID made a more significant impact. The LAB is the first Supreme Audit Institution in the MENA region to certify its auditors according to INTOSAI standards, and it is the leading institution in Libya regarding self-initiatives that strive for technical unification.

Many plans formulated by USAID/Libya couldn't be executed due to budgetary limitations, thus hampering the progress of various initiatives. Through its close collaboration with the LAB, USAID has set an excellent example for other government institutions to emulate. They provided invaluable support and co-financed many of USAID's operations to improve its audits' capacities and legitimize their findings through international accreditations.

USAID/Libya strategic framework prioritized combating corruption in Libya, as it aligns with its development goal of increasing the Effectiveness Of Libyan Governance Institutions to achieve stability in the country. USAID and LAB have come together to create a unique, evolving partnership. Their vision is to establish an institutional role model that will be an example for other government entities. This cooperation is essential for unifying and stabilizing Libya.

The adaptation of CLA culture has improved USAID's critical thinking. In the past, the activity provided technical support, although it could not prioritize areas that would yield greater impact. The prioritization in the decision-making process was missing due to the lack of information and evidence on USAID's work. The joint Pause and Reflect session opened new means of thinking and higher levels of collaboration that were not accessible by the mission.

5. **ENABLING CONDITIONS: How have enabling conditions - resources (time/money/staff), organizational culture, or business/work processes - influenced your results? How would you advise others to navigate any challenges you may have faced?**

The limitation of funds allocated to the mission continues to be an obstacle for USAID Libya to continue making an impact and providing additional support to fight corruption. Many activities that USAID/Libya planned could not be implemented due to budgetary constraints. In addition, forging a new partnership would be challenging, given the time and the activity budget.

The adoption of CLA affected USAID/Libya's rationale and the activity's steering method. Through internal collaboration, USAID successfully shifted its focus to a more critical issue that would support the stabilization of Libya. The mission achieved a higher impact than anticipated by internally reflecting on its achievements and asking hard questions about its partnerships. Additionally, the close collaboration with the LAB opened new possibilities for maintaining the current level of activities and even going beyond it. The cost-sharing that USAID and the LAB had engaged in demonstrated the successful approach to external collaboration. In addition, USAID led the way in opening lines of communication between the East and West through technical unification efforts and unifying the auditing functions and oversight in Libya. This was achieved by delegating the communication functions to the local experts and the demand-driven strategy that put the LAB in the steering seat to build its strategy and vision of this cooperation.

Fighting corruption is now one of the main aims and goals of the USAID/Libya mission. Reducing and ultimately eliminating issues in Libya would lead to a more prosperous and stable country. Although the USAID and the LAB's partnership is still developing, the vision of both USAID and the LAB is to build a unified institutional role model that paves the road for other government institutions to follow. This partnershi