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**Programming of the
European Neighbourhood Instrument (ENI) - 2014-2020**

**Strategy Paper and Multiannual Indicative Programme for
EU support to Belarus
(2014-2017)**

Strategy Paper

Belarus 2014-2017

Introduction

Belarus is a highly centralised country with a strong presidential regime as all decisional powers are concentrated within the presidential administration. The president appoints the Council of Ministers, part of the Parliament, judges, local and regional authorities, election committees. Presidential decrees have more power than national laws. Decision making on the ministerial level is subject to clearance by the presidential administration. The judicial system is criticised for a lack of impartiality and for direct dependence from the executive vertical. The Parliament mainly approves legislative acts prepared by the executive branch. The executive power on its technical level proves to be equipped with well-prepared specialists, educated and motivated officials with a high degree of professionalism though having limited decisional powers. The EU has expressed its concern over the situation of human rights and civil society, and its policy vis-à-vis Belarus is guided by the conclusions of the Foreign Affairs Council, as last set out on 23 March and 15 October 2012.

The adoption and implementation of major bold economic and structural economic reforms remains in question, as they could challenge the idea of a "social state", cherished by the highest authorities in the country. In the absence of a well specified and consistently implemented adjustment strategy, Belarus' economic situation is unlikely to improve during the coming years, and only measures towards economic modernisation without impact on the social model will remain on the government agenda.

Belarus is facing several social and economic challenges related to public health, social inclusion and migration. There is a high prevalence of non-communicable diseases triggered by lifestyle factors which impact the socio-economic situation, reducing productivity and curtailing economic growth. As regards social inclusion, disabled people, elderly people, people with special needs and other vulnerable groups continue to face challenges with regard to their access to education and jobs.

Water quality, waste management, nature protection, soil degradation, industrial pollution and radioactive contamination from the Chernobyl accident in 1986 remain key issues in Belarus significantly affecting the population, the environment and the economy. The government, with international technical assistance, works on improving water and air quality, reduction of emissions, waste management, biodiversity conservation and trans-boundary environment issues include the management and protection of shared rivers. Belarus puts particular effort in making its legislation EU-compatible and to adhere to international conventions. Belarus being a strongly centralised state imposes numerous regulations over international development co-operation that often negatively impact the realisation of projects.

1. Country analysis

1.1 Political situation

President Lukashenko continues his strong rule in Belarus since his first election in 1994. The 1996 reform of the constitution led to a heavy concentration of power around the President. Democratic structures have been undermined by the replacement of the democratically elected Parliament with a national assembly, in practice, nominated by the President.

Civil society, the independent media and the political opposition are subject to repressive policies, media freedom has deteriorated and politically motivated trials have taken place, leading to the conviction of former presidential candidates, human rights defenders and journalists. There have been reports of torture and inhuman prison conditions. The December 2010 Presidential elections were marred by the detention of most presidential candidates and hundreds of citizens, among them journalists, human rights activists and other civil society representatives, and since then there has been a serious deterioration in the respect for human rights, the rule of law and democratic principles in Belarus. In 2012, Belarus imposed a ban to leave the country on a number of prominent opposition leaders and civil society activists. Unprecedented pressure on lawyers defending opposition leaders and human rights defenders has been evident. Lawyers have faced revoking their licenses and restrictions in leaving Belarus.

The EU continues to express its grave concern regarding the lack of respect for human rights, the rule of law and democratic principles, including in conclusions adopted by the Foreign Affairs Council in March and October 2012. The EU continues to call for the immediate and unconditional release and rehabilitation of all political prisoners and for the repressive policies to be reversed. The EU has also re-activated and broadened its restrictive measures. In 2012, the EU had designated 232 individuals to a visa ban and assets freeze; imposed an embargo on arms and internal repression material; adopted a restrictive approach to EIB/EBRD lending; and frozen the assets of 25 companies.

Belarus retains and implements the death penalty. Torture is reported to be used routinely to extract confessions from detainees. There is no effective judicial control of pre-trial detention and some detentions are arbitrary. Conditions of pre-trial detention are harsh and detention centres are seriously overcrowded. There are no special criminal procedures for children, who are detained in the same facilities as adults. Administrative detention is used against persons peacefully exercising their rights to assembly, demonstration and freedom of expression.

Belarus authorities are firmly holding a grip on activities of the civil society organisations. The control is exercised through a complicated system of legislation governing every aspect of work of NGOs. Non-compliance with NGO legislation can lead to loss of registration for the NGO and administrative and criminal prosecution of its leaders. Activities on behalf of non-registered organisation are a criminal offence. There are examples of prosecution on the basis of this article, which have led to imprisonment of its representatives for several years in prison. The registration process of the civil society organisations is highly complicated. There are numerous cases of arbitrary non-registration of organisations and regular state initiated processes of re-registration, which can lead to loss of legal status. On 13 November 2011, Belarus adopted amendments to several laws regulating the functioning of the civil society organisations. The amendments to the Mass Events Law would require any gathering of people to be

sanctioned by authorities, while the amendments to the law governing the operation of parties and NGOs would prohibit them from keeping funds, precious metals and other valuables at banks and other financial institutions abroad, as well as would criminalize the receipt of foreign aid by a political party or an NGO without declaring it to the competent state authorities.

Although there is no legal censorship, prosecutions against journalists are common. Journalists and media companies are frequently subject to substantial fines. Freedom of expression and of the press deteriorated further in the period immediately after the Presidential elections of 2010, when a number of independent media outlets faced searches and confiscations of equipment. In 2011 alone some 100 Belarusian journalists were interrogated, and over 30 given prison terms. Licensing requirements restrict both the distribution of newspapers by subscription and the distribution of foreign newspapers. Defamation of officials is a criminal offence. A media outlet can be suspended or permanently closed after two warnings for 'defamation'. At the same time some independent press outlets have retained the possibility to use the state monopoly service for press distribution by subscription and wholesale, to which they were allowed to return in 2008.

Serious and systematic labour rights violations occur in Belarus. The non-observance by Belarus of ILO Conventions is of particular concern. Since the 2004 Commission of Inquiry report which contained 12 recommendations addressed to the Government, no actions have been undertaken to ensure the protection of certain key labour rights related to freedom of association in Belarus. Therefore, the EU suspended Belarus from General Scheme of Preferences (GSP) trade preferences from 21 June 2007.

1.2. Economic situation, vulnerability and potential

Belarus is strongly committed to its own development pattern based on active state involvement in the economy, directive planning, overall control of economic flows, heavy social expenditures, and large scale subsidisation of the public sector. The Belarusian economy on the current stage of development is also characterised by deep economic dependence from Russia, numerous and costly national programmes (subsidisation of agriculture, subsidised lending under governmental programmes, construction of social housing), obsolete production equipment, limited capital investment and non-diversified foreign trade. This model of "socially oriented market economy" has been sustainable in the past thanks to external support in the form of cheap supplies of energy resources from Russia and record export incomes from oil-processing products. Belarus has shown strong economic growth with an average GDP increase of over 6.5% per year over the last decade. During this period low-priced energy supplies from Russia annually subsidized 13% of Belarus' GDP, which allowed Belarus to avoid massive privatisation, maintain the majority of public enterprises with low efficiency and keep the registered unemployment low. As a result, 70% of the Belarusian economy is state-owned while private business remains underdeveloped and SMEs play a marginal role. No major economic structural transformations have been implemented. A strong top-down administration management tends to control all spheres of economic and social activity, restraining grassroots initiatives.

Until 2008, Belarus enjoyed high growth rates of over 8% on average, growing even more rapidly than its CIS counterparts. However, starting from 2009, negative trends in the Belarusian economy intensified, mainly caused by being too closely tied to the Russian market, increased competition, a sharp decrease of the oil and gas preferences

extended to Belarus by Russia and overall exhaustion of industrial competitive advantage based on low price/moderate quality due to depreciation of the equipment. The competitive advantage of low-priced energy resources was not used by the Belarusian authorities for the modernisation of its economy, but rather was absorbed by populist social policy. Coupled by the effects of global financial crisis, the inconsistent policy mix of the authorities, loose monetary and fiscal policies (especially wage and credit policy) pursued throughout 2010 and in early 2011 led to an erosion of competitiveness and a balance of payment crisis to which the Government responded by sharply devaluing the national currency (close to 70% relative to US dollar) thus restoring the external balance. On the flip side, massive devaluation fuelled inflation (109% in 2011) which significantly lowered households' income and consumption and increased labour migration to Russia and the EU.

Mainly due to the administrative nature of the country's economic management, the Belarusian authorities managed to curb the 2011 balance-of payment crisis by adopting restrictive policy measures such as strong monetary and fiscal tightening coupled with currency float. Along with the massive Russian intervention in form of soft loans and energy subsidies the right policy mix largely contributed to the stabilisation of the economy. Nevertheless, the economic stabilisation in 2012 was short lived due to renewed easing evidenced by ongoing progressive wage and pension hikes that could lead to the renewal of the self-induced crisis. Economic activity started to weaken again in the second half of 2012, with growth slowing to only 0.9% in 2013 and almost coming to a halt in early 2014. Following a remarkable improvement of the current account, which swung from a deficit of almost 14% of GDP in 2010 to a surplus in the first half of 2012, a significant deterioration ensued bringing the deficit back to the 2011 crisis level. In 2013 the current account deficit reached 10.2% of GDP and expected to remain at the same elevated level in 2014. External pressures will be exuberated by high external debt repayment schedule for 2014-2015 (overall external debt repayments are about USD 6 billion annually, of which sovereign debt repayment account for about USD 3.6 billion annually) at the time of limited financing options - inability of the authorities to agree on a new IMF programme and unfavourable conditions on external capital markets. Deterioration of the current account coupled with high debt repayments is exerting high pressure on the country's foreign exchange reserves which are at a dangerously low level of less than 1.4 months of imports.

This indeed emphasises that Belarus needs to implement structural reforms, promote business liberalisation, privatization and competition. GDP growth in 2014 is projected on the level of 1.5%, with acceleration to 2.5% in 2015 (IMF forecast). The IMF, WB and the EBRD all underline that a clear commitment to deep structural reforms and stabilisation policy will be the key to improve economic situation in Belarus, and would receive strong support from the international community. However, considering rapprochement between Belarus, Kazakhstan and Russia within the Eurasian Single Economic Space, Belarus is likely to continue delaying the much needed structural reform, conserving strict state control over economy and other sectors, providing only ad hoc transformations and privatisation when forced by Russian pressure and a tighter economic environment. At the same time Belarus is likely to experience more competitive pressure due to Russia's recent entry in the WTO. The impact of the Ukraine-Russia crisis and its effects on Belarus's main trading partners will only intensify the pressures on the economy. In the absence of a well specified and consistently implemented adjustment strategy, after current short stabilisation period Belarus's economic situation is likely to deteriorate further, therefore, during the coming years economic modernisation is bound to stay on the top of the Governments' agenda In

this context, international community assistance needs to be strongly oriented at advocating economic modernisation of Belarus, by engaging at the local and regional level including support for small and medium sized enterprises and the promotion of an enabling environment which has the potential to bring improvement in democratic governance and human rights.

1.3. Social situation and vulnerability

Belarus faces several social challenges related to public health and social inclusion. In public health, there is a high prevalence of non-communicable diseases triggered by lifestyle factors, including smoking, alcohol abuse, unhealthy diets and physical inactivity. Additionally, the demographics of the population demonstrate that the child injury and women's health, particularly at the local level, impact on the health and socio-economic situation. These health challenges reduce productivity and curtail economic growth. As regards social inclusion, disabled people, elderly people and people with special needs continue to face challenges with regard to their access to education and jobs. These issues are particularly relevant for Belarus to address as it intends to sign and ratify the UN Convention on the Rights of Persons with Disabilities. Another issue for social inclusion is the system of juvenile justice which does not fully correspond to international standards, and additional efforts are needed to bring Belarus' system in line with the UN Convention on the Rights of the Child.

In general, the social protection system in Belarus is distributive and paternalist with policies being developed by the government without consultation. The government's key objective has been to avoid absolute poverty among the socially vulnerable groups, such as single-parent families, the disabled and single old-aged citizens. Social assistance is directed to the 'officially designated' vulnerable groups of the population, as some of the categories of socially excluded (homeless, Roma, etc.) are not explicitly considered. NGOs also provide social services at the local level; however, coordination between the State and NGOs is limited. Growth of real wages also contributed to poverty reduction and wage and social policies have reduced income inequality. The Social Security Fund provides old-age, disability, and survivors pensions and unemployment benefits. The average pension covers only very basic needs and complementary coping mechanisms are required. Employment among the disabled remains at a low level and the unemployed are the least protected. The government sees no rationale to reform the unemployment protection system. There have been virtually no reforms in the State-run healthcare system since the beginning of transition. While formal quantitative indicators appear to be rather satisfactory (such as the number of physicians, hospital beds, etc. per capita), quality of the medical services is of concern. There is growing pressure on primary and social care due to the growing number of elderly people (25% in 2010) while about 11% of the average life span in Belarus is spent with illness and/or disability. A major inequality in provision of healthcare services lies between urban and rural populations. In rural areas public health care facilities and hospitals are understaffed and badly equipped.

EU intervention in the related fields of public health and social inclusion has the potential of addressing several cross-cutting issues. In particular, it can ensure wide public outreach of EU activities (immediate target groups plus their families and communities), policy innovations (whereby civil society can play a more prominent role in terms of expertise and service delivery), inter-ministerial involvement and coordination (Ministries of Education, Health, Labour, Justice, local and regional authorities, etc. potentially through arrangements similar to Open Method of Coordination), and opportunities for mainstreaming children, gender equality and

women's empowerment issues in line with the EU Gender Action Plan and the EU Human Rights Action Plan.

Due to its geopolitical location, Belarus remains a transit route for irregular migrants moving westward. As in other Eastern European countries, trafficking in persons, especially women, to the Russian Federation, Middle East, and EU countries remains a challenge for Belarus. A major recent trend for Belarus is growing outflow of labour force, mostly highly qualified workers and mostly to Russia. The outflow of unregistered labour migrants from Belarus is more than 30 times higher than registered labour migration and the total balance of labour migration is negative and is estimated at nearly 3% of all economically active population. Remittances are estimated at around 1.7% of GDP. If the existing trends in labour migration flows persist, with the significant excess of out flowing highly qualified workforce over the incoming low qualified workers, this can lead to a slowing down of GDP growth per capita.

1.4. Sustainable agricultural and food security situation

Agriculture continues to be an important sector in the Belarusian economy and trade, with crucial contributions to rural livelihoods, food security, and rural and economic growth, although the contribution of agriculture to GDP is projected to decline to about 5% by 2015. The share of agriculture in employment was 9.1% in 2010, and due primarily to government support the share of agriculture in fixed capital investment is above 15%. The share of agriculture in total fixed assets in Belarus has fallen by considerably less than its share in GDP and employment in recent years. Between 2000 and 2010, the agriculture sector has shed 30.3 percent of its labour force, reducing the number of employees from 625,100 to 435,000. As efficiency and labour productivity increase, this process is likely to continue. The (rural) economy increasingly faces the challenge of absorbing labour that is released from the agriculture sector. The food industry plays a smaller role in the Belarusian economy than primary agriculture, but – unlike agriculture – its relative importance has not declined as sharply in recent years. Between 2001 and 2010, the share of the food industry of GDP in Belarus remained almost constant at roughly 4.5 percent, while its employment and fixed asset shares both increased somewhat. Agriculture plays a visible role in Belarusian foreign trade, accounting for 12.9% in 2011. Belarus has a positive trade balance in agricultural products; however the agri-food trade structure has critical weaknesses: a strong focus on few products and on few trading partners.

Compared to GDP, total budgetary expenditures, and total agricultural land, fiscal support to agriculture in Belarus is considerably higher than in many other countries. Most of the large commercial farms in Belarus have remained under state control without much deep restructuring, and many farms do not seem to evolve towards their optimum size. Small private farms make negligible and declining contributions to gross agricultural output. The positive performance results are achieved with a narrow focus on a few products and a limited number of markets with high dependence on Russia. Factor and output markets play a limited role in managerial decisions of agricultural enterprises as the state continues to involve itself in the management of agricultural enterprises, sets production targets, arranges input supply and output procurement, undertakes or finances investments, regulates prices and controls wages. These structural and regulatory constraints limit private initiative and investment.

Budgetary expenditure for agriculture accounts for 9% of the total state budget and has grown faster than gross agricultural output and agricultural value-added. Where products of subsidized sub-sectors are largely exported, a considerable part of the related

governmental expenditures effectively become subsidies to the importing country. Against the background of the current global economic crisis and the resulting shrinking fiscal space in Belarus, the current nature and level of support can only be maintained at the expense of other budget expenditure categories, which may become socio-politically undesirable. With a re-orientation of the agricultural policy framework towards less distortive measures, Belarus could achieve higher efficiency, competitiveness and growth without compromising on its food security and rural incomes objectives, and could possibly even reduce budgetary expenditures.

1.5. Environmental situation

Water quality, waste management, nature protection, soil degradation, industrial pollution and radioactive contamination from the Chernobyl accident in 1986 remain the key environment issues in Belarus. Fallout from the accident at the Chernobyl nuclear power plant in Ukraine still affects the population, the environment and the economy of Belarus significantly. In 2011, about 20% of the country was still contaminated with long-life isotopes of caesium above acceptable levels. As regards industrial pollution, Belarus has a large industrial sector, including chemical and petrochemical industries, construction materials, wood and paper enterprises which are of key importance for the national economy, but also contribute to pollution. The government, together with international technical assistance, works on improving water and air quality, reduction of emissions, waste management, biodiversity conservation. Current trans-boundary environment issues include the management and protection of shared rivers, such as the Nemunas, Daugava, Vistula and Dniepr. More than 38% of the land area is covered by forest, which constitutes an important carbon sink, and the country has a high number of lakes and peat-bogs, all which play a crucial role in bio-diversity as a reserve for rare and endangered species of animals and plants. The country's forests belong to the State and are important sources of employment and export income. Land degradation is one of the most pressing ecological problems of Belarus and one of the factors that restrict the country's sustainable development. During the last decade land degradation processes have tended to increase as a result of climate change.

Current environment policy is developed through five-year national action plans for the rational use of natural resources and environment protection (NEAPs). The current NEAP covers the period 2011-2015. The National Strategy for Sustainable Development for the period to 2004-2020 was established, in addition to several sector-specific plans and strategies. While Belarus has taken steps to develop the institutional and legal framework for environment policy, the mechanisms for access to information and public participation need strengthening, including support for civil society. Sector-specific legislation has also been adopted, covering air quality, waste management and nature protection. Environment legislation exists in many areas but its implementation needs to be developed further. Belarus makes particular efforts to make its legislation EU-compatible. It is important to support Belarusian environmental administrative and financial capacity at national, regional and local level in order to enhance national efforts in the area of strategic planning, implementation and enforcement of environment legislation in-line with the recent European trends (sustainable development, green economy measures), as well as to support a Belarusian capacity for participation and negotiation in international environmental fora.

1.6. Country capacities (institutions, civil society and private sector)

In Belarus all decisional powers are concentrated within the presidential administration. The president appoints the Council of Ministers, part of the Parliament, judges, local and regional authorities, election committees. Presidential decrees have more power than national laws. Decision making on the ministerial level is subject to clearance by the presidential administration. The judicial system is criticised for a lack of impartiality and for direct dependence from the executive vertical. The Parliament mainly approves legislative acts prepared by the executive branch. The executive power on its technical level proves to be equipped with well-prepared specialists, educated and motivated officials with a high degree of professionalism though having limited decisional powers.

The National Bank of Belarus is dependent on the Government and has no possibility to carry out its own financial and monetary policy. Belarus is the leader in Commonwealth of Independent States (CIS) countries for law-enforcement personnel (militia, special services, state security, and interior security troops). Regional and local authorities are appointed by the President; financially and organisationally they depend directly on the central power. The directive and centralised planning system applies a set of target indicators that have to be achieved at the local and regional level, public and even sometimes private companies. The educational system is rather well developed, though also criticised due to lack of self-governance, academic autonomy and student participation, which until now has prevented Belarus from joining the Bologna process.

Despite official figure of more than 2300 registered public associations, in current mode the civil society organisations in Belarus have limited possibilities to play their role in providing checks and balances on the power of the Government. While some NGOs attempt to contribute to policy formulations, their views are usually not taken into account. The strongest point of several organisations, especially of human rights, environmental, social, educational nature as well as limited independent media lies in their ability to flag specific cases to the attention of the international community. Due to the State's control over media, the ability of the civil society to communicate with the society at large is also limited. Project management capacity including ability to formulate project proposals, plan and budget the activities and implement the project cycle in line with the donor rules are in general weak. Sector-wise the best developed capacity can be observed in organisations dealing with environmental issues, local development and issues relating to social inclusion including health as well as in several generalists working on civil society development at large. For various reasons the sectors of education, culture, human rights and trade unions are lagging behind in capacity

The Belarusian state continues to dominate the economy and the business environment for privately owned firms remains difficult. Production targets, wage restrictions, price controls and directed lending remain common, and affect both domestic and foreign-owned private firms as well as state-owned enterprises. Despite simplification of the tax regime, Belarus continues to be among the countries with the highest number of taxes and the highest tax burden in the world. At 30% of GDP, the share of the private sector remains low. Also, 30% of prices in the consumer price inflation are administratively set and there are still significant limits to currency convertibility and foreign trade transactions. Enterprise privatisation has made slow progress. The non transparent privatisation process largely remains a bargain between the state and interested parties (namely Russia). The authorities will be likely forced at some stage to accelerate the process because of pressure stemming from debt repayments and limited financial options. Foreign investments are not likely to become a stabilising factor; their volume is limited. Further attention should be given to legislative instability. Presidential decrees

and ordinances prevail over laws adopted by the Parliament. The legislation is subject to numerous and confusing amendments, leading to the instability of business environment.

1.7. Regional integration and cooperation

Belarus is involved in the multilateral dimension of the Eastern Partnership and participates in several EU-funded regional projects. The major areas of cooperation are border management, environment, energy and transport. While presenting opportunities for regional cooperation and addressing issues of common concern, these projects sometimes fail to raise sufficient interest from Belarus, as many proposed activities are already addressed at the national level and the country is often more advanced in tackling the respective challenges than other countries in the region, particularly in the field of environment. New flagship initiatives and programmes under the Eastern Partnership's multilateral dimension, including support to the development of small- and medium-scale enterprises, disaster prevention, culture and youth, open up new avenues for Belarus from 2012 onwards to coordinate practices and policies in these new areas at the regional level.

Higher education is another major area of regional cooperation for Belarus, primarily through the programmes such as Tempus and Erasmus Mundus. There is an increasing interest on the part of Belarusian institutions to participate in both programmes to pursue objectives of joint projects, structural measures and mobility of students and staff. Part of these activities also contribute to the reform and modernisation of Belarus higher education system and thus to the country's potential accession to the European Higher Education Area. Belarus remains committed to join the Bologna Process, despite the fact that its application was turned down in spring 2012.

Cross-border cooperation (CBC) programmes where Belarus has been eligible to participate, such as Poland-Belarus-Ukraine, Latvia-Lithuania-Belarus and Baltic Sea Region, account for an important part of regional cooperation at the local level. From the start of these programmes Belarus lagged behind in the uptake of available opportunities but over recent years increased its participation. CBC programmes are increasingly seen as instruments to implement practical joint actions at the local level in different sectors, address issues of trans-boundary significance and promote people-to-people contacts.

Belarus is also actively involved in non-EU integration initiatives. In particular, it has taken part in all regional integration projects covering countries of the former Soviet Union and the Commonwealth of Independent States, including the Common Economic Space, the Union State, the Customs Union and the Collective Security Treaty Organization. The intensification of these integration efforts will require additional co-ordination within and outside Belarus between integration and cooperation programmes driven from the East and from the West.

1.8. Other important elements the EU Delegation may wish to underline

Belarus being a strongly centralised state imposes numerous regulations over international development co-operation that often negatively impact the realisation of projects. The EU and the international donor community efforts in Belarus need to focus clearly on the need for the easing of such restraints, in line with the implementation of Paris Declaration principles.

2. Overview of past and present donor cooperation, complementarity and consistency

2.1. EU development cooperation and lessons learned

There is a wide range of instruments in use for projects in Belarus:

ENPI Bilateral; DCI-NSA-LA; DCI-MIGRATION; DCI-SANTE; DCI-ENV; NUCLEAR SAFETY; EIDHR; ENPI-CBC; ENPI-REGIONAL: CLIMA, YOUTH, CULTURE, IBM, SME, ENERGY (INOGATE, MAYORS CONVENTION), CIUDAD, LAND MINES DESTRUCTION, DISASTER PREPAREDNESS, ENVIRONMENT; ENPI-INTER REGIONAL: TAIEX; TEMPUS; ERASMUS MUNDUS:

EC PROGRAMMES AND BUDGET LINES FOR ASSISTANCE TO BELARUS		2007-2013
ENPI (European Neighbourhood Policy Instrument) National Allocations		€ 83.5 m* (nat.)
ENPI top-ups (national)	Comprehensive Institutional Building	€ 2.35 m* (nat.)
	Pilot Regional Development Programmes	€ 8.38 m* (nat.)
ENPI Special Measures (national)		€ 6 m (nat.)
ENPI Global Allocation (national and regional)		€ 0.39 m (nat.) € 0.397 m (reg.)
ENPI Regional East	Landmines destruction (for BY)	€ 3.9 m (nat.)
	Council of Europe Facility (reg.)	€ 4 m (reg.)
	EaP Culture Programme (regional)	€ 12 m (reg.)
	EaP Youth Window (regional)	€ 19.5 m (reg.)
	CIUDAD (Coop in Urb. Dev/Dial; reg)	€ 1.115 m (reg.)
	Black Sea River Basin (reg.)	€ 13 m (reg.)
ENPI Regional East - Eastern Partnership (EaP) Flagships (FS)	FS 1: Integrated Border Management (IBM)	€ 10.06 m* (nat.) € 2 m (reg.)
	FS 2: SME	€ 27 m (reg.)
	FS 3: Energy	€ 54 m (reg.)
	FS 5: Disaster Preparedness	€ 10.988 m* (reg.)
	FS 6: Environment	€ 58.785 m* (reg.)
ENPI Inter-regional	Pilot Proj: preparing staff for EU-ENP related jobs	€ 1.982 m (reg.)
	TAIEX (Techn Assistance and Information Exchange) (for BY)	€ 0.58 m (nat.)
	Tempus	€ 1.895 m (nat.) € 12.235 m (reg.)
	Erasmus Mundus	€ 33.9 m (reg.)
FP (Framework Programme) 7 / Marie Curie (for BY)		€ 2.3 m (nat.)
ENPI CBC (Cross-Border Coop) + ERDF	LV/LT/BY (for BY)	€ 33.44 m (nat.)
	PL/UA/BY (for BY)	
	Baltic Sea (for BY)	
ENPI EaP Territorial Cooperation Support Programme		€ 5.5 m (reg.)
EIDHR (European Instrument for Democracy and Human Rights) (2007-2010: figures reflect contracted amount, not an allocation for a specific budget year)	Global (for BY)	€ 15.493 m* (nat.)
	CBSS (Country Based Support Schemes)	
	EHU (European Humanities University)	
ENPI Civil Society Facility (for BY)		€ 2.36 m (nat.)
DCI NSA (Non-State Actors) / LA (Local Authorities) (2008-2010: see comment under EIDHR section)		€ 8.685 m (nat.)
DCI (Development Cooperation Instrument) ENVIRONMENT AND NATURAL RESOURCES (ENRTP) (regional)		€ 3.484 m (reg.) € 1.236 m (nat.)
DCI MIGRATION (regional)		€ 1.023 m (nat.) € 12.076 m (reg.)
DCI SANTE – Invest in People (national)		€ 0.311 m (nat.)
Nuclear Safety (for BY)		€ 5.044 m (nat.)
TOTALS of national allocations + known Belarus shares in regional projects		€ 187.6685 m*
TOTALS of regional projects		€ 281.163 m*

*Indicative allocations

Belarus is not part of the bilateral Eastern Partnership (EaP)/ENP process and development co-operation was based upon the Country Strategy paper 2007-2013 and while there was no formal ENP review, the National Indicative Programme (NIP) 2012-2013 took into account the priorities for reform of the Eastern Partnership. Participation of Belarus in EaP/ENPI regional programmes was encouraged and taken up.

The bilateral portfolio NIP 2012-213 aimed not only to build on past successes but also to develop synergies with regional and thematic programmes; it targets good governance, people-to-people contacts as well as economic development.

The political environment of Belarus impacts directly upon the development agenda, and the overall objective of promoting core EU values, such as democratic governance, respect for human rights and adherence to the rule of law. Strategically speaking, Belarus is taking part in Eurasian integration processes (Custom Union, Single Economic Space, future Eurasian Economic Union) and, at the same time, is very interested in keeping and enhancing its cooperation with the European Union, despite difficult political relations. There is no established political dialogue with Belarus; nonetheless there are bilateral sector dialogues in the fields of economy, energy, environment and transport between the Commission and the Government of Belarus. Against this background, the EU interest is to answer as much as possible to the requests for cooperation with Europe stemming from many state, regional and local structures as well as from civil society, for the benefit of the Belarusian people. There are line Ministries, which are seeking European support and input, as well as having a will to undertake a reform-minded agenda should there be an enabling political environment. It is important to continue to develop relations with those line Ministries, to reinforce bilateral sector dialogues and to encourage a widening of the enabling environment for non-state actors within the country. Reinforcing bilateral sector dialogues with line Ministries would also provide a clear platform for the 'European message'. At present, this is where the EU has an advantage which needs to be capitalised.

Civil society organisations in Belarus have limited possibilities to play a role in providing checks and balances on government power. While some NGOs attempt to contribute to policy formulations, their views are usually not taken into account. The strongest point of several organisations, especially of human rights, environmental, social, educational nature as well as limited independent media lie in their ability to flag specific cases to the international community. Due to state control over media the ability of the civil society to communicate with the society at large is limited. Nonetheless, their efforts to safeguard rights, articulate interests, and deliver social services remains essential.

The best developed capacity can be observed in organisations dealing with environmental issues, local development and issues relating to social inclusion including health, as well as several generalists working on civil society development at large. For various reasons the sectors of education, culture, human rights, trade unions are lagging behind in capacity.

As regards funding, there is a need to distinguish between the instruments in use. Development co-operation has been provided continuously to Belarus since the collapse of the USSR. After twenty years, the initial co-operation instrument TACIS has now run its course and has been replaced by the European Neighbourhood Policy (ENP) and the Eastern Partnership (EaP). While Belarus does not benefit from EaP bilateral programme but instead has a Country Strategy Paper, it does participate in the EaP regional actions.

2.2. Information on programmes of other donors and donor coordination

The EU Delegation carries out dedicated local consultations with Member States and civil society organizations on the elaboration of CSPs, NIPs, and Annual Action plans as well as for the priorities for Non-State Actor/Local Authorities (NSA/LA) and European Instrument for Democracy and Human Rights (EIDHR) activities. Specific consultations are held in Brussels with both international donors and civil society project implementers in which the Delegation participates with Headquarters services.

In terms of bilateral assistance, Sweden is the leading Member State bilateral donor to Belarus (approximately EUR 12 million per annum) and other significant donors are Germany and Poland. International assistance, other than EU, is mainly delivered through International NGOs or UN rather than Belarus state bodies. Swedish support 2011-2014 is concentrated on democracy, human rights and gender equality, environment and market development. SIDA also states that the absence of a clear democratization process is making the co-operation particularly challenging. Specific requirements are that the support should be clearly linked to the reform readiness of the Belarusian actors. It is also required that cooperation with authorities preferably should be done at local and regional level in order to improve the conditions for continued reform in the whole society.

Leading international financial institutions have limited mandates in Belarus due to poor human rights record and inconsistent economic policies. The main precondition for the intensification of the cooperation with the authorities is a clear commitment to stability and reform, as well as proved respect of human rights. The EIB has no mandate in Belarus, the EBRD engagement with Belarus is constrained but prioritises projects which support ordinary Belarusian people, promote private sector development, and strengthen environmental standards. The World Bank and the IMF also have limited mandates for Belarus.

2.3. Political and policy dialogue between donors and partner country

There is no established political dialogue with Belarus; nonetheless there are bilateral sector dialogues in the fields of economy, energy, environment and transport between the Commission and the Government of Belarus. While the economic dialogue is frank and well received by both sides, dialogues on energy and environment are hesitant and on transport has become moribund. This is more due to process than intention as the economic dialogue demonstrates. There are line Ministries, which are seeking European support and input, as well as having a will to undertake a reform agenda should there be an enabling political environment. It is important to continue to develop relations with those line Ministries, to reinforce bilateral sector dialogues and to encourage a widening of the environment for non-state actors within the country. Reinforcing bilateral sector dialogues with line Ministries would also provide a clear platform for the 'European message'. At present, this is where the EU has an advantage which needs to be capitalised.

2.4. State of partnership with partner country, aid effectiveness agenda and progress towards harmonisation and alignment

Belarus is characterized by a strong centralisation of decision-making, almost exclusively top-down directive planning system and general leading role of the state in all spheres. The EU and Belarus have signed a Framework Agreement (18/12/2008) which sets out the detailed provisions concerning the rules applicable to actions financed wholly or

partly by the EU and introduces the supremacy of the Belarusian law over all activities funded by the EU in Belarus.

Belarus imposes numerous regulations over international development co-operation that often negatively impact the realisation of aid projects. Over 10 different presidential decrees, regulations of Council of Ministers and line ministries set a rigid framework for international assistance. The main problems are the procedure of registration of externally funded projects, coordination and endorsement of project documentation by state bodies, arbitrary control procedures, overall wary attitude to donors and aid recipients, conflicts of interests among state bodies. Every international assistance project has to be State registered. Non-registered foreign aid is illegal and receipt may lead to severe prosecution. The combination of multiple regulators, regulations and control procedures results in arbitrary and often extensive delays, non-observance of donors' processes, as well as in a latent threat of cancellation of registration and thus project activities.

The 2004 *National Strategy for Sustainable Socio-Economic Development of Belarus until 2020* is the principal policy document. Programming of international assistance in Belarus is shaped by the National Programme of International Technical Co-operation (NPITC). The 2012-2016 NPITC programmes continues the focus on the national priorities of (1) human development, improvement of level of life, social development and assistance; (2) Sustainable economic growth through innovation, international cooperation, investment and resource and energy efficiency; (3) Environment protection, ecological sustainability, rehabilitation of Chernobyl affected areas.

EU projects focused on these sectors are likely to receive the highest support of the Belarusian government.

Multi-annual Indicative Programme

2014-2017

Introduction

Belarus is a highly centralised country with a strong presidential regime as all decisional powers are concentrated within the presidential administration. The president appoints the Council of Ministers, part of the Parliament, judges, local and regional authorities, election committees. Presidential decrees have more power than national laws. Decision making on the ministerial level is subject to clearance by the presidential administration. The judicial system is criticised for a lack of impartiality and for direct dependence from the executive vertical. The Parliament mainly approves legislative acts prepared by the executive branch. The executive power on its technical level proves to be equipped with well-prepared specialists, educated and motivated officials with a high degree of professionalism though having limited decisional powers. The EU has expressed its concern over the situation of human rights and civil society, and its policy vis-à-vis Belarus is guided by the Conclusions of the Foreign Affairs Council, as last set out on 23 March and 15 October 2012.

The adoption and implementation of major bold economic and structural economic reforms remains in question, as they could challenge the idea of a "social state", cherished by the highest authorities in the country. In the absence of a well specified and consistently implemented adjustment strategy, Belarus' economic situation is unlikely to improve during the coming years, and only measures towards economic modernisation without impact on the social model will remain on the Government agenda.

Belarus is facing several social and economic challenges related to public health, social inclusion and migration. There is a high prevalence of non-communicable diseases triggered by lifestyle factors which impact the socio-economic situation, reducing productivity and curtailing economic growth. As regards social inclusion, disabled people, elderly people, people with special needs and other vulnerable groups continue to face challenges with regard to their access to education and jobs.

Water quality, waste management, nature protection, soil degradation, industrial pollution and radioactive contamination from the Chernobyl accident in 1986 remain key issues in Belarus significantly affecting the population, the environment and the economy. The government, with international technical assistance, works on improving water and air quality, reduction of emissions, waste management, biodiversity conservation and trans-boundary environment issues include the management and protection of shared rivers. Belarus puts particular effort in making its legislation EU-compatible and to adhere to international conventions. Belarus being a strongly centralised state imposes numerous regulations over international development co-operation that often negatively impact the realisation of projects.

1. EU Response

1.1. Strategic objectives of the EU's relationship with the partner country

The political environment of Belarus impacts directly upon the development agenda, and the overall objective of promoting core EU values, such as democratic governance, respect for human rights and adherence to the rule of law. Strategically speaking, Belarus is taking part in Eurasian integration processes (Custom Union, Single Economic Space, future Eurasian Economic Union) and, at the same time, is very interested in keeping and enhancing its cooperation with the European Union, despite difficult political relations. There is no established political dialogue with Belarus; nonetheless there are bilateral sector dialogues in the fields of economy, energy, environment and transport between the Commission and the Government of Belarus. Against this background, the EU interest is to answer as much as possible to the requests for cooperation with Europe stemming from many state, regional and local structures as well as from civil society, for the benefit of the Belarusian people.

The 2004 *National Strategy for Sustainable Socio-Economic Development of Belarus until 2020* (NSSD 2020) is the principal development policy document for the country. The operational development priorities are set by the *Programme of Socio-Economic Development for 2011-2015*. Programming of international assistance in Belarus is shaped by the *National Programme of International Technical Co-operation (NPITC)*. The 2012-2016 NPITC programmes continue the focus on the national priorities of (1) human development, improvement of level of life, social development and assistance; (2) Sustainable economic growth through innovation, international cooperation, investment and resource and energy efficiency; (3) Environment protection, ecological sustainability, rehabilitation of Chernobyl affected areas. EU projects focusing on these sectors are likely to receive the highest support of the Belarusian government.

1.2. Choice of sectors of intervention

- **Social inclusion** is a principal objective of the 'Agenda for Change' and is to represent minimum of 20% of all activities. Belarus is facing several social and economic challenges related to public health and social inclusion. There is a high prevalence of non-communicable diseases triggered by lifestyle factors which impact the socio-economic situation, reducing productivity and curtailing economic growth. The disabled, the elderly, women, minorities, special needs and other vulnerable groups - including the victims of trafficking and returning migrants - continue to face challenges with regard to their access to education and jobs. EU intervention in the related fields of public health and social inclusion, in line with the 'Agenda for Change', has the potential of addressing several cross-cutting issues. In particular, it can ensure wide public outreach of EU activities (immediate target groups plus their families and communities), policy innovations and dialogue with local and regional authorities, whereby civil society can play a more prominent role in terms of expertise and service delivery. Support to the needs of the evolving labour markets with the development of human capital, including support to vocational training - especially for the disadvantaged, will provide additional opportunities. This sector overall will provide for mainstreaming gender equality and women's empowerment issues in line with the EU Gender Action Plan and the uptake of other horizontal elements such as demographic security.

- **Environment** remains at the core of sustainable development both in EU and Belarus policy. The *National Strategy for Sustainable Socio-Economic Development of Belarus until 2020*, among others, includes the following development areas to work on: 1) improving the system of regulation and economic incentives in environmental management and protection; 2) adoption of legislative and regulatory acts on environmental management, water use and environmental protection and their harmonisation with European standards; 3) introduction of resource-saving techniques and technologies, environmentally sound production; 4) enhancing the environmental capacity of forest, land and water resources; 5) reducing emissions of pollutants; 6) rationalisation of generation, treatment and disposal of industrial and consumer waste; 7) modernisation of environmental monitoring and awareness raising. The European Union can essentially assist in achieving these goals and intentions.
- **Local / Regional economic development** will remain one of the top Government priorities for the foreseeable future. In particular, the current *Programme of Socio-Economic Development for 2011-2015* outlines an ambitious modernisation agenda, including sustainable regional development, development of human capital, structural reform of the economy, intense support to SMEs and private sector, creation of an environment conducive for business and competitiveness, improved economic governance and integration into the world economy. The ultimate ambition is to achieve living standards comparable to the average level of those in the EU but at present the country lacks the resources to achieve this goal and presents a window of opportunity for further dialogue and co-operation. Delivering assistance in this sector will build on existing programmes (Annual Action Plans 2011, 2012 & 2013) focusing on supporting regional and local development as well as Green Economy. Considering the existing disparities between capital and regions, support to local and regional private initiatives, SMEs and social enterprises should be viewed as a key area of intervention that complements current national efforts. Important accompanying measures should encompass human capital development, especially on the local level with wide involvement of civil society organisations. In this way dedicated development of personal competences in the business and social sphere will be combined with wider penetration of local democratisation and self-governance attitudes.

2. INDICATIVE FINANCIAL OVERVIEW

The indicative allocation for 2014-2020 is EUR 129,000,000 to EUR 158,000,000. The indicative bilateral allocation for the programming period 2014 -2017 is EUR 71,000,000 to EUR 89,000,000. The indicative breakdown by sector is the following:

<i>Sector of intervention 1 - Social inclusion</i>	<i>30% of total</i>
<i>Sector of intervention 2 – Environment</i>	<i>25% of total</i>
<i>Sector of intervention 3 - Local/Regional Economic development</i>	<i>25% of total</i>
<i>Complementary support measures to Civil Society</i>	<i>10% of total</i>
<i>Complementary support for capacity development</i>	<i>10% of total</i>

In addition to programmed bilateral allocations, Belarus may benefit from supplementary allocations provided under the multi-country umbrella programmes referred to in the Neighbourhood-wide programming documents. Such supplementary allocations will be granted on the basis of progress towards deep and sustainable democracy and implementation of agreed reform objectives contributing to the attainment of that goal.

Belarus is also eligible for support under a number of other EU instruments, such as the Instrument Contributing to Peace and Stability, Humanitarian Aid, the Partnership Instrument, the European Instrument for Democracy and Human Rights, the Instrument for Nuclear Safety Co-operation, Macro-Financial Assistance, Development Co-operation Instrument thematic programmes and external actions under EU internal programmes for e g research and innovation, energy, transport and education (in particular Erasmus Plus). Where possible, Member State political action and assistance will also be co-ordinated with EU action, as a way of achieving political leverage and as part of a coherent foreign policy approach. Belarus may also be targeted for specific diplomatic action under the Common Foreign and Security Policy, depending on the political circumstances.

3. EU SUPPORT PER SECTOR

Support to civil society will be mainstreamed throughout all three sectors of intervention (up to 1/3 of the total sector allocation), geared towards promoting civil society engagement in the respective sector, with significant components to foster confidence building in relations with State authorities. Furthermore, specific attention will be devoted to the enhancement of statistical capacities as a cross-cutting issue, which will not only have an impact during implementation of the programmes but also to provide a better tool for monitoring success.

3.1 Social Inclusion (indicative 30%)

3.1.1 The following overall and specific objectives will be pursued:

The **overall objective** is to enhance social inclusion of vulnerable groups in Belarus by promoting equal opportunities in access to education, jobs and healthcare and by supporting an enabling environment in which they can increase their participation in political, economic and societal processes.

Specific objectives are (I) Support to capacity building of governmental and non-governmental actors in addressing the challenges of social inclusion, in particular, with respect to ensuring equal access to education, jobs, health and social services (including related to drug addiction); (II) Advance international standards related to the realisation of rights of socially vulnerable groups (III) Modernisation of the labour market (vocational training, matching labour market needs and qualifications, development of human capital).

3.1.2. For each of the specific objectives the main expected results are:

(I) Enhanced skills and knowledge of civil society organisations and local authorities to address the needs of socially vulnerable groups, such as people with special needs, persons with disabilities, elderly people, women, mothers and children, minorities, including through the launch and implementation of social contracting mechanisms, while ensuring equal quality of service delivery across the country; functioning mechanisms of dialogue concerning policy formulation and programme implementation in the field of social inclusion involving government institutions, civil society organisations and local and regional authorities. The mechanisms will also ensure an equal quality of delivery through the whole territory of the country. (II) Increased capacity of the government to meet commitments under international conventions related to the rights of socially vulnerable groups, including but not limited to the Convention on the Rights of Persons with Disabilities and Convention on the Rights of the Child; improved access to justice for socially vulnerable groups; (III) Improved employment potential through human capital development, dedicated trainings and life-long learning, with specific focus on the disadvantaged.

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 1.

3.1.3. Donor coordination and policy dialogue are:

Social inclusion features prominently in the agenda of international donors, including development agencies of EU Member States and UN family. This creates opportunities for additional synergies and complementarity. In particular, further harmonisation can be pursued in agreeing on common conceptual approaches and indicators of achievement to bring about a more significant impact. Donor coordination meetings focusing on social inclusion organised in Belarus will be one of the main venues for these efforts.

3.1.4. The Government's financial and policy commitments are:

The social domain is one of the key priorities for the Belarusian government, with a substantial amount of resources allocated for respective programmes. In general, however, the social protection system in Belarus remains largely distributive and with

policies being developed by the central government without broad involvement of other actors, does not encourage responsibility.

The overall objectives of Belarus' government in the social domain are formulated in the country's *National Strategy for Sustainable Socio-Economic Development of Belarus until 2020* and on the whole are in line with the proposed measures. In particular, this strategy is aimed at achieving evidence-based parameters of living standards, increasing life expectancy, improving the living environment of people, developing their social activities, family planning, rationalization of personal consumption scales and patterns, provision of equal access to education, medical assistance and health rehabilitation; social protection of the elderly, disabled people, people with special needs and other vulnerable target groups.

The current social inclusion policies of the government would benefit from increased coordination among policies and programmes, higher involvement of other stakeholders, including civil society, and enhanced capacity to fulfil its international commitment in the respective field.

3.1.5. When needed, the appropriate type of environmental assessment (Strategic Environmental Assessment – SEA or Environmental Impact Assessment – EIA) will be carried out:

When needed, the appropriate type of **environmental assessment** (SEA or EIA) will be carried out.

3.1.6. The overall risk assessment of the sector intervention:

In general, this sector of assistance is not deemed to be associated with high risks. First of all, this area is politically important for the Belarusian government, and it has increased interest in how to deliver better and more. Secondly, improved coordination and consultation arrangements will contribute to more sustainable policies. Finally, the social domain, along with environment, within civil society in Belarus is somewhat better developed in comparison with other sectors, which creates good starting conditions for advancing the social inclusion agenda.

Obstacles to the implementation of EU assistance in this field can emanate from political constraints created by the challenges in EU-Belarus relations. Possible mitigating measures can include 1) working with other donors to blend sources of assistance and 2) emphasise on support to civil society which in turn can engage government actors. Relative advantages of these approaches should be weighed in each individual case, since the first approach may have less EU visibility but more impact, while the second one can have better visibility but low impact.

3.2 Environment (indicative 25%)

3.2.1 The following overall and specific objectives will be pursued:

The **overall objective** is to support environmental national efforts on policy, legislative, institutional and operational levels, including the involvement of civil society actors. **Specific objectives** are (I) Preservation and sustainability of biologic diversity, including forestry; (II) Support to effective waste management, with a special focus on air

emissions water waste and hazardous waste and support to green economy initiatives; (III) Raising public awareness on different environmental issues; (IV) To increase the participation of civil society organisations as implementers and monitors of environmental activities.

Programming of the environment envelope will be co-ordinated with the regional environmental programmes.

3.2.2. The main expected results are:

(I) Improved legislation and environmental management on biodiversity;(II) Improved legislation and environmental management on quality of air, waste water with new waste water treatment standards effectively enforced; Improved environmental management landfills and hazardous waste, shifting to green economy patterns of production and consumption; (III) Public awareness is raised; (IV) Increased role of civil society as monitors of environmental activities and reforms.

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 1.

3.2.3. Donor coordination and policy dialogue

Belarus on a regular basis co-operates with different international organisations on environmental issues with the EU, United Nations Development Program, World Bank, SIDA etc. There is regular dialogue and cooperation between major donors, as well as between donors and the Ministry of Nature. There is also a bilateral Commission-Belarus environmental dialogue.

3.2.4. The Government's financial and policy commitments

The country has developed a basic legal framework in the field of environmental protection and use of natural resources. Current environment policy is developed through five-year national action plans for the rational use of natural resources and environment protection (NEAPs). The current NEAP covers the period 2011-2015. The *National Strategy for Sustainable Socio-Economic Development of Belarus until 2020* was approved in 2004. Belarus is a Party to 13 global and 9 regional and international agreements and 34 bilateral and multilateral treaties.

3.2.5. When needed, the appropriate type of environmental assessment (SEA or EIA) will be carried out

When needed, the appropriate type of **environmental assessment** (SEA or EIA) will be carried out:

3.2.6. The overall risk assessment of the sector intervention

- Lack of interest of the concerned government agencies to financially support those components that will need post-project funding;
- Passivity of local communities, limited functional capabilities of local authorities and/or the lack of local leaders and/or frequent changes of representatives of local organizations.

- Possible mitigating measures would include active advocacy and information sessions organised through the established environmental dialogue and other relevant channels as well as specific awareness raising events for local communities, local authorities and CSOs.

3.3 Local / Regional economic development (indicative 25%)

3.3.1 The following overall and specific objectives will be pursued:

The **overall objective** is to contribute to sustainable social and economic development of Belarus.

Specific objectives are: (I) To contribute to sustainable development on the regional and local level, by supporting private initiative, innovative entrepreneurship, local governance to promote sustainable regional and local growth and equitable welfare, and civil society involvement in local and regional development; (II) To increase the role of private business and ensure fair competition, including through intensive human capital development, dedicated trainings and life-long learning; (III) To promote small and medium enterprises as core engine of local and regional inclusive growth.

3.3.2. The main expected results are:

(I) Improved people's welfare in the regions, better life conditions for local communities; Improved business enabling environment, active development of local entrepreneurship and SMEs.

(II) Private business has become a peer partner in achieving social and economic development priorities on regional and local level; Developed human capital, new valuable social and economic competences acquired by local actors.

(III) Systemic and effective policy mix to support SMEs on regional and local is developed and applied; SMEs contribute to an increasing part of the country's welfare.

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 1.

3.3.3. Donor co-ordination and policy dialogue are:

WB, IMF, EBRD are strongly involved in providing technical assistance on structural and market reforms to the Government of Belarus. Donor coordination is ensured by permanent working cooperation on the level of country offices as well and through dedicated coordination sessions locally and on the HQ level. WB is mainly involved in providing assistance in the area of privatisation, financial sector reform and public finance. IMF is oriented on the improvement of the overall macro-economic framework. EBRD is focused on supporting private sector development. There is also a bilateral Commission-Belarus economic dialogue on the economic and financial issues with all the relevant authorities: Ministry of Economy, Ministry of Finance and the National Bank.

3.3.4. The Government's financial and policy commitments are:

Regional development policies have been widely implied though not directly expressed in separate policy documents. The priorities of regional policy are stated and repeated in the *National Strategy for Sustainable Socio-Economic Development of Belarus until 2020*. At the operational level, the principal national programming document is the *Programme of Social-Economic Development 2011 -2015 (PSED)* which by law must include measures of regional economic policy. A *Draft Concept of regional development until 2015* has been initially developed by the Ministry of Economy since 2008 but has not been formally adopted until now. All the above mentioned documents address the issue of regional development in a very general manner, with the central objective "to improve the level and quality of life of the population regardless of the place of the residence."

Economic liberalisation and structural reforms in Belarus are not systemic. While no major breakthrough of liberalisation is to be expected in the short-term, nonetheless on the official level the Government has promoted limited progressive market and social reforms. Main liberalisation documents currently in force are the 2010 "directive N 4" aimed at boosting private enterprise in the country, as well as the recent "Joint action plan on structural reforms and increase of competitiveness of the economy of Belarus" approved in October 2013.

Besides, Belarus has committed itself to comply with numerous market liberalisation agreements within the Eurasian Single Economic Space (SES), as for instance liberalisation of the currency market, decrease of subsidies, ban on unfair competition, co-ordination of macroeconomic indicators with SES partners. On the level of SMEs, the Government has developed a State programme of support to SMEs for 2010-2012. There are now a wide set of Government policy documents in the area of economic liberalisation and sectoral reforms but commitment to implement these vital reforms is limited. It is, therefore, essential for the EU, and the international donor community, to support the implementation of the existing national reform agenda in the sphere of regional development, private business and SMEs support, including entrepreneurial learning and training.

3.3.5. When needed, the appropriate type of environmental assessment (SEA or EIA) will be carried out:

When needed, the appropriate type of **environmental assessment** (SEA or EIA) will be carried out.

3.3.6. The overall risk assessment of the sector intervention:

As the experience shows, major risks relate to the hesitation of the authorities to implement objectively needed economic modernisation measures, as well as delegating more powers to the regional and local level due to political, quasi-social or other considerations. Specific possible policy easing risks intensify during election periods. Active advocacy and information sessions organised through the established economic dialogue and other relevant channels will help to mitigate this risk.

Moreover, decentralisation and economic modernisation implies deep changes in the economic management practices, while central and local administration generally does not possess the necessary market economy oriented skills. Capacity building needs to be an important component of all adopted projects and measures in this sector.

4. COMPLEMENTARY SUPPORT TO CIVIL SOCIETY (INDICATIVE 10%)

The Joint Declaration of the Eastern Partnership Summit which took place on 28-29 November 2013 welcomed the increased involvement of parliamentarians, civil society, local and regional authorities, business community and other relevant stakeholders to implement goals of the Eastern Partnership agenda. Increased involvement of Civil Society at large is also consistent with the NSSD 2020 which mentions specifically NGOs, trade unions, business and science as organisations and sectors that are necessary for sustainable development in Belarus.

The proposed additional measures will complement the support included in the focal areas. Main specific objectives: i) to complement the direct assistance to support civil society provided by other thematic instruments; ii) to provide targeted support to students not covered by the EU educational programmes; iii) to promote people to people contacts; iv) to promote good democratic practice.

5. COMPLEMENTARY SUPPORT FOR CAPACITY DEVELOPMENT

In addition to sector-related assistance, this complementary support will provide specific assistance for the implementation of priority commitments deriving from future possible EU agreements and the dialogue on mobility that are not already covered under the three sectors of concentration.

Annexes

1. Sector of intervention framework and performance indicators)
2. Indicative timetable for commitment of funds
3. Donors' matrix

Annex 1. Sector of intervention framework

Baselines for the indicators listed in this annex will be included in the Action Documents.

<p>Sector 1: Social Inclusion</p> <p>Specific objective 1: Support to capacity building of governmental and non-governmental actors in addressing the challenges of social inclusion, in particular, with respect to ensuring equal access to education, jobs and health services.</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Enhanced skills and knowledge of civil society organisations and local authorities to address the needs of socially vulnerable groups, such as people with special needs, persons with disabilities, elderly people, women, mothers and children, minorities, including through the launch and implementation of social contracting mechanisms, while ensuring equal quality of service delivery across the country.	<p>Number of civil society organisations and Local Authorities delivering services for socially vulnerable groups through a range of channels, including social contracting mechanism.</p> <p>Level of expertise in service delivery for socially vulnerable groups by staff in CSOs and as measured by CSO staff performance assessments.</p>	CSO staff performance reviews, publications in the media and specialized journals by members of CSOs, legislation on social contracting, statistical reports.
Functioning mechanisms of dialogue concerning policy formulation and programme implementation in the field of social inclusion involving government institutions, civil society organisations and local and regional authorities.	Number of policies that were formulated with input by civil society.	Reports from CSOs, government bodies.
<p>Sector 1: Social Inclusion</p> <p>Specific objective 2: Advance international standards related to the realisation of rights of socially vulnerable groups.</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Increased capacity of the government to meet commitments under international conventions related to the rights of socially vulnerable groups, including but not limited to the Convention on the Rights of Persons with Disabilities and Convention on the Rights of the	<p>Number of instances of transposition of international convention provisions into national legislation.</p> <p>Number of instances where legislation has</p>	Periodic reviews of Belarus' international commitments under respective conventions.

Child.	been applied in practice.	
Improved access to justice for socially vulnerable groups.	Number of redress cases, disaggregated in terms of social grouping.	Legal Statistics, NGO reviews, media reports.
Sector 1: Social Inclusion Specific objective 3: Modernisation of the labour market (vocational training, matching labour market needs and qualifications, development of human capital).		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Improved employment potential through human capital development, dedicated training and lifelong learning, with specific focus on the disadvantaged.	<p>Number of adults and vulnerable individuals finding a job after participating in targeted training and lifelong learning activities.</p> <p>Number of local businesses and CSOs involved in the delivery of vocational training.</p>	Government , local business and CSO reports, analytics.
Sector 2: Environment Specific objective 1: Preservation and sustainability of biological diversity, including forestry.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Improved legislation and environmental management on biodiversity	<p>Number of new policy recommendations relating to environmental management please specify who would have made the recommendations and to whom.</p> <p>Number of strategic documents relating to environmental management adopted by the relevant government bodies.</p> <p>Number (and %) of civil servants trained in environmental management.</p> <p>Number of ratifications of international and European conventions, notably the Strategic Environmental Impact Assessment Protocol of the Espoo Convention.</p> <p>Implementation status of international and European conventions related to environmental management.</p>	<p>Legal surveys, audit</p> <p>Reporting documents published on the Conventions' websites</p>

Sector 2: Environment		
Specific objective 2: Support to effective waste management, with a special focus on air emissions, water and hazardous waste management and support to green economy initiatives.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Improved legislation and environmental management on quality of air, waste water with new waste water treatment standards effectively enforced	Number of new laws, and council of ministers' decisions relating to air and waste water management that are adopted. Number of air quality control points Existence of air quality data publicly available (websites) Number of waste water treatment plants effective and operational	Legal survey Water quality surveys Water treatment audits and tests. NGOs reporting and evaluation documents
Improved environmental management of landfills and hazardous waste, shifting to green economy patterns of production and consumption	Number of landfills with improved environmental management Quantity of hazardous waste adequately treated Number of policy recommendations on green economy development that are adopted by the national authorities Number of successful pilot projects related to sustainable consumption and production and/or resource efficiency	Surveys, audits Waste statistics
Sector 2: Environment		
Specific objective 3: Raising public awareness on different environmental issues		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Public awareness is raised.	Number of events raising awareness of environmental issues organised by national authorities, local entities, environmental associations, academics or research and technology centres. Number of participants attending these events. Number of publications and articles on environmental issues published in mass media. Number of new Aarhus centres opened Number of existing Aarhus centres that receive support.	Surveys, audits
Sector 2: Environment		

Specific objective 4. To increase participation of civil society organisations as implementers and monitors of environmental activities		
Increased role of civil society as monitors of environmental activities and reforms.	Number of CSOs participating in environmental initiatives and projects.	CSO staff performance reviews, publications in the media and specialized journals by CSOs' members.
Sector 3: Local / Regional economic development		
Specific objective 1: To contribute to sustainable development on the regional and local level, by supporting private initiative, innovative entrepreneurship, local governance to promote sustainable regional and local growth and equitable welfare, and civil society involvement in local and regional development.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Improved people's welfare in the regions, better life conditions for local communities.	Regional employment rate. Average income disaggregated by region.	WB doings business ratings, economic analytics, reports, government and parliament reports.
Improved business enabling environment, active development of local entrepreneurship and SMEs.	Regional GDP. Total investment broken down by FDI and national investment.	National and IFI statistics, business surveys.
Sector 3: Local / Regional economic development		
Specific objective 2: To increase the role of private business and ensure fair competition, including through human capital development, dedicated training and life-long learning.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Private business has become a peer partner in achieving social and economic development priorities on regional and local level.	Share of private sector production in GDP. Number of public-private partnerships aimed at achieving social and economic development priorities at regional or local level.	National and IFI statistics, business associations' reports, court registers.
Developed human capital, new valuable social and economic competences acquired by local actors.	Number (and %) of adults accessing the labour market after participating in vocational training. Number of CSO involved	Government reports, analytics.

	(e.g. delivering, providing input, formulate needs) in vocational training activities.	
Sector 3: Local / Regional economic development		
Specific objective 3: To promote small and medium enterprises as core engine of local and regional inclusive growth.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Systemic and effective policy mix to support SMEs on regional and local is developed and applied.	Number of new SMEs registered.	State programmes, reports, media, SBA (Small Business Act) assessment.
SMEs contribute to an increasing part of the country's welfare.	Percentage share of SMEs in GDP, Percentage of population employed in SMEs.	National and IFI statistics

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period

Annex 2. Indicative timetable for commitments

	2014*	2015*	2016*	2017*
SECTOR OF INTERVENTION – Social inclusion				
Capacity buildings				
Policy development				
International standards				
SECTOR OF INTERVENTION – Environment				
Biological diversity, including forestry				
Waste management				
Public awareness (civil society)				
SECTOR OF INTERVENTION – Local and regional development				
Sustainable development on the regional and local level				
Private business and human capital development				
Promotion of SMEs				
Total Commitments				

ANNEX 3 - DONOR SUPPORT IN BELARUS 2014-2020 – EC AND MEMBER STATES (PROVISIONAL)

AREA OF INTERVENTION	EC	AT	BG	CZ	DE	DK	EE	EL	ES	FI	FR	HU	IE	IT	LT	LU	LV	NL	PL	SE	SI	UK
Political dialogue and reform																						
Governance and democracy	X																		X	X		
Rule of law (judicial reform)																						
Human Rights	X														X			X	X	X		
Cooperation with civil society	X														X				X	X		X
Peace and Security																						
Conflict Prevention																						
Crises management																						
Justice and Home Affairs																						
Border Management	X																X					
Migration and readmission	X																					
Refugees and IDPs																						
Organised Crime																						
Police Cooperation																						
Judicial Cooperation																						
Economic and social reform																						
Macro-economic reform																						
Employment, poverty reduction & social policy	X																					
Agriculture, forestry and fisheries																						
Water and sanitation																						
Rural development																						
Regional cooperation	X																					
Trade Issues, market and regulatory reform																						
Enterprise policy/private sector																					X	
Public finance management and procurement																						

AREA OF INTERVENTION	EC	AT	BG	CZ	DE	DK	EE	EL	ES	FI	FR	HU	IE	IT	LT	LU	LV	NL	PL	SE	SI	UK
Technical standards and regulations	X																					
Sector Support																						
Transport	X																					
Energy	X																					
Environment and climate change	X																					
Information society							X															
Research and innovation	X																					
People to people contacts																	X					
Education	X																		X			
Culture and Recreation	X										X											
Health	X																					
Tourism and antiquities	X																					
Other																						

DONOR SUPPORT IN BELARUS 2014-2020 – NON EU

Area of Intervention										
	Non EU Countries				Banks				International organisations	
	Switzerland	Canada	Norway	United States	ADB	EBRD	EIB	WB	CoE	UN
Political dialogue and reform										
Governance and democracy		X	X	X					X	
Rule of law (judicial reform)									X	
Human Rights			X	X					X	
Cooperation with civil society		X	X	X					X	
Peace and Security										
Conflict Prevention										
Crises management										
Justice and Home Affairs										
Border Management										
Migration and readmission										
Refugees and IDPs										
Organised Crime										
Police Cooperation										
Judicial Cooperation										
Economic and social reform										
Macro-economic reform								X		
Employment, poverty reduction & social policy										X
Agriculture, forestry and fisheries								X		
Water and sanitation										
Rural development										
Regional cooperation										
Trade Issues, market and regulatory reform										
Enterprise policy/private sector				X		X				
Public finance management and procurement								X		
Technical standards and regulations										

Area of Intervention										
	Non EU Countries				Banks				International organisations	
	Switzerland	Canada	Norway	United States	ADB	EBRD	EIB	WB	CoE	UN
Sector Support										
Transport										
Energy										
Environment and climate change										
Information society										
Research and innovation										
People to people contacts										
Education									X	
Culture and Recreation										
Health										
Tourism and antiquities										
Other										