

Action Fiche for Belarus AAP 2011

1. IDENTIFICATION

Title/Number	Support to regional and local development in Belarus		
Total cost	EUR 13.47 million EU Contribution EUR 13.07 million UNDP Contribution EUR 0.4 million		
Aid method / Method of implementation	Project approach Centralised management and joint management with UNDP		
DAC-code	15112	Sector	Decentralisation and support to subnational government

2. RATIONALE

2.1. Sector context

The Belarus Country Strategy Paper 2011-2013 and the National Indicative Programme 2011-2011 propose 'Social and Economic Development as one of the priority areas for cooperation together with 'Democratic development and good governance'.

Regional disparities existing in Belarus are to a high extent determined by the peculiarities of the economic and industrial structure of the country inherited from the soviet economy. The concentration of large industrial enterprises in a few growth centres led to disproportions in the development of rest of the country.

A research of the Institute of Economics of the National Academy of Sciences of Belarus shows, that 41 out of 118 districts of the country have signs of depressive development, 13 districts are classified as depressive (mostly in Vitebsk, Mogilev and Gomel regions).

As a response of the government, regional development policies have been widely implied though not directly expressed in separate policy documents. Priorities of the Belarusian regional policy are stated and repeated in the main strategic documents: National strategy for sustainable development until 2020, Main directions of social-economic development of Belarus for the period of 2006-2015. On the operative 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 developed by the Ministry of Economy since 2008, but not adopted by the government. All the above mentioned documents address the issue of regional development in a very general manner, setting declarative goals: improvement of the level and quality of life of the population regardless of the place of the residence.

In that way, the analysis of the existing regional development measures shows that regional policy does exist in Belarus implicitly, though does not have a clear planning, financing, regulating and managing framework. Institutionally the Ministry of Economy is in charge of regional development. However, regional development functions are scattered among different line ministries. The absence of a common sector legislative base does not allow overcoming the

lack of coordination among the ministries in order to realise a coherent and effective regional policy. However, the Government has declared regional development as one of its national priorities in the near future.

The transition to a new stage of regional policy is needed in order to cope with numerous regional and local problems, identified on the actual stage: disproportions of social and economic development, demographic burden, high unemployment rates, especially in the rural area; uncompetitive economic environment, minor role of private business and small and medium enterprises, etc.

The issue of local self-government in Belarus has a major impact on the success, ownership and sustainability of regional development policies in Belarus. The strong centralisation of power since 1994 substantively suppressed the development of local self-government by strengthening the control over the local authorities. Though they possess a number of important competences the legislation gives much wider competences to the executive committees – bodies of direct state government appointed by the president and not elected. Local councils, deficient of financial and organisational resources, have exclusively a consulting role of approving centralised decisions drained down vertically and have no real possibility to influence the executive bodies.

Such over-centralisation is laborious both for central government which has to interfere for minor issues that could be decentralised, and for the local level, having to struggle for resources and decisions to solve purely local problems.

Moreover, the Belarusian legislation foresees personal responsibility of the managers of regional and local authorities for attaining the directive indicators of social-economic development. These indicators are set at central level which in its turn does not stimulate proactive approach. The above mentioned preconditions prevent the emergence of bottom-up push in setting and lobbying the priorities of a region thus increasing regional attractiveness.

Feeble organisational and financial capacities of the local authorities are caused by the existing setup central/local governance structure. The high contribution level of the regional and local budgets (60% in average) results in dependence of local and regional budgets from the national budget, and does not stimulate local dynamism and leadership. Predominantly administrative redistribution measures of regional development are used instead of incentive mechanisms which proved to be highly efficient.

In order to overcome these problems, a new approach to regional development should be elaborated and implemented. In line with the provisions of the EU cohesion policy as well as with the aims of the Eastern partnership, regional development in Belarus should promote the following priorities: improving the attractiveness of regions and cities, encouraging innovation, entrepreneurship, knowledge economy, creating more and better jobs, investing in human capital. The emphasis also should be put on the possible self-government reform that could include serious changes of the self-government system. Capacity building of the regional and local actors, including communities and NGOs is seen as a prerequisite for the above mentioned policies. The involvement of the private sector in the regional policy can be ensured in accordance with world practice by the means of the widely promoted by the government Law on public-private partnership. A systemic approach (including economic, social dimensions) needs to be adopted, as well as coordination mechanisms between major stakeholders at national and regional levels.

Although Eastern Partnership top up for Pilot Regional Development Programmes (PRDP) is foreseen only for 2012-2013, the approach to be used in the implementation of the current AF

should be fully consistent with the provisions of the PRPD, based on the assumption that regional and local development would remain a priority area for EU assistance in the years to come.

2.2. Lessons learnt

Past EU interventions were done mainly through grants under the Institution Building Partnership Programme, Decentralised Cooperation and European Instrument for Democracy and Human rights, and Cross Border Cooperation programmes. Other donors also rarely targeted regional and local development issues in the country. One of the very few examples is the World Bank's Small Grants programme and UNDP's promotion of Local Agendas 21 in the context of National Sustainable Development Strategies.

The main lessons learnt are as follows:

- (a) The grant programmes showed that simple project design and absence of heavy reform agendas are success factors in Belarus as the Government is keen to deliver immediate and visible results/benefits to the population.
- (b) In its regional and local components, the project draws on past experience and on-going EU project namely 'Area Based Approach to Local Development implemented at Gomel Region in the context of post-Chernobyl recovery of the area which involved local authorities and civil society organisations in developing sustainable development strategies. The project has proved that the community building approach is an effective tool of local development in specific country context. The additional success factor of the project was the existence of the operational Gomel Regional Agency for economic development created in 1997 in the framework of a TACIS project. It facilitated the dialogue between the communities and the authorities and took administrative managerial burden related to the project implementation. However it should be noted that such a structure doesn't exist in other regions, and there is no clear institutional status in the governmental management structure. Thus other solutions need to be found in each region involved in project implementation.
- (c) Previous experience with organisational and registration problems can be overcome by means of a multi-dimensional approach, with involvement of national, regional and local authorities. Involvement of the UNDP and other UN agencies contributes to coordinated donor approach to the issue through further donor coordination meetings when deemed necessary.

2.3. Complementary actions

- ù EU thematic instruments such as Investing in People, Non State Actors and Local authorities and the European Initiative for Democracy and Human Rights.
- ù European Parliament pilot project 'Enhancing regional and local cooperation through the promotion of EU regional policy at a global scale' aims at building up knowledge and experience of regional policy in the framework of the strategic partnership between the Commission and third countries and to co-operate with and assist international organisations in building new regional partnerships in this field. It is open for Belarus participants starting from 2011. The actions supported will include the organisation of events, information activities, study visits, networking and studies. Necessary measures will be taken to avoid duplication of activities within the two programmes.

- ù The territorial cooperation projects under the Regional Indicative Programme ENPI East for the financial years 2011 – 2013 are currently been identified. The projects aim to replicate the model of cross-border cooperation programmes implemented at the external borders of the EU, to the borders between partners, without the involvement of any EU Member State. Project priorities should include the promotion of economic and social development in regions on both sides of common borders, promotion of local cross border “people-to-people” actions.
- ù Germany funds a project called "Programme of Support to Belarus", which focuses activities on sustainable development on local level ("Local Agenda"). The programme requires joint Belarus and German participation.

2.4. Donor coordination

The EU Delegation in Minsk organises on a regular basis donor coordination meetings with EU Member States, as well as with all major donors active in Belarus, in order to adjust actions in the priority areas of assistance. Donor coordination meetings take also place in Brussels on a regular basis. Such coordination is organised in compliance with the principles of the Paris Declaration and is aimed to ensure maximum aid effectiveness. Sectoral working group of donors on regional development policies is expected to be set up shortly. Close consultations with the UNDP office, which has collected a wide experience on local development policies are led permanently. Regarding the coordination with national government, the leading role is attributed to the TACIS National coordination unit (NCU established in 1992. Its main mandate is to assist with programming and implementation of the EU technical assistance along with the Ministry of Economy and Ministry of Foreign Affairs, Aid coordination. And maintaining and fostering links between donors, and donor coordination activities.

3. DESCRIPTION

3.1. Objectives

Overall Objective: To promote sustainable regional development in Belarus.

Specific objectives:

- 1) To develop the competences of the Belarusian national authorities in regional development management.
- 2) To develop competences and capacities of Belarusian regional and local authorities in regional and local development management.
- 3) To enable citizens at local level to take an active part in decision making concerning the socio-economic and cultural development of their communities.

3.2. Expected results and main activities

Component 1: Expected results for the objective 1

- ù New cycle of planning (strategic revision and operational planning) at national and regional level completed, prepared for delivery.
- ù Capacities for financial resource planning, management and procurement developed (at short, medium and long term).

Component 2: Expected results for objective 2

- ù Absorption capacities of regional authorities strengthened enabling effective utilisation of financial and other resources in the sense of enabling the identification, financing and implementation of regional projects (projects of economic and social infrastructure, environmental, innovative and technology support projects etc.).

Component 3: Expected results for objective 3

- ù Enhanced skills and capacity among (community-based) civil society organisations and local authorities.
- ù Public awareness raised on participatory governance. Policy recommendations produced based on practical experience at the grassroots level will allow to spread outside the initial coverage area of the project, drawing on competences developed in the communities themselves. National debates, information dissemination and lobbying will take place.

Indicative activities for component 1

- ù Legal and institutional needs assessment of the current regional development framework;
- ù Policy recommendations on regional development planning and management;
- ù Drafting of a single methodology for national regional development planning including legal, budgetary and fiscal impact;
- ù In-depth trainings for the officials, seminars and study visits;
- ù Assistance in mid-term and long term financial forecasting and resource distribution;
- ù Creation of a feedback mechanism through institutional strengthening of the information collection and analysis system on the basis of the Scientific Research Institute of Economy (SRIE).

Indicative activities for component 2

- ù Assessment of weaknesses and gaps of the current institutional framework and subsequent implementation;
- ù Identification of major counterparts needs and development priorities;
- ù Capacity building and training of the counterparts in four selected Oblasts of Belarus (in principle Mogilev, Gomel, Brest and Vitebsk, since they represent a good combination of bad socio-economic development indicators, geographical coverage and experience in the implementation of EU funded programmes);
- ù Assistance to elaborate ad hoc studies to identify regional development priorities;
- ù Elaboration of the comprehensive plan for regional development, including financing planning.

Indicative activities for component 3

- ù Roundtables at regional and local level to familiarise with the project, its modality and terms of partnership;

- ù Establishment of partnerships with local/regional stakeholders;
- ù Social mobilisation for creation of support structures (community organisations);
- ù Training/study visits and other support for institutional capacity building;
- ù Participatory planning and mainstreaming of community plans;
- ù Micro-project proposal preparation, appraisal, approval and funding of community projects (under seed grant);
- ù Implementation and handover of community projects;
- ù Documentation on best experiences and policy recommendation;
- ù Raising public awareness on cross-cutting issues.

3.3. Risks and assumptions

Risks

- 1) The scepticism and resistance for changes from some of ministries (difficulties to implement Objective 1- national level) and regional or local authorities. Risk mitigation measures: (a) A clear legal framework of regional development policy, necessary planning and implementation systems is developed and submitted to the Government of Belarus for approval/approved. (b) Strong political will towards establishment of regional development policy in country is officially declared; key strategic documents are in a process of development and approval by the Government.
- 2) Local residents are hesitant to participate and co-finance the community based projects or micro-actions. Risk mitigation measures: Strong communication and visibility actions to be envisaged (as learnt from the UNDP implemented Gomel pilot project).
- 3) Global/national financial crisis may continue causing difficulty in cost-sharing from the local partners. Risk mitigation measures: National and local commitment towards this initiative should mitigate this risk. Regional development policy is supported on the highest level, thus, local budget support is expected to be intrinsic.

Assumptions

- 1) The Government of Belarus stays committed to the issues of regional and local development and its officials take part in the project activities.
- 2) Administrations of Oblasts (regions) are interested, committed and ready to collaborate with donor initiatives aimed at challenges in field of planning and implementation of Regional development.
- 3) Local authorities and communities establish fruitful dialogue and show interest in grant programmes.
- 4) Residents of the target regions are interested in the active involvement in development and implementation of community based projects.
- 5) Staff with sufficient qualification and experience is available.

3.4. Crosscutting Issues

Special attention has been and will be paid to the crosscutting issues identified in the European Consensus on Development. The interventions planned under each of the components above will be carefully monitored to ensure compliance with the criteria of democracy, gender equality, good and democratic governance and human rights. During the project implementation interventions will be monitored for their potential environmental impact and where appropriate an Environmental Impact Assessment will be commissioned during the project design phase.

3.5. Stakeholders

At national level: the Ministry of Economy and other relevant governmental institutions linked to regional and local development (for example, ministries on social policies, health, etc...) and the associations and NGOs acting on national level.

At regional level: the Oblasts administrations, Regional Development Agencies (Regional affiliations of Institute of Economic Research), regional branches of the governmental bodies and associations and NGOs acting at regional level

At local level: the District, City (Municipalities), Township, Village Executive committees (Local Communities), the local branches of the State authorities and associations and NGOs. The participation of civil society organisations and of local and regional communities is essential to the successful implementation of the project. A participatory approach would be pursued in order to facilitate involvement of key state and non state actors in all stages of the preparation and implementation of this action.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Component 1: National Level - Direct centralised management (service/supply contracts).

Component 2: Regional level - Direct centralised management (service/supply contracts).

Component 3: Local level – Joint management through the signature of an agreement with UNDP in accordance with Article 53d of the Financial Regulation. The international organisation complies with the criteria provided for in the applicable Financial Regulation and is covered by a framework agreement concluded with the Commission (Financial and Administrative Framework Agreement - FAFA). The contractual model that will be used is a Standard Contribution Agreement with an International Organisation.

Considerations will be also given to joint management with UNDP for Components 1 and 2 if warranted by the political situation and the EU relations with Belarus.

4.2. Procurement and grant award procedures

4.2.1. Direct Centralised management

Components 1 and 2: All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the European Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the ENPI. Further extensions of this

participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in article 21(7) of the ENPI.

4.2.2. *Joint management*

Component 3: All contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by UNDP.

4.3. **Budget and calendar**

The total project cost is estimated at EUR 13.47 million, of which EUR 13.07 million will be financed from the general budget of the European Union, and EUR 0.4 million by UNDP. The indicative breakdown per component is as follows:

Categories	EU Contribution (EUR)	UNDP Contribution (EUR)	Own Resources (EUR)	Total (EUR)
Component 1, national level	1,035,000			
Component 2, regional level	8,035,000			
Component 3, local level	4,000,000	400,000		
TOTAL	13,070,000	400,000		13,470,000

The indicative operational implementation period is 48 months from the signature of the service contracts and/or contribution agreement.

4.4. **Performance monitoring**

Components 1 and 2. Objectively verifiable indicators (OVI), both qualitative and quantitative, will have to be part of the methodologies included in the technical proposals. Given the demand-driven character of the programme, the final OVIs must be designed properly and should be further revised at the start of the third year (second year for Component 3) to make sure that they are ambitious enough without being overambitious.

Component 3. The monitoring of the day to day implementation will be carried out by UNDP under its standard procedures, based on benchmarks to be agreed with the project beneficiaries. It includes periodic assessment of progress and delivery of specified project results towards achievement of project objectives. Key indicators for performance monitoring will include such items as number of partnerships signed, community organisations formed, projects implemented.

4.5. **Evaluation and audit**

The project will be evaluated/audited according to standard Commission procedures. Mid-term and/or final evaluation of the results achieved are envisaged. An appropriate allocation for each component should be set aside for this purpose.

4.6. Communication and visibility

Communication and visibility activities should follow the EU Visibility & Communications Manual and also should be fully in line with the developments in the overall EU/Belarus relation, given the particular politically sensitive context. The projects will aim, whenever possible and in line with EU's policy towards policy, for a widespread dissemination of its achievements and results as well as awareness-raising and image building through inter alia, project websites, electronic newsletters and outreach to the media. On starting activities communication and visibility plans will be prepared and submitted to the EU Delegation for approval, as per the EU Visibility & Communications Manual.