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Annex 2: Action Fiche for Belarus

1. IDENTIFICATION

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| Title/Number | Capacity Development Facility to support the design and implementation of sector programmes under the ENPI Annual Action Programmes, and support effective management and coordination of EU assistance in Belarus CRIS no. ENPI/2010/22379 | | |
| Total cost | EU contribution - €1million | | |
| Aid method / <i>Method of implementation</i> | Project approach <i>Direct centralised management</i> | | |
| DAC-code | 43010 | Sector | Multisector aid |

2. RATIONALE

2.1. Sector context

The main priorities of EU assistance to Belarus, under the European Neighbourhood Policy (ENP) and the European Neighbourhood and Partnership Instrument (ENPI) are identified through the Country Strategy Paper (CSP) for the period 2007-2013 and the National Indicative Programme (NIP) covering the period 2007-2010, which has been extended also to cover 2011. The NIP identifies two priority areas of assistance to Belarus: "Social and Economic Development" and "Democratic Development and Good Governance".

The ENPI - as successor to TACIS - provides for a sector approach to programming. Three Annual Action Programmes (AAPs) stemming from the NIP have already been developed, and the programmes for 2010 and 2011 are presently being designed.

The AAP 2007 relates to the Energy Sector, the AAP 2008 deals with the Environment. The AAP 2009 mainly relates to quality infrastructure in the food production, but also included €1.5 million technical assistance to support implementation of previously mentioned AAPs as well as to provide technical assistance to the National Coordinating Unit (NCU). The AAP 2010 will mainly focus on quality infrastructure in the area of energy efficiency.

These sector programmes are all formulated in such a way as to link with a national initiative - be it a strategy or a reform programme. Such an approach, coupled with the adequate capacity of the authorities to implement these programmes, is designed to ensure Government ownership. Furthermore, these programmes have the objective of supporting the development of the regulatory environment of a particular sector and to promote the active involvement of local authorities and civil society in the application of principles and provisions.

Furthermore, the midterm review of NIP 2007-2011 concluded that the positive developments in Belarus during 2008-2009 were limited and thus have not changed the EU's strategic objectives towards Belarus, as identified in the current CSP of democratic development and good governance, and socio-economic reform. Therefore, the overarching objectives of the strategy remain the same. However, significant changes in EU-Belarus relations since 2006 have intensified technical cooperation. In particular Council conclusions in 2008 supported the intensification of technical cooperation initiated by the Commission with Belarus in areas of mutual interest with a view to strengthening links with the administration and population. Following these Council conclusions the Commission has launched technical talks in the following areas: energy, transport, environment, customs, norms and standards. Other areas such as migration, asylum, border management, economic

and financial issues, and regional and local development remain high on the cooperation agenda, even though no formal technical talks are taking place.

Further Council conclusions in 2009 welcomed the increased high-level EU–Belarus political dialogue, the establishment of a Human Rights Dialogue, the intensified technical cooperation and the participation of Belarus in the Eastern Partnership, as ways of building mutual understanding and creating opportunities to address issues of concern. The Council invited the Commission to make a proposal for a joint interim plan to set priorities for reforms, inspired by the Action Plans developed in the framework of the European Neighbourhood Policy, to be implemented with Belarus. The Council also invited the Commission to prepare recommendations in view of obtaining negotiating directives on visa facilitation and readmission agreements with Belarus, with a view to the possible adoption of these negotiating directives once relevant conditions are met.

In view of the above, and the increasing number of technical cooperation initiatives being organised, it is anticipated that there will be a need to strengthen the capacity of Belarusian institutions endowed with the responsibility of identifying, programming, implementing and monitoring future sector programmes. Moreover, support will be needed for the formulation of initiatives agreed within the bilateral technical talks aiming at strengthening institutional capacities in the areas of mutual EU and Belarusian interest, such as energy, environment, standardisation, area based development, local and regional development, integrated border management, migration, transport, trade and trade-related matters. The proposed measure envisages the delivery of preparatory technical assistance.

Another cooperation instrument – Twinning - could be made available to Belarus in the future, once relevant conditions are met. The proposed measure includes technical assistance for preparatory measures to develop the basis upon which Belarus would be able at a later stage to possibly launch Twinning operations, starting with support to the establishment of a Programme Administration Office (PAO) within the national coordination structures.

This measure will provide support for the reform of donor coordination that the Government of Belarus intends to carry out in the coming months. This reform comprises the creation of a single National Coordination function and structure.

2.2. Lessons learnt

The majority of Belarusian institutions have limited if no knowledge of the requirements for successful implementation of EU assistance programmes. However, Belarus has featured prominently in the list of performing countries drawn up annually by the External Monitoring Team. The analysis of this data shows that once commitment and ownership by Belarusian partners is secured, projects are usually successful. However, this data does not reflect the difficulties experienced before projects come to the implementation phase, such as the administrative burden of a lengthy and opaque registration process.

2.3. Complementary actions

As experience has shown, there is a clear correlation between the areas identified as priorities in the ENP AAPs and the sectors whose responsible ministries and agencies have been the most active in requesting various forms of assistance, most notably TAIEX.

The TAIEX instrument has been made available to Belarus as part of the intensified technical cooperation between the European Commission and Belarus in the second half of 2008. Following its launch Belarus has shown considerable interest in using various modes of TAIEX assistance, mostly in the sectors mentioned above, although the instrument is still unfamiliar to certain key Belarusian institutions

The European Commission has been implementing under TACIS AP 2005-2006 a project aimed at supporting the National Coordinating Unit to develop its capabilities in view of the introduction of the new ENPI in Belarus. This action has been continued via the TANCU project, which will run until the end of 2010, which complements and builds on the experiences gained by the above TACIS project.

The AAP 2009 includes a measure to support the capacity of the National Coordinating Unit to act as the office of the National Coordinator, thereby increasing effectiveness of coordination and implementation of EU external assistance by Belarusian authorities, and to build the capacity of specific Belarusian ministries and agencies responsible for the implementation of existing sector programmes under the ENPI Annual Action Programmes.

Preparatory Comprehensive Institution Building activities that can be used in particular to support the implementation of a possible future joint interim plan will be taken into account by the facility.

2.4. Donor coordination

Currently the Ministry of Economy (MoE) is the leading institution coordinating donors' financial support in Belarus with activities being coordinated by the Ministry of Foreign Affairs (MoFA). The national contact point for TAIEX operations is also at the MoFA. The National Coordination Unit is specifically in charge of the coordination of EU assistance with other donors and line ministries. Since late 2008, the NCU also deals with the TAIEX instrument in a complementary role as provider of information on the matter to authorities in Minsk and in the regions.

In March 2010 Belarus signed the Paris Declaration on Aid Effectiveness and has launched the process to notify OECD secretariat about this fact. Following the signature of the Paris declaration key institutions in charge of international technical assistance (the Ministry of Economy and the Ministry of Foreign Affairs) have launched a debate concerning institutional reform of aid coordination.

This debate focuses upon creating a dedicated agency to deal with all aspects of international technical assistance including donor coordination. It is envisaged that this agency would be subordinated to the Council of Ministers and would serve as a consolidator of Belarus' strategies vis-à-vis cooperation with donors. It is envisaged that this agency if pursued will incorporate the current NCU.

3. DESCRIPTION

3.1. Objectives

Overall objective:

The general objective of this facility is to support the objectives of the CSP and NIP 2007-2011 by providing assistance to selected Belarusian institutions to effectively contribute to coordinating the design and implementation of ENPI Annual Action Programmes, and to develop an effective national system for the coordination of Technical Assistance, including the set-up of a PAO that among other tasks could assist in the preparatory work for the establishment of possible future Twinning arrangements in Belarus.

Specific objectives:

- To build the capacity of the key institutions, bodies and entities to comply effectively with its international commitments including those deriving from the participation of Belarus in the Eastern Partnership, as well as in their national reforms and development programmes.
- To complement the actions in the frame of the ENP annual programming exercises, as well as to support implementation, follow up, monitoring and evaluation of those actions, in whichever form, in the areas and sectors recognised as being of mutual interest (including energy, energy efficiency, environment, standardisation, regional and local development, migration, asylum, trafficking, visa, good governance, economic reform, integrated border management, transport, regional and rural development).
- To support the development of an effective national system for the coordination of Technical Assistance (TA), including the set-up of a Project Administration Office (PAO) that among other

tasks could assist in the preparatory work for the establishment of possible future Twinning arrangements in Belarus.

3.2. Expected results and main activities

The project expected results are:

Effective support provided for the establishment of the new and effective national coordination mechanism for TA in place, representing a strategic counterpart for the planning and programming of TA by the EU and other donors, and resulting in quicker project registration. This includes the set-up of a PAO that among other tasks could assist in the preparatory work for the establishment of possible future Twinning arrangements in Belarus. The employees of the PAO and representatives of various state institutions are trained to elaborate, coordinate and implement future EU funded projects, including possible twinning projects; and specific arrangements are designed to monitor and oversee the implementation of EU funded projects, including possible future twinning projects.

- Effective support to the preparation of sector-based interventions, to the drafting of programme fiches and the identification of Belarusian governmental and non-governmental partners.
- Effective support is provided to raise specific capacity in partner institutions involved in planned country programmes.

3.3. Risks and assumptions

Risks:

Beneficiaries do not fully utilise the potential of this Facility within their structures due to the relative inexperience of most institutions concerned with the implementation of EU assistance and inability to solve legal and administrative barriers for the successful implementation of the projects.

The new coordination agency and the PAO do not receive the appropriate mandate and resources to fulfill their role.

The Government does not provide sufficient political support to the reform processes supported by the technical assistance projects designed under this measure.

Setbacks in the areas human rights and democracy could result in reluctance of the Member states to provide assistance via the mechanism.

Assumptions:

Commitment by the Belarusian Government to the implementation of agreements between the European Union and Belarus. The European Union pursues its ENP policy and enhanced technical cooperation with Belarus in priority sectors.

Belarus pursues the objective of improved relations with the EU, as well as pursues its efforts to modernise its administration. The Government continues and enhances its donor coordination effort and supports improvement of decision-making processes in line with European practice.

The political situation allows for further technical cooperation between the European Union and Belarus.

It is also assumed that the Belarusian beneficiaries will contribute to the logistical arrangements to ensure the successful implementation of this programme.

3.3. Crosscutting Issues

Good governance and human rights: increased knowledge of EU policies and governance systems will raise democratic standards; the implementation of activities included in this measure shall lead to

ensuring transparency of public administration processes, both in institutional and operational terms. Through achieving this, it will contribute to establishing a system of public administration based on the rule of law, respect of citizens' rights and ensuring accountability of public finance management structures.

Gender balance: The proposed measure has no direct impact per se on gender balance. However, certain activities funded by the measure may be designed to improve gender equality, or may have otherwise an impact on this issue.

Environment: The measure could potentially complement a future AAP 2008 sector- support in the environment sector.

The key stakeholders will be the concerned society groups, policy-setting and implementing ministries and agencies and also, though indirectly, the community of donors. The proposed measure will impact first and foremost on the policy-setting and implementing agencies; however enforcement of EU-compliant procedures should rapidly lead to involving civil society and the business community.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Direct centralised management

4.2. Procurement and grant award procedures

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.

4.3. Budget and calendar

The programme foresees an envelope of €1 million. Necessary provision for audit, evaluation and communication/visibility activities will be incorporated into each action (see sections 4.5 and 4.6 below).

The foreseen operational duration is 48 months from the signature of the service contracts. Evaluation and audit activities may take place after this period.

4.4. Performance monitoring

The project will be monitored according to standard European Commission procedures. Project monitoring and evaluation will be based on periodic assessment of progress on delivering of specified project results and towards achievement of project objectives. Suitable objectively quantifiable indicators will be agreed between the contracting Authority and project partners.

4.5. Evaluation and audit

The sub-projects to be defined under the measure may undergo financial audit, as foreseen by the standard procedures, which foresee that such audit be properly budgeted under each of such sub-projects. Evaluation can also take place, if so decided by the European Commission.

4.6. Communication and visibility

Proper communication and visibility of the measure will be achieved via widespread dissemination of project achievements and results (to be budgeted under each project), as well as international visibility of EU funded projects, for which a specific budget will be allocated (section 4.3).