

Annex 2 - Annual Action Programme 2012 for Belarus

1. IDENTIFICATION

Title/Number	Green Economy in Belarus (ENPI/2012/023-517)		
Total cost	EU contribution: EUR 12 million		
Aid method / Method of implementation	Project approach – direct centralised management and joint management with UNDP		
DAC-code	41010	Sector	Environmental policy and administrative management.

2. RATIONALE

2.1. Sector context

The concept of a green economy has evolved in the last years from theoretical discussions to the mainstream of policy discourse. It is now at the core of the **Rio+20 UN Conference 2012** devoted to sustainable development, and it has been thoroughly addressed during the "**Environment for Europe**" conference in Astana in September 2011. The United Nations Environment Programme (UNEP) defines a green economy as one that results in improved human well-being and social equity while significantly reducing environmental risks and ecological scarcities¹. In a green economy, growth in income and employment are driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services. The driving forces to green economy are spread in two sectors: industries, derived from natural capital (agriculture, fishing, forestry, etc.) and industries, which may be defined as "built capital" (transportation, energy, manufacturing).

The recent Commission Communication "**Increasing the impact of EU Development Policy: an Agenda for Change**" proposed that the EU should work more intensively on green economy mechanisms and renewable energy sources use in order to achieve the Europe 2020 Strategy. In particular, it proposed that EU technical assistance in the environmental field should concentrate on sustainable and transparent management of natural resources, including raw materials, waste and ecosystem services. A 'green economy' approach in environmental management can generate growth, create jobs, support investments in natural capital and cleaner technologies, increase energy efficiency, low-carbon development, and help to reduce poverty. All are of high importance in Belarus.

The green economy concept is still relatively new for Belarus. While the country has developed a sufficient legal framework in the field of environmental protection and rational use of natural resources, more needs to be done. Current documents guiding environmental policy in the Republic of Belarus include the "National Strategy of Sustainable Social and Economic Development in the Republic of Belarus to the period to 2020" and the "National Action Plan on Rational Use of Natural Recourses and Environmental Protection of Belarus until 2025". These documents identify the basic priorities: the reduction of harmful

¹ Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication (2011). UNEP, 2011.

environmental impacts; the restoration of natural ecological systems; improvements in waste management; sustainable territorial development; conservation of biological and landscape diversity; and minimising the negative impact of climate change.

During the last decade environmental problems have received increased governmental interest and support. The Government of Belarus concentrates its efforts towards achieving European standards and has developed legislation and implemented (or is implementing) many national programmes. Belarus participates in most of the regional programmes funded by the EU as it co-operates well with other bilateral and multilateral donors.

However, there are still many environmental problems to be addressed: The Government of Belarus needs a general concept and guidelines enabling it to develop an integrated and consistent environmental policy in line with the latest European achievements and intentions; specific legislative acts need approximation with EU standards; and Belarusian specialists need more contacts, trainings and exchange mechanisms including information data bases, professional experience, best practices etc.

Indeed, beside consultant services per se, the country needs more practical examples of how the concept of green economy works in real terms, meaning that some sectors produce economic effects and create working places being at the same time "green", sustainable and modern. This kind of things is best promoted through the implementation of pilot projects both at central and local level. For example, the fourth component of this project would be aimed at the central level by constructing a sustainable and economically feasible wind installation for the generation of green energy. Besides a strong demonstrative effect, the pilot project will have synergy effects, if combined with other governmental or donors' efforts (for example, combining installations into a small wind park). Small local initiatives will be done under the components implemented by UNDP and with the participation of environmental NGOs. These initiatives would be spread among different districts of the country and different sectors (forestry, wetlands, fishing, agriculture, etc.). While being small in money spent terms, their cumulative effect would be large in terms of visibility and economic multiplier effect.

2.2. Lessons learnt

Lessons learned from previous assistance provided in this area include:

- It is essential that technical assistance is designed and provided in close co-operation and co-ordination with the beneficiary to increase the sense of ownership and the participation of the Belarusian authorities in the activities of the project.
- Technical assistance tends to be more efficient when there is only one beneficiary (the Ministry and its institutions). This avoids the competition for resources and responsibilities and the delays on the decision making process.
- Assistance projects have to be tailor-made and need to be focused on each country's specific requirements.
- Training of specialists, improved equipment and the transfer of skills required to manage it, regional and local components, and pilot projects have better chances to be successfully implemented than a broad and ambitious reform agenda.

2.3. Complementary actions

Belarus co-operates on a regular basis with different international organisations on environmental issues: European Commission, United Nations Development Program, World Bank, USAID, SIDA² etc.

EU environmental projects in Belarus

Regional projects (ENPI East)

- **"Waste Governance-ENPI East"** (ENPI/2009/170-782) for the promotion of sustainable use of natural resources and reduction in environmental risks and pollution.
- **"Air Quality Governance in the ENPI East Countries"** (ENPI/2010/232-231), aimed to support and increase the quality of air and fight with global fighting.
- **"Towards a Shared Environmental Information System"** (SEIS) (ENPI/2000/210-629) helps to develop the capacities of the relevant authorities in the areas of cooperation, networking, monitoring, data management, assessment and indicator-based reporting on the environment.
- **ENPI FLEG** being implemented by the World Bank, the International Union for conservation of Nature and the WWF, combats the threats to forests posed by illegal logging, trade, poaching and corruption.
- Upcoming projects: **CLIMA EAST, Green Economy in Eastern Partnership Countries and Capacity Building on Access to Environmental Info.**

EU- Belarus bilateral cooperation (all implemented through UNDP)

- AAP 2006 **"Support for environment and sustainable development in Belarus"** (TACIS/2008/158-128) aimed at promoting environmental protection and sustainable development at central and local levels, by supporting (i) institutional capacity (ii) active involvement of communities' in local decision-making and (iii) public awareness initiatives.
- AAP 2008 **"Support for the development of a comprehensive framework for international environmental co-operation in the Republic of Belarus"** (ENPI/2008/019-597) which promotes the sustainable use of natural resources through the update of Belarus' environmental policy framework in such a way as to bring the country closer to international or, where applicable, EU concepts and; to demonstrate viability of waste management and nature protection policies implemented in practice using appropriate technology and with participation of citizens; to ensure involvement of the Belarusian citizens and their associations in achieving environmental policy objectives at the local level, and in areas where social participation should be encouraged, notably via citizens' involvement in pilot projects.

Other donors' programmes

In the field of environment the second biggest donor after the EU is the **Global Environment Facility (GEF)** with the UNDP as an implementing agency. Current GEF/UNDP projects are concentrated mostly on wetland conservation.

² Swedish International Development Agency.

However, in 2013 UNDP is planning to launch the implementation of the GEF project "**Removing Barriers to Wind power Development in Belarus**". Therefore, the pilot of the GREEB project would complement their activities in promoting wind (green) energy in Belarus.

SIDA is now in a programming phase and is considering a significant tranche for the environment, and in particular waste management and biodiversity.

The **World Bank**, partly financed by EU, is implementing the FLEG project, devoted to forestry. Besides, WB is concentrating its efforts on energy efficiency measures and the reduction of the effects of the Chernobyl disaster. The on-going WB/GEF Persistent Organic Pollutants (POPs) Stockpile Management Project is focused on POPs³ pesticides and PCB waste improved management and destruction.

USAID has signed an agreement with UNDP, and in April 2012 will start the implementation of UASID's project "Local Entrepreneurship and Economic Development" devoted to agro- and ecotourism.

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 (UNDP, World Bank, SIDA, EBRD etc.), in order to adjust actions in the priority areas of assistance and avoid overlapping. Donor coordination meetings devoted to environmental cooperation take place on regular basis. One meeting took place at UNDP in November 2011, where the draft of Project Identification Fiche was presented. UNDP organised a further donor co-ordination on environmental matters in December 2011 and in January 2012 there was a meeting with environmental NGOs where the ideas of this project were presented and met vivid interest.

3. DESCRIPTION

3.1. Objectives

The **overall objective** of the project is the promotion in Belarus of green economy driving forces (legal rules, economic stimulus etc.) through support to the relevant national efforts at policy, legislative, institutional and operational levels.

The **specific purposes** are the following:

- To identify and develop the main mechanisms of green economy development and to provide institutional and legislative support to the Ministry of Environment in this regard;
- To extend international co-operation between Belarus and the EU, including sharing information on environmental data; and to intensify people to people contacts by the transfer of EU knowledge, skills, experience and technologies to the personnel of the Ministry of Environment and its regional bodies;
- To promote green economy decision making and production/consumption patterns via the implementation of pilot projects at local and central level and visibility/public awareness projects.

³ PCB is an abbreviation of Poly Chlorinated Biphenyl. High-voltage transformers, high-voltage capacitors, and ballasts, represent products that used PCB.

The first two purposes would be achieved via Component 1 activities, while the third purpose would be reflected in activities of Components 2-4, which are aimed at the operational (demonstrational) level.

3.2. Expected results and main activities

The action would include the following **components**:

Component 1. Legislative and institutional support to the Ministry of Environment [Public sector on central level (Ministries)];

Component 2. Greening Belarusian economy: investments in natural and built capital (ecotourism, agriculture, waste etc.). [Public sector on local and regional level with support of regional branches of the Ministry of Environment and local authorities, as well as public Eco-Info centres];

Component 3. A grant line for Belarusian NGOs for €2 million (up to €200,000 per grant) for the activities related to the promotion of green economy in Belarus. [Non-state sector (NGOs) which will contribute by their small actions to overall value of the project];

Component 4. Wind installation (the feasibility study and technical specifications for the tender were prepared within AAP 2007). [Public Sector – Ministry of Energy will be the beneficiary].

Expected results and activities under Component 1:

- Belarusian legislation is "screened" for the existence/lack of green economy legal acts/mechanisms/principles;
- European and ENPI countries experience is properly analysed and studied;
- International co-operation between Belarusian and European specialists is intensified, as well as an expansion of shared environmental data is provided;
- The concept of green economy and its main elements and mechanisms are defined and their proper legislative and institutional support is elaborated;
- Tender dossier for the wind installation is checked, updated; after the tender, proper supervision is provided;
- Institutional framework for greening Belarusian economy is created;
- Legal acts aimed at the creation and improvements of "green stimulus" and economic mechanisms are elaborated.

Expected results and activities under Component 2:

- An Informational campaign on green economy is elaborated;
- Existing EcoInfo-centres are supported and strengthened;
- Work with local authorities on green economy driving forces and stimuli;
- Small green initiatives are defined and supported in the framework of waste/water management, biodiversity, ecotourism, creation of eco-business centre etc.

Further scope of the work will be determined during the development of the Description of Action of the Contribution Agreement with UNDP, all activities within this component would be tightly coordinated under Component 1 and the EU regional project "**Green Economy in ENPI countries**" (which is supposed to start in 2014) and other donors' activities.

Expected results and activities under Component 3:

- Call for proposals is launched;
- Successful applications are chosen and projects are implemented.

Environmental NGOs would implement the projects with a "green economy" component. Their grants would be devoted to the activities and investments in both – natural and built – capital and promotion of the ideas of green economy at local level (activities supporting ecotourism, biodiversity projects aimed at bird or fish conservation, activities at wetlands etc, projects on waste management, renewable energy promotion etc.). An essential part of this component is public awareness, EU visibility and general support to Belarusian NGOs.

Expected results and activities under Component 4:

- Wind generation is installed and handed over to the beneficiary [Ministry of Energy].

It is expected that the feasibility study and the technical specifications for the wind installation of 2 MW would be prepared within the activities of the AAP 2007 (Contract 2010/241-290) for which the beneficiary has given preliminary approval. This small wind installation would have a limited operational value but large demonstrative effect. It would not hamper competition in the electricity sector (which is 100% State) or bring profits to the State company (rather on contrary, as green energy is subsidised by special tariffs). However, it would contribute to the State efforts to increase energy mix and reduce dependence on gas, as well as promote renewable energy. This pilot is expected to have a multiplier effect for industrial development. This wind installation would be added to an existing one for the creation of a small wind park, which would reduce infrastructure costs and increase the efficiency. About 10-15% of the overall costs would be borne by the Belarusian side (provision of land, infrastructure costs, costs for geo-maps, land surveys etc).

3.3. Risks and assumptions

The assumptions related to pilot project implementations are as follows:

- Project registration is done in time (the risk of delay is minimal due to the fact that registration is already launched, and the government has already approved the project);
- The project Steering Committee is able to make timely decisions on individual outputs of the project that influence the results of the project;
- Recipient organisations provide sufficient collaboration in take-over, start up and operation of pilot projects.

The following risks are important for consideration in the process of the project implementation:

- Low political willingness to work on strategic documents;

- Delays due to Belarusian bureaucracy for the implementation of any similar pilot projects (design approval, land grant);

Overall, risks can be reduced through the involvement of the concerned stakeholders (authorities) – including the Government nomination of the beneficiary authority of the pilot project - at all stages of the project preparation, as well as during project implementation where project benefits will be largely demonstrated and disseminated to its governmental and non-governmental beneficiaries.

3.4. Cross-cutting Issues

Promoting green economy essentially contributes to a number of cross-cutting issues, including good governance, environmental sustainability, gender equality and human rights. The identification of these issues and how to address them are included in the NIP 2012-2013 under priority 1 – "Good governance" and priority 2 – "People to people contacts".

3.5. Stakeholders

Belarus concentrates environmental management responsibilities via the Ministry of Natural Resources and Environmental Protection (MNREP) which operates both centrally and at oblast (regional) level. Its oblast committees work in close conjunction with the regional councils to apply the provisions of environmental legislation. MNREP is responsible for the preparation and implementation of environmental legislation, and the development of national action plans and state programmes on environmental protection for the regulatory and licensing mechanisms.

Other targeted partners include:

- Ministry of Energy, the Department of Energy Efficiency and the State Committee on Standardisation "Gosstandart" (responsible for renewable energy sources promotion);
- The regional and municipal authorities where pilot projects are implemented;
- Local businesses; citizens and their associations (NGOs) able and willing to participate in implementing the environmental strategy, monitoring the enforcement of environmental rules, and participating in the pilot projects.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Component 1: Direct centralised management (service contract).

Component 2-3: Joint management through the signature of an agreement with UNDP in accordance with Article 53d of the Financial Regulation. This 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.

UNDP has a long and successful track on the implementation of EU projects in Belarus and experience in managing small grant schemes under an area based development approach and for environmental issues. It has adequate capacity in the country and is the lead UN agency under the policy of 'deliver as one' and can call upon the expertise of other agencies as

required. It should be noted that there are few country offices of other international organisations in Belarus which also have limited capacities, and those which may be considered as relevant to the project such as UNEP or OECD are not present. The activities cover public and non-State sector but are not related to the limited private sector.

Component 4: Direct centralised management (works contract).

The change of management mode constitutes a substantial change except where the Commission "re-centralises" or reduces the level of tasks previously delegated to the beneficiary country, international organisation or delegated body under, respectively, decentralised, joint or indirect centralised management.

4.2. Procurement and grant award procedures

4.2.1. Direct Centralised management

Components 1 and 4: 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

Components 2 and 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 budget for this action will be **€12 million**, including evaluation, audit, visibility and contingencies. The indicative operational duration of the project is **60 months** as from the entry into force of the respective Financing Agreement.

Budget line / result area	Type of contract	Indicative Budget € million
1. Legislative and institutional support of the Ministry of Environment and its regional branches.	Service contract (Technical Assistance)	2.0
2. Greening Belarusian economy	Contribution Agreement	3.0
3. NGO support grant line	Contribution Agreement	2.0
4. Wind installation	Works contract	5.0
Total		12.0

4.4. Performance monitoring

Components 1 and 4: 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.

Components 2 and 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.

Evaluation/verification of the joint management component(s) will be according to the Financial and Administrative Framework Agreement between the European Commission and the United Nations (FAFA).

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.

Communication and visibility activities of the joint management component(s) will be according to the Financial and Administrative Framework Agreement between the European Commission and the United Nations (FAFA).