



**The European Union's ENPI Programme
for Belarus**

**INTERIM TECHNICAL ASSISTANCE
FOR THE NATIONAL COORDINATING
UNIT IN BELARUS**

**EU Technical Assistance Coordination
Mechanism.**

Discussion document.

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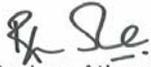
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LIST OF ABBREVIATIONS

CBC	Cross Border Cooperation
CITC	Commission for ITC
CU	Coordinating Unit
EC	European Commission
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood Partnership Instrument
ERI	Economic Research Institute
EU	European Union
FWC	Framework contract
GOB	Government of Belarus
ITA	International Technical Assistance
ITC	International Technical Cooperation
M&E	Monitoring and Evaluation
MFA	Ministry of Foreign Affairs
MOE	Ministry of Economy
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
NC	National Coordinator
NCU	National Coordination Unit
PBA	Programme Based Approach
PD	Paris Declaration
PM	Project Manager
SPSP	Sector Policy Support Programme
SWAp	Sector Wide Approach
STE	Short-Term Expert
TA	Technical Assistance
Tacis	EU Technical Assistance programme to the CIS
TC	Technical Cooperation
TL	Team Leader
TNA	Training Needs Analysis
TOR	Terms of Reference

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INTRODUCTION

Within the framework contract 'Beneficiaries 2009 - LOT 7: Governance and Home Affairs' provision was made under Service Contract No. 2011/276902 (Identification Number EuropeAid/127054/C/SER/multi) for interim support to the National Coordination Unit in Belarus.

The project TOR specifies that the project team *drafts an enhanced and effective mechanism of coordination of EU technical assistance involving key stakeholders.*

This paper sets out to be no more than a document for discussion. It does not make recommendations but instead raises issues and possibilities. Being in a somewhat sensitive environment, the project has taken particular care not to implant the idea that particular changes are desirable or sought by either the EC or the government. Decisions concerning the adoption and implementation of new structures for the national coordination of EU assistance are for others, to whom we hope this paper will be a useful contribution. The views expressed in this report are the sole responsibility of this project's experts, not those of the NCU, the MOE, the MFA or the European Commission.

EXECUTIVE SUMMARY

This report seeks to provide guidance to the European Union Delegation in Belarus (EUD) with regard to future assistance in support of the NCU as the main interlocutor involved in the programming and implementation of EU assistance in Belarus.

The project team has examined two solutions: short-term and long-term.

The short-term solution is to allocate NCU functions to the unit in the Ministry of Economy.

The long-term solution envisages restructuring of the aid coordination system following the aid effectiveness principles. This would involve the overhaul of the entire system of aid coordination.

1. PURPOSE

The objective of this paper is to propose possible structural improvements to the mechanism of coordination of EU technical assistance by a National Coordinating Unit (NCU) in Belarus.

2. THE NEED FOR EFFICIENT EU ASSISTANCE COORDINATION IN BELARUS

In March 2010 Belarus officially joined the Paris Declaration on Aid Effectiveness. Following the PD principles means that having a well-structured and effective mechanism of coordinating the application of external assistance should be just as important for the partner state as for the external assistance providers. All development partners support the view that the recipient partner states accept responsibility and take the lead in this, mainly by providing clear strategies and priorities that can be used to guide and target assistance, and that the partner state has the ability to implement its policies with credible, stable and professional mechanisms used by the assistance providers to cooperate with and contribute to.

Donors require a counterpart in the government who, besides playing a major role in coordination and strategy development, can provide on-going advice and support to improve the effectiveness of cooperation, ensure the necessary administrative frameworks, obtain the necessary authorisations, disseminate information and most importantly, support and keep the National Coordinator informed and advised on the status of cooperation. The EC makes it clear that, while it is responsible for the administration of the programmes of EU assistance, it does not wish to define or limit the participation of the partner state or an NCU. This is a matter for the partner state.

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In addition, a case can be made that – in the absence of a strong, centralised coordination mechanism backed by a sense of political ownership on the part of policy makers – the character of assistance relations with donors with different interests and approaches requires a multi-faceted approach (see a case study on the assistance coordination structure in the annex). This may well be particularly the case where EU assistance is concerned.

3. CONSULTATION AND SOURCES OF INFORMATION

Consultations in relation to the preparation of this report have not been as wide as they should have been but they have been thorough. In many cases in the absence of facts, conclusions had to be drawn.

The starting point was a study of the relevant reports prepared by the previous TANCU project. Then there were meetings with key stakeholders during the project Inception phase. On the basis of these meetings the project team prepared two coordination schematics: one favoured by the MOE and one favoured by the MFA.

On 29 May the project organised a round table meeting of key stakeholders.

The project team has also examined the legal framework relevant to the current assistance coordinating structure.

4. CURRENT SITUATION REGARDING EU ASSISTANCE COORDINATION IN BELARUS

4.1. National structures

The following institutions are involved in coordination of EU assistance in Belarus: (i) the National Coordinator, (ii) the National Coordinating Unit, (iii) the Unit for Cooperation with International Organisations and the Coordination of Technical Aid in the Ministry of Economy, (iv) the European Cooperation Department in the Ministry of Foreign Affairs, and (v) the Commission for International Technical Cooperation (CITC). See schematic in the **Annex 1** for the relations between these bodies.

There is no centralised coordination system of all external assistance in Belarus. The system is quite fragmented. There are more than 12 public administration institutions (including TEMPUS, ERAZMUS MUNDUS, TRACECA, INOGATE, etc.) involved in coordination of external assistance in Belarus. The table below shows the division of responsibilities among the public administration institutions for cooperation with various donors based on the Council of Ministers' Decision No. 1504 'On the Cooperation with International Organisations', 30.10.2002.

The system needs a complete overhaul for the simple reason that in 2010 Belarus joined the Paris Declaration on aid effectiveness. A lot of things have happened to improve the delivery of aid worldwide since 2002 when this document was signed, e.g. the ONE UN process¹.

¹ The One UN process builds on the existing reform agenda set by UN member states, which asked the UN development system to accelerate its efforts to increase coherence and effectiveness of its operations in the field to reduce fragmentation and transaction costs.

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Table. List of Public Administration Institutions responsible for cooperation with International Organizations

	Public Administration Institution	TA Donor/International organization
1.	Ministry for Foreign Affairs	<ul style="list-style-type: none"> - World Trade Organization (WTO) - European Union (EU) - International Atomic Energy Agency (IAEA) - United Nations Educational, Scientific and Cultural Organization (UNESCO) - World Cultural Heritage Foundation - Safeguarding of the Intangible Cultural Heritage Foundation - United Nations Children's Fund (UNICEF) - Office of the United Nations High Commissioner for Human Rights (OHCHR) - organization for Security and Co-operation in Europe (OSCE) - Organization for Economic Co-operation and Development (OECD) - Council of the Baltic Sea States (CBSS) - Central European Initiative (CEI)
2.	Ministry of Economy	<ul style="list-style-type: none"> - European Bank for Reconstruction and Development (EBRD) - International Development Association (IDA), WB - International Bank for Reconstruction and Development (IBRD),WB - International Finance Corporation (IFC), WB - United Nations Industrial Development Organization (UNIDO). TA projects. - United Nations Development Programme (UNDP). TA projects. - UN Economic Commission for Europe (UNECE)
3.	Ministry of Natural Resources and Environment Protection	<ul style="list-style-type: none"> - World Meteorological Organization (WMO) - Committee on Environmental Policy (UNCEP) - United Nations Environment Programme (UNEP)
4.	Ministry of Internal Affairs	<ul style="list-style-type: none"> - International Organisation for Migration (IOM) - United Nations High Commissioner for Refugees (UNHCR)
5.	Ministry of Health	<ul style="list-style-type: none"> - World Health Organisation (WHO)
6.	Ministry of Information and Communications	<ul style="list-style-type: none"> - Universal Postal Union (UPU) - International Telecommunications Union (ITU)
7.	Sports and Tourism Ministry	<ul style="list-style-type: none"> - World Tourism Organization (WTO)
8.	Ministry of Labour and Social Protection	<ul style="list-style-type: none"> - International Labour Organisation (ILO)
9.	Ministry of Finance	<ul style="list-style-type: none"> - International Monetary Fund (IMF)
10.	State Customs Committee	<ul style="list-style-type: none"> - World Customs Organization (WCO)
11.	State Committee on Science and Technologies	<ul style="list-style-type: none"> - World Intellectual Property Organization (WIPO)
12.	National State TV and Radio Broadcast Company (Belteleradio)	<ul style="list-style-type: none"> - European Broadcasting Union (EBU)

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The three key institutions share their responsibilities for EU aid coordination as follows

<i>No</i>	<i>Institution</i>	<i>Donor</i>
1	National Coordinating Unit	EU
2	Unit for Cooperation with International Organisations and Coordination of Technical Assistance, MOE	UNDP, UNIDO, UN ECE, EBRD World Bank
3	European Cooperation Department, MFA	EU bilateral

These three bodies have specific roles to play in EU aid programming and implementation according to pre-established functions:

- ✚ **The NCU** deals with the operational management of the ENPI and the provision of information and communication; as a department of the Institute for Economic Research of the Ministry of Economy it carries out analytical work related to external assistance;
- ✚ **The Unit for Cooperation with International Organisations and Coordination of Technical Assistance (CIO&CTA), MOE** is responsible for the approval, registration and monitoring of EU projects in the country. During the programming phase the MOE assists EC programming missions with the identification and establishment of programming priorities. The MOE unit is also responsible for the preparation of the National Programme for International Technical Assistance (ITA NP), coordination and monitoring of its implementation. The CIO&CTA unit is charged by the GOB to coordinate programmes of the following donors: UNDP, UNIDO, UN ECE, World Bank and EBRD.²
- ✚ **The European Cooperation Department, MFA** is formally responsible for EU external assistance in Belarus and has unconditional authority to coordinate the EU technical assistance to Belarus (according to the decision of the Council of Ministers No. 1504 "On the cooperation with international organizations" from 30 October 2002). In the programming phase the MFA department performs the following functions: (i) acts as a central communication and coordination point on behalf of the government, (ii) cooperates with the competent ministries and other stakeholders in the identification and establishment of priorities, as well as formulating project proposals during the programming process, (iii) performs supervision of the programming process, (iv) provides information to the government on the process of programming EU assistance.

The European Cooperation department is formally charged with fulfilling the TAIEX National Contact Point (NCP) function. In real terms it relies on the NCU to provide information on the TAIEX programme to public institutions.

4.2. Key problems.

- (i) National Coordinator (NC)

² Council of Ministers' Decision No. 1504 on the 'Cooperation with International Organisations', 30.10.02

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The National Coordinator's formal title is still 'Tacis National Coordinator'. His mandate and functions are regulated by the Council of Minister's Regulation No 621 re "The National Coordinator and the Tacis Programme Coordinating Unit in the Republic of Belarus", 30 May 1997. **The NC title is outdated.**

In the last couple of years the NC's function during the programming phase has been limited to one function - signing the annual Financing Agreement with the EC after its adoption by the government.

Currently there is no National Coordinator in Belarus. Mr Kobiakov, the last NC was nominated Ambassador to Russia in 2011. Since then the NC's position has been vacant.

(ii) National Coordinating Unit (NCU)

The NCU's formal name is the Coordinating Unit for the EU Tacis programme in Belarus. The functioning of the NCU is regulated by the COM Regulation No 1050 signed on 12 August 1997. **It is only mandated to coordinate EU Tacis assistance**, the coordinating of other donors' programmes being the remit of the CIO&CTA Unit at the Ministry of Economy.

Formally the **NCU mandate expired** with the ending of the EU Tacis programme (the last Tacis project ended in February 2012). Nevertheless, the NCU continues to deliver information provision/public awareness and to carry out the operational function of assisting EC programming missions and beneficiary institutions in the preparation and implementation of EU assistance.

(iii) The Unit for Cooperation with International Organisations and the Coordination of Technical Aid in the Ministry of Economy (CIO&CTA Unit) and the European Cooperation Department in the Ministry of Foreign Affairs (EC department)

The round table meeting on 29 May between the MOE, the MFA and the NCU revealed that there is no consensus between the MOE and the MFA units re the future of the NCU. For the meeting the project prepared two schemes for restructuring favoured by each ministry based on the previous discussions with the MFA and the MOE.

The MFA unit is quite happy with the existing situation, saying that it is not perfect but it delivers the services. The MFA unit does not, however, object to minor revisions being made to the NCU name, statute and functions. See **Annex 2** for details.

The MOE unit, on the other hand, sees a major problem with the mere revision of the NCU name, statute and functions, saying that the whole system of external assistance coordination must be revised, and that there is no sense in reviewing the NCU functions alone. See **Annex 3** for details. The head of the MOE unit (though not formally responsible for EU assistance) is strongly of the view that the NCU be restructured so that reports directly to him. The MOE unit cannot simply take over all NCU responsibilities because of the lack of necessary human resources (there is a restriction on the increase of civil servant positions in LMs).

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The lack of any clear division of responsibilities between the institutions involved in the external assistance coordination process is clearly a problem and indicates that the legal framework needs to be updated.

5. POSSIBLE IMPROVEMENTS

Under this section the project team considered possible short-term (3-12 months) strategies to improve the system of EU assistance coordination in Belarus. We also encourage the readers to have a look at the case study in **Annex 4** based on the situation in Moldova, the country chosen by the European Commission as the best country for implementing reforms in the Eastern Partnership.

Prior to examining possible alternative institutional settings for the NCU, several assumptions of varying importance had to be made in order to ensure that each variant met essential criteria and were assessed on an equal basis.

5.1. Assumptions and criteria

For the purposes of this exercise the following assumptions were made:

- The government has an interest in optimising the use of EU assistance.
- The government takes a leading role in devising strategies, defining the needs and priorities for sustainable development and coordinating the implementation of external assistance.
- The government has limited funds and the requirement for resources must be subjected to a cost-benefit analysis.
- The NCU coordinates all EU assistance.
- The NCU is on the same elevated level as the other public bodies dealing with other donors.
- The National Coordinator has to be a Minister and preferably also a Deputy Prime Minister.

To meet certain essential criteria the following rules were applied:

- The structure should be simple and cost effective.
- The reporting and command lines should be clear.
- The responsibility and authority of individuals and bodies should be clearly delineated.
- The structure should allow for and facilitate a two-way dialogue between government and donors.
- Account must be taken of the 'traditional' normal institutional hierarchy and it must be possible to legislate for the proposed institutions.
- Good horizontal and vertical coordination between the responsible bodies must be facilitated.

5.2. Alternative institutional settings for the National Coordinating Unit in Belarus

Option 1. No change to the present situation.

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This option is to leave the Tasic CU as a Department of the Economic Research Institute under the Ministry of Economy **as it is now**.

This option has the strong support of the MFA. The disadvantage of this option is that it leaves the NCU in a limbo with outdated legislation, an outdated mandate and no authority to perform its activities.

Option 2. Revised name, statutes and functions.

This option is similar to option 1 - maintaining the existing NCU but **revising its name, statutes and functions**. The main advantages of this option are as follows:

- Saving public resources (does not require additional budget funding);
- Saving time. The process of getting the necessary approvals from various government bodies is reduced considerably (requiring only the amending of the NCU New Statute Resolution of the Council of Ministers);
- The previous TANCU project has already prepared draft legislation to carry out the necessary changes³.

Time schedule for revising the NCU legal status

No.	Item	Duration (days)
1.	Draft Resolution submitted to the Council of Ministers	3
2.	Draft Resolution approved by the Ministry of Economy, Ministry of Foreign Affairs, Ministry of Taxation, Committee of State Security, Ministry of Finance	10-30
3.	Draft Resolution approved by the Ministry of Justice	5
4.	Draft Resolution approved by the Administration Office of the Council of Ministers	15
5.	Resolution issued by the Council of Ministers	2
	TOTAL	35-55

The main opponent of this option is the MOE unit, which maintains that this would be only a half way solution, and that it is necessary to restructure the system of aid coordination in the country as a whole.

Option 3. Unit within the Ministry of Economy

Under this option the Unit for Cooperation with International Organisations and the Coordination of Technical Aid in the Ministry of Economy (CIO&CTA Unit) takes over the current Tasic CU functions and becomes the National Coordinating Unit. Its

³ EU TANCU project 'Support to the NCU in Belarus' STE report 'Enhancing the capacity of the NCU to suit the new environment', 06 April 2010

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establishment builds on what already exists and only requires some internal reorganisation of the Ministry of Economy.

It might not be perfect for all stakeholders but it more than adequately meets all their needs and functions.

The advantages of this option are as follows:

- The unit acts as secretariat of the Commission for International Technical Assistance, bringing the NCU closer to the decision makers, including the National Coordinator/ Chairman of the Commission.
- The head of unit reports directly to the Minister of Economy/Deputy Chairman of the Commission.
- The aid coordination system is less fragmented, because the unit is already in charge of coordinating the activities of the other five donors.

The drawbacks are as follows:

- The main opponent of this option is the MFA. A consensus between the MOE and the MFA is required in order to implement this option.
- Existing legislation must be amended to transfer/share responsibility for EU assistance coordination from the MFA to the MOE.
- Additional staff to be hired by the MOE unit to cover additional functions. This could be a problem because of the government restriction on the increase of the number of civil servants. (The existing Tacis CU staff are not civil servants but scientific research staff of the institute).

Option 4. The Minister of Economy becomes National Coordinator

This option is as 2 above but the Minister of Economy/Deputy Chairman of the Commission for International Technical Assistance becomes National Coordinator, which makes the NC more accessible to stakeholders. The NCU remains in its current position at the institute and acts as the NC's office in parallel with the MOE unit/Commission's secretariat. See **Annex 5** for details.

This option has been discussed with the institute director and the MFA unit. The MFA unit does not support this option because the NC's status would be lowered.

5.3. Evaluation of the considered options

Four possible institutional settings for the NCU were explored above. In order to ensure that each received the same consideration and to make objective comparisons, we carried out an evaluation test. This exercise also served as a basis for discussion to further refine and consider our conclusions. The test is not 'scientific' and any interpretation of the results should be done with caution as the criteria have differing importance and the scores are not weighted to reflect these relative values.

Several criteria were selected. Others, looking at the problem from a different viewpoint, might have made a different selection and would certainly give them different importance; hence in this exercise the scores have not been weighted. From our varied viewpoints we may have seen some things more clearly while missing others altogether. Nevertheless, the aim was to reflect the requirements of all parties.

After each criterion was discussed, clarified and agreed on, the four evaluators (2 from the NCU and 2 from the TANCU project) gave scores of between 0 and 5 (worst to best) to each possible institutional setting. This inevitably led to detailed discussion on many

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related aspects that had not previously been apparent or fully appreciated, and this sometimes resulted in changed opinions or new ideas. The total scores and the main assumptions that could be drawn are given below (see **Annex 6**).

- Option 1 received the worst score - 'No change to the present situation' – 223 marks (4th place). Its low score was not surprising and perhaps more than anything reflects its perceived lack of status, its vulnerability and its inappropriateness to perform its functions following the demise of the Tacis programme.
- In 3rd place is option 2 – 'Revised name, statutes and functions' – 360 marks. Though, in theory, relatively easy to implement (estimated 35-55 working days), in practice this option was not implemented despite having been proposed by the previous TANCU project in 2010.
- The second best is option 4 – 'the Minister of Economy becomes the National Coordinator' scoring 393 marks. This option differs from the winning option by only 1 point, making these two options almost equally acceptable.
- The best option is option 3 – 'Unit within the Ministry of Economy' – 394 marks. This option scored surprisingly well. Its main drawback is its possible inability to provide continuity of staff and easy access to Civil Society Organisations (CSOs). It was deemed to be generally satisfactory as far as TA is concerned.

According to this evaluation, the limitations of which must be borne in mind, and previous analysis, the two feasible options worthy of further consideration for the NCU are as follows

- A unit within the Ministry of Economy or
- A change in rank of the National Coordinator to that of the Minister of Economy.

6. Aid coordination system taking into consideration the Paris Declaration principles

Under this section the project team will provide overall guidance on how to improve the system of aid coordination following the principles of aid effectiveness.

6.1. Dimensions of Development Assistance Coordination⁴

The international community recognizes different dimensions of development assistance coordination. These three dimensions of coordination can be seen as three "stages"⁵:

1. **Donor coordination** refers to the specific mechanisms and arrangements agreed within the donors' community to improve their effectiveness as partners in the development process. It is a subset of aid coordination.
 - ✓ main drive usually comes from the development partners,
 - ✓ government usually plays a passive role at this stage (lack of systems to deal with aid or to engage with the donors in policy dialogue, etc.)
2. **Aid coordination** refers to the established mechanisms and arrangements that country governments and donors have agreed on in order to maximize the effectiveness of external aid for development at national or sector levels. It is a subset of development coordination.

⁴ Setting up a more effective aid coordination mechanism in Serbia, 2011

⁵ Review of Coordination Mechanisms for Development Cooperation in Tajikistan, 2009

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- ✓ more proactive engagement of government counterparts
 - ✓ setting up of the foundations of improved aid forecasting, accounting and aid management systems on the government side.
3. **Development coordination** (at national or sector levels) refers to the **integration of an aid coordination system into the national government systems** (policy-making and implementation, governance, accountability, etc.) that ultimately delivers development results.
- ✓ government increasingly taking the lead in policy design and implementation,
 - ✓ effective mechanisms for management of all government resources
 - ✓ efficient mechanisms of cooperation between the government and the community of development partners integrated with government mechanisms and systems.

Aid Effectiveness Principles

- ❖ **national leadership and ownership** in aid coordination,
- ❖ **alignment with national** planning, programming, monitoring and reporting **processes, strategic documents and priorities,**
- ❖ **complying with EU requirements and established systems and procedures for programming of EU funds,**
- ❖ **using existing national** planning, programming and monitoring **structures and procedures,**
- ❖ **improved harmonization and coordination among donors' activities and priorities in each sector,**
- ❖ **best use of limited resources to improve efficiency.**

Donor or aid coordination efforts alone will not achieve significant development results unless they are effectively integrated within national development planning and governance structures and systems. In other words, the aim of coordination is not just “aid effectiveness” but “development effectiveness”.⁶

All three types of coordination use different instruments and at different levels (national, cross-sector, sector, local, programme, etc.). The major challenge lies in the adequate definition of sectors and provision of appropriate levels of coordination.

6.2. Sector Wide Approach and Programme Based Approach

Programme-based approaches (PBAs) have been defined as a way of engaging in development co-operation based on the principle of coordinated support for a locally owned programme of development. A sector-wide approach (SWAp) is a programme-based approach operating at the level of an entire sector. In EC terminology these are the Sector Policy Support Programmes (SPSP). It is a method of working that brings together governments, donors and other stakeholders within any sector. It is characterized by a set of operating principles:

- government leadership
- developing a single sector policy (ideally a policy that addresses private and public sector issues) and a common realistic expenditure program (budget framework);

⁶ Boesen N, Dietvorst D. SWAps in motion: Sector wide approaches: from an aid delivery to a sector development perspective, 2007.

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It is important to keep in mind that a SWAp and programme-based approach can be implemented without any external funding at all, with the purpose of strengthening coordination, coherence and efficiency in relation to desired results in a certain area.

- formalizing a process for donor co-ordination and harmonization of donor procedures for reporting, budgeting, financial management and procurement
- making efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation.

The SPSP model is seen as an important approach to enhancing aid effectiveness, mostly through improved efficiency that would result from better aid coordination where the focus is put on developing and strengthening sector policies and institutional arrangements.

6.3. Effective Aid Coordination in Belarus

Belarus signed the Paris Declaration on Aid Effectiveness in March 2010, thus agreeing to address some of the issues in improving the aid delivery system in the country. If the Government is keen to make its external assistance coordination mechanism more efficient and to ensure that all funds are directed towards the implementation of the Government's strategic programme, then radical restructuring of the current system of aid coordination is needed. At present the external assistance coordination system is still conceived as parallel to the Government's objectives and is focused more on the means of implementation rather than the end result.

It is clear that the present assistance coordination system is ill-adapted to what is a rapidly changing environment and that the absence of a comprehensive and systemic approach to assistance coordination and policy monitoring and evaluation will inhibit the GOB's ability to implement its National Strategy for Sustainable Social and Economic Development until 2020 (hereafter the National Strategy) in a timely and coherent manner.

Belarus has a good strategic planning system consisting of its

- National Strategy for Sustainable Social and Economic Development of the Republic of Belarus until 2020 (for 15 years)
- Social and Economic Development Programme of Belarus for 2011-2015, approved by the President's Decree no. 136 dd 11 April 2011
- Sectors' development strategies and programmes
- Public Investment Programme prepared jointly by the MOE and the MOF⁷. (See **Annex 7**.)

There is a need to check/improve the quality of the above documents and ensure closer integration between the National Strategy, the Public Investment Programme (PIP) and external assistance whether in the form of loans or grants and to link PIP preparation with budget preparation, including MTBF. The present Belarusian PIP includes only government funded projects⁸. A good quality PIP is (i) a tool for rational, coherent and transparent investment

⁷Capital budget in Belarus, presentation by Maxim Ermolovich, MOF, at the workshop in Minsk on 14-17 June 2011

⁸Capital Budgeting Practices in PEMPAL Member Countries, slide 29, presentation by Deanna Aubrey, CEF PEMPAL Secretariat, June 2011

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programming and (ii) an instrument for selecting, prioritising and seeking financial support for projects considered as essential for the timely implementation of the country's socio-economic development strategy.

A new legal framework would also have to be drafted.

Equally the Commission for International Technical Cooperation needs to be transformed into a Commission for Strategic Planning in order to drive this process.

If we assume that the purpose of external assistance is to assist the Government in supporting the implementation of its policies, then the focus of the coordination and monitoring and evaluation systems should be upon policy and not external assistance. In the Accession countries responsibility for M&E of EU assistance was transferred to the national authorities and managed through a Joint Monitoring Committee.

Annex 8 shows the proposed external coordination system based on the above principals.

The MOE unit restructured as Secretariat to the Commission for Strategic Planning should have the following divisions:

Programming division responsible for dialogue with IFIs and donors, liaison with the MOF and the MOE and strategic co-ordination of the NDS, PIP, sector strategies and external assistance

Coordinating division responsible for overall coordination of the operational level, ensuring that decisions taken at the programming level are translated into individual loans, programmes and projects and that line Ministries are meeting their obligations

Services division responsible for provision of policy advice and training to the LMs with respect to policy development in line with the Government's socio-economic development priorities and the management of external assistance; and provision of information

Monitoring and Evaluation division responsible for the co-ordination of the monitoring, evaluation and impact assessment of external assistance Monitoring, evaluation and impact assessment of external assistance upon the achievement of national socio-economic development goals would be carried out by subordinate institutions and M&E of programmes and projects would continue to be carried out by the donors.

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7. CONCLUSIONS

1. Institutional framework

- a. There is no National Coordinator at present
- b. There is no consensus between the MOE and MFA re the national coordinating structure
- c. The links between the NCU, MOE and External Relations departments in LMs are poor.

2. Legal framework

- a. The legal framework for the EU coordinating structure is outdated (NC and NCU). At present there is only one government body officially responsible for EU assistance programmes - the MFA. But the MFA due to its status and functions cannot deliver the operational, communication provision and public awareness functions of EU assistance.

3. Short-term solution

The two feasible options worthy of further consideration as good institutional settings for the NCU are as follows

- A unit within the Ministry of Economy or
- A change in the rank of National Coordinator to that of Minister of Economy.

4. Proposal for future aid coordination system

The future aid coordination system could be based on the Public Investment Programme. A good quality PIP is (i) a tool for rational, coherent and transparent investment programming and (ii) an instrument for selecting, prioritising and seeking financial support for projects considered as essential for the timely implementation of the country's socio-economic development strategy.

EU Technical Assistance Coordination Mechanism

5. REFERENCE LIST

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11. Capital budget in Belarus, presentation by Maxim Ermolovich, MOF, at the workshop in Minsk on 14-17 June 2011
12. Capital Budgeting Practices in PEMPAL Member Countries, presentation by Deanna Aubrey, CEF PEMPAL Secretariat, June 2011
13. Setting up a more effective aid coordination mechanism in Serbia, 2011
14. Review of Coordination Mechanisms for Development Cooperation in Tajikistan, 2009

The Council of Ministers of the Republic of Belarus

The Commission on International Technical Cooperation
(CITC)

National Coordinator for the EU Tacis Programme

Ministry of Economy (MOE)
/ CITC Secretariat

Unit for Cooperation
with International
Organizations and
Coordination of
Technical Assistance
(CIO&CTA unit)

Institute for Economic
Research at the MOE

Tacis
Coordinating Unit
(NCU)

Ministry of Foreign Affairs
(MFA)

European
Cooperation
Department

EU FWC TANCU
project

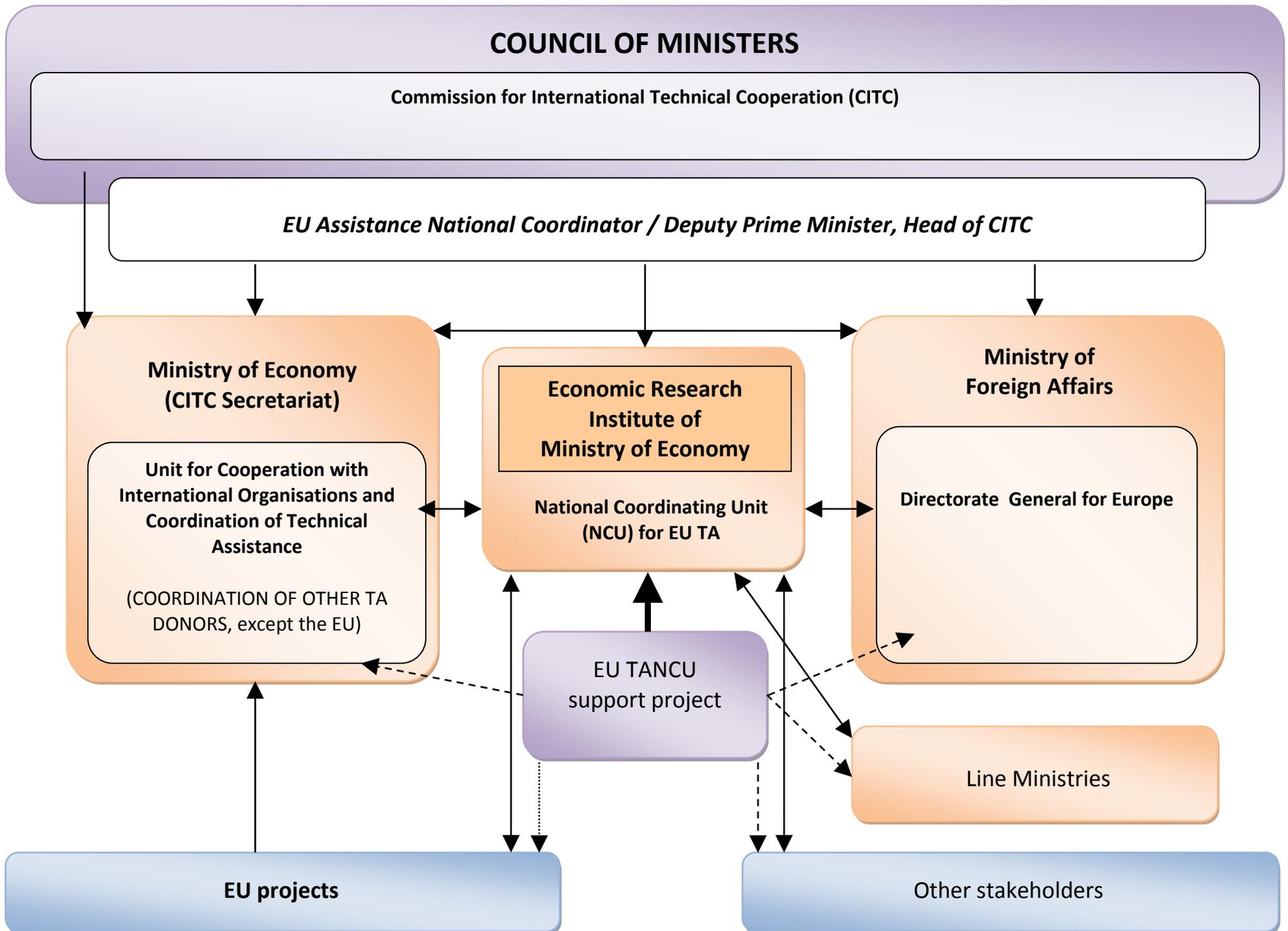
Line Ministries

EU programmes/projects

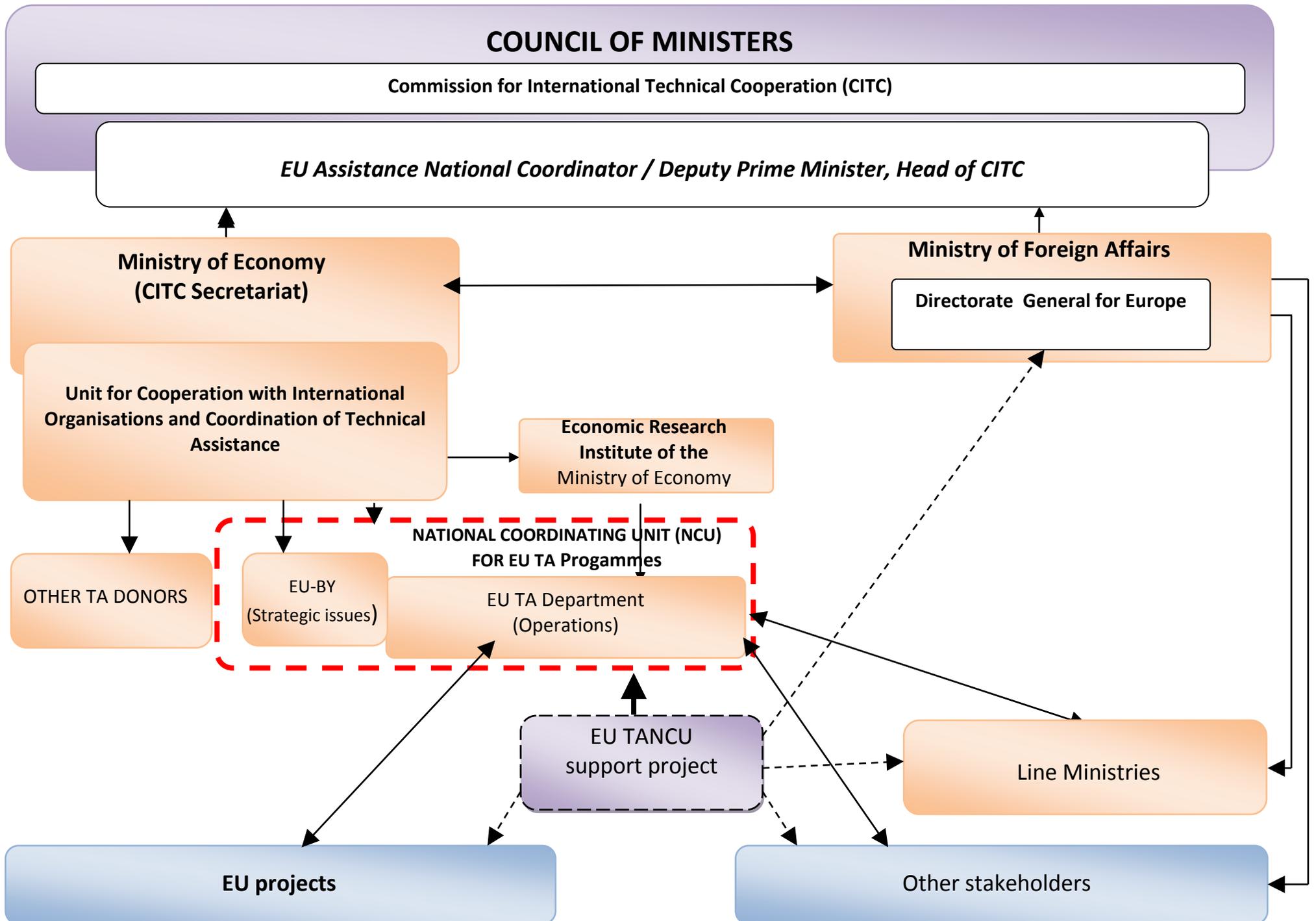
Other organizations and institutions

EU ASSISTANCE COORDINATION SCHEMATIC

Annex 2. SCHEMATIC OF THE EU ASSISTANCE COORDINATION STRUCTURE IN BELARUS (MFA proposal)



Annex 3. SCHEMATIC OF THE EU ASSISTANCE COORDINATION STRUCTURE IN BELARUS (MoE proposal)



CASE STUDY

EXTERNAL ASSISTANCE COORDINATION STRUCTURE IN THE REPUBLIC OF MOLDOVA

We would like to present here the external assistance coordination structure in Moldova covering two distinct periods: (i) prior to the government decision of 2010 to establish a new mechanism for coordination of external assistance and (ii) afterwards.

1. External assistance coordination structure before 2010

The situation regarding external assistance coordination in Belarus seems to have been somewhat similar to the set-up in Moldova at that time.

We will examine the issues concerning:¹

- the composition of the NCU and the nature of its day-to-day work;
- the positioning of the NCU vis-à-vis other coordinating entities within the Moldovan administration;
- the role of the NCU with regard to EC-assistance.

Aid coordination cannot operate well without a limit on the number of responsible actors and a clear distinction between the roles of each actor. Without well-functioning aid coordination, the different donors will not only be tempted, but positively forced to shorten communications lines and enter into direct contact with beneficiaries, without the intermediation of more or less central assistance coordination. This is ultimately detrimental to the best interest of the country, which would benefit substantially from a coordinated approach to developmental problems funded by a variety of donors on the basis of a strong domestic policy. The spirit of the Monterrey, Rome and Paris Declarations, as well as the concept of the Sector Wide Approach (SWAp) all require strong domestic ownership of donor coordination.

1.1. NCU composition and day-to-day work

At that time the NCU (officially known as the Department for Attracting and Coordinating External Technical Assistance) consisted of 4 staff, including the Head of the NCU.

The NCU along with two other departments was located within the Directorate General for External Economic Cooperation (DGEEC) in the Ministry of Economy and Trade (see **Diagram 1**). The Head of the NCU reported to the DGEEC Director.

The NCU was responsible for: (a) organising and coordinating the programming of assistance; and (b) monitoring the efficiency and effectiveness of assistance delivery forms. The NCU dealt only with technical assistance.

Experience in other countries has shown that a separation in responsibility for the coordination of technical assistance from that of other forms of assistance tends to marginalise technical assistance coordination. The reason for this is simple. Both the providers and recipients of investment and financial assistance wish to be closely involved in the delivery of that assistance and resist the involvement of 'outside' advice and coordination.

The NCU's positioning in the overall assistance coordination structure in Moldova was as follows.

¹ Final report of the EU FWC project 'Support to the NCU in Moldova', 2007

Diagram 1 - NCU positioning within the Ministry of Economy and Trade

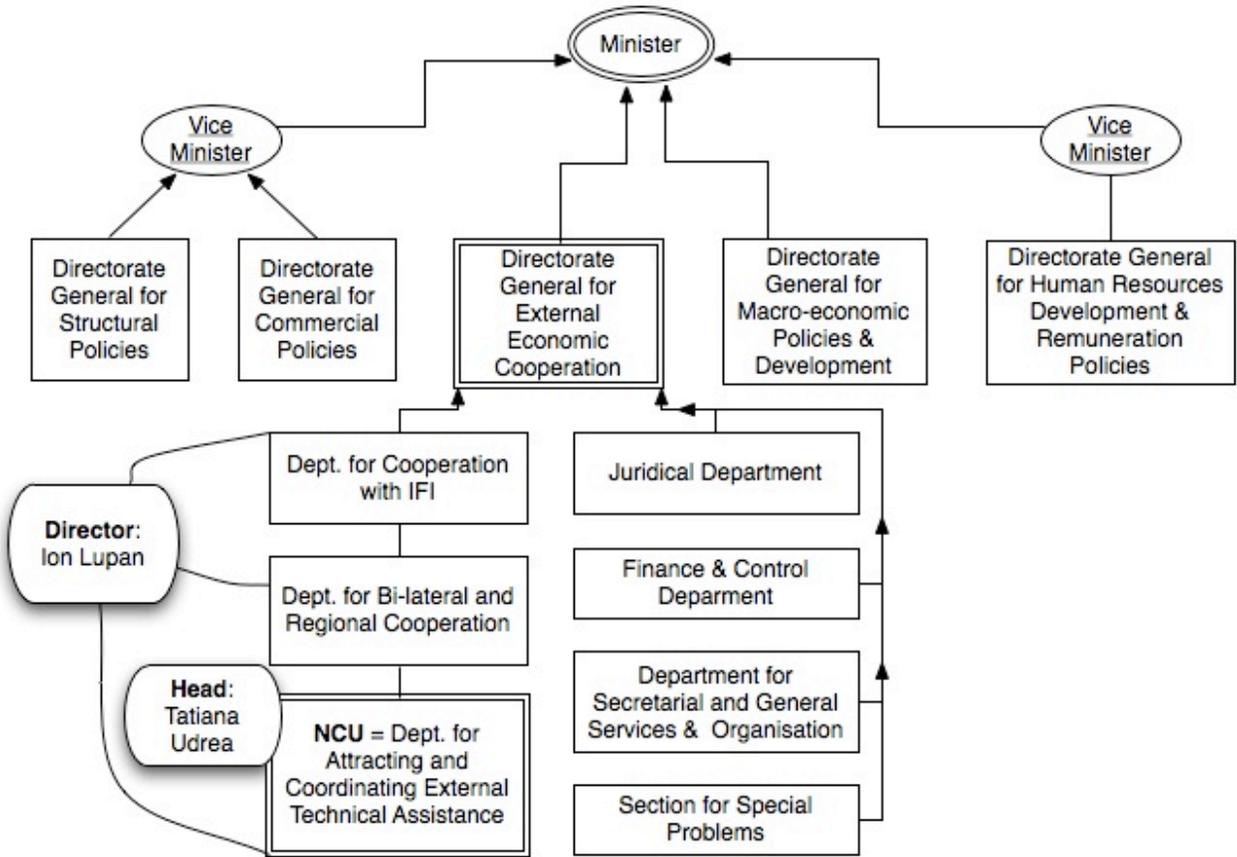
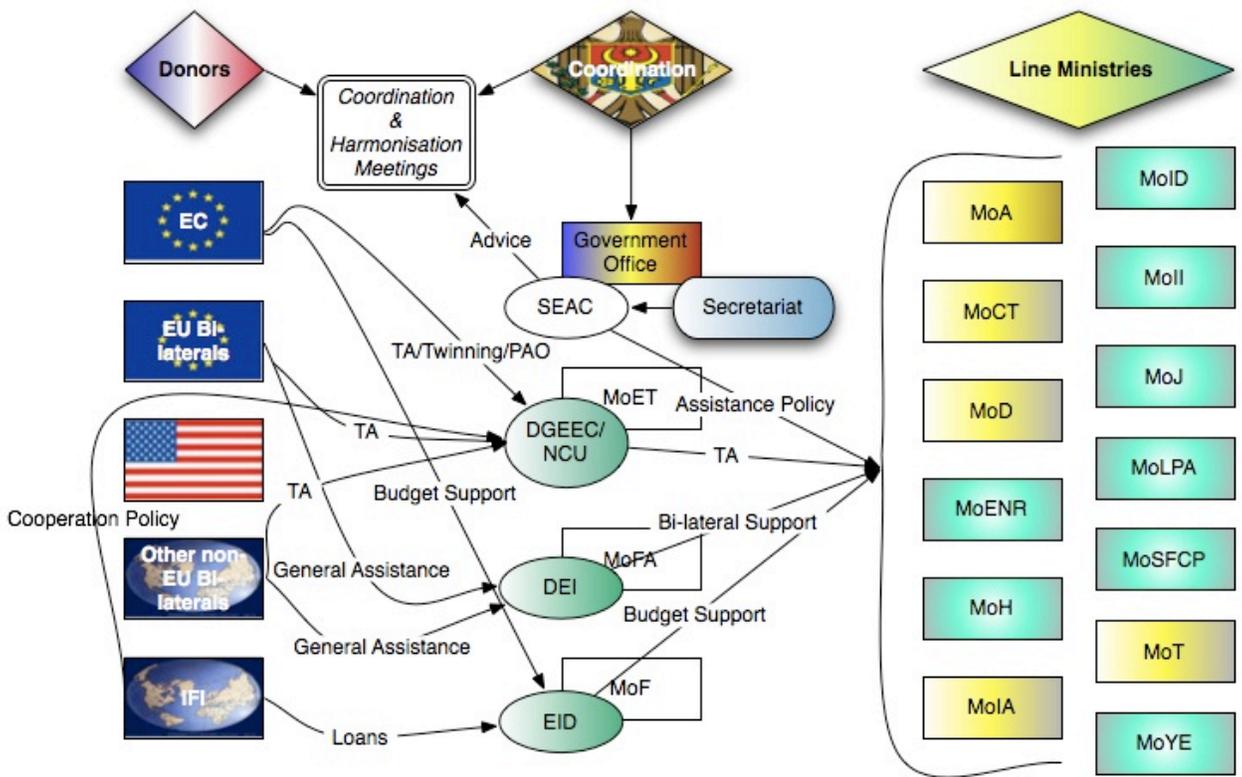


Diagram 2 - Assistance Coordination Structure



Abbreviations	
MoET	Ministry of Economy and Trade
MoFA	Ministry of Foreign Affairs
MoF	Ministry of Finance
DEI	Department for European Integration (of the MoFA)
DGEEC	Directorate General for External Economic Cooperation (of the MoET)
EID	European Integration Department (of the MoF)
SEAC	Sector for External Assistance Coordination (of the Government Office)
Secretariat	UNDP project <i>Secretariat for Aid Harmonisation and Alignment</i> – support to SEAC

1.2. Positioning of the NCU vis-à-vis other coordinating entities

Diagram 2 sets out the pre-2010 assistance coordination structure in Moldova. The structure was a complex one. There were four entities with a role to play in the coordination of assistance:

- the Ministry of Finance;
- the Ministry of Foreign Affairs;
- the Ministry of Economy and Trade [especially its Directorate General for External Economic Cooperation (DGEEC), which encompasses the NCU]; and
- the Section for External Assistance Coordination (SEAC) within the Government Office.

Because the statutes of these various bodies do not deal with aid coordination in detail, it is hard to form a clear picture of the formal distribution of responsibilities between these entities.

The Ministry of Finance deals with financial aspects of assistance flows, including budget support (including that from the EU) and loan financing (from the international financing institutions - IFI). However, some policy aspects of cooperation with the IFI appear to have been dealt with the Ministry of Economy and Trade's DGEEC.

The Ministry of Foreign Affairs appears to have been dealing with the coordination of assistance provided by bilateral donors, although it indicates that it also had a role to play in the allocation of EU assistance, including EU-financed technical assistance.

The coordination of all technical assistance – including EU-financed technical assistance (consultancies, Twinning and TAIEX) – appears to have been the responsibility of the NCU, although the Ministry of Foreign Affairs' Department of European Integration (DEI) seems not always to have shared this view.

All three ministries report to the Government Office, which until the establishment of the Sector for External Assistance Coordination (SEAC) did not exert much influence on assistance coordination as a separate sphere of interest. As a consequence, a lack of clarity attached to the delineation of coordination responsibilities between the MoF, the MoFA and the MoET.

The SEAC Director reports to the First Deputy Prime Minister. In the past the SEAC received technical assistance from the UNDP in the form of the project *Secretariat for Aid Harmonisation and Alignment* (hereinafter 'Secretariat').

The various entities appear to have worked side-by-side, each on the basis of its own perceptions of its duties and mandate, and each with its own contacts with donors and IFIs.

A significant part of the reason for the lack of improvement in the quality of assistance coordination appeared to have been the absence of a clear perception on the way forward, firmly rooted in shared political will. Perhaps the issue was not considered of sufficient importance amidst the many other problems besetting the country to merit the attention of senior policy makers.

Considering this framework and the NCU's organisational positioning, the limited role in aid coordination played by the NCU was not surprising. As **Diagram 1** makes clear, the NCU occupied a position on the policy making ladder at least two rungs below that where policies are formulated. In addition – and as stated – the NCU was limited to the coordination of technical assistance only.

The result was that the NCU was not – and could not have been – an effective aid coordination instrument in the setting of the Moldovan administration.

1.3. NCU's role in relation to EU-assistance coordination

The preceding sub-section dealt with the NCU's position within the structure for the coordination of all assistance. With regard to the coordination of EU assistance for historic and organisational

reasons the NCU spent a sizeable part of its time on the exigencies of EU-financed technical assistance.

Where the NCU had a role in programming, this role focused on assisting the programming of EU-financed technical assistance. However, the NCU appears to have been more a service centre for providing responses to requests for information and contacts than a real, properly empowered coordination body. Because of the lack of empowerment, the NCU's influence on programme formulation and monitoring could have been nothing more than rather marginal.

The NCU has been the beneficiary of substantial EU assistance since 1995. Whilst in earlier years, it had occupied a more central role, its influence had eroded to a state where it had relatively little clout even where it concerned the programmes of its main partner, the Commission Services. It is notable that the Commission Services did not treat the NCU as a player with a strong coordination role and only entered into contacts with relevant (line) ministries as circumstances seem to warrant. This was not surprising, given that the Moldovan authorities did not accord a strong position to the NCU.

In an effort to increase the quality of the recipient structure, the Government of Moldova established European Integration and international relationship departments in most ministries, as illustrated by **Diagram 2**. In most cases, these bodies were thinly staffed, often consisting of two persons at most. This limited their practical influence and reduced their function as effective talking partners of the NCU.

2. External assistance coordination structure following the 2010 government decision

In January 2010 the GOM introduced a new regulation establishing a new coordination mechanism of external assistance in Moldova. See **Diagram 3** below.

The regulation aims to

- a) set-up an institutional framework, define competences and allocate responsibilities among all stakeholders involved in the process of planning, implementing and monitoring of external assistance,
- b) establish a system of uniform and efficient procedures for programming, planning and monitoring external assistance provided by the Donor Community.

Key features:

Joint Partnership Council (JPC)

The JPC is co-chaired by the Prime Minister and a Development Partner (rotating).

The JPC members are the Inter-Ministerial Committee for Strategic Planning, Ambassadors/Heads of Development Partner Agencies, the private sector and NGOs.

The JPC is responsible for the following

- Maintenance of high-level dialogue on aid coordination between the GOM and the Donor Community, adherence to national priorities and monitoring of NDS implementation
- Harmonization of external assistance programmes and projects, avoidance of duplication and fostering of aid effectiveness
- Alignment of partners' interventions with the GOM sector plans
- Reviewing the progress made in the fulfillment of commitments of the Partnership Principles

The Inter-ministerial Committee for Strategic Planning (ICSP)

The ICSP shall ensure alignment of external assistance with national priorities for socio-economic development, as well as efficient and effective use of the assistance.

The National Coordinator for External Assistance (NC)

The position of National Coordinator for External Assistance (hereinafter referred to as the National Coordinator) is held by the Prime Minister.

The National Coordinator is responsible for the following:

- negotiations with donors (the National Coordinator is an official representative of the GOM and is responsible for channelling and aligning external assistance to priorities set out in the National Development Strategy (NDS)).
- promoting national priorities and project proposals identified and approved by the Inter-ministerial Committee for Strategic Planning among donors ;
- signing on behalf of the Government official documents (financing agreements, framework contracts, etc.) regarding external assistance;
- supervision of the programming process, preparation and implementation of the programmes and projects with the goal of improving the programming process, timely identification and elimination of potential problems in the programming process and implementation of programmes and projects;
- reporting to the government on the process of programming external assistance and the formulation and implementation of projects.

The National External Assistance Coordination Authority

The National External Assistance Coordination Authority is the State Chancellery and in particular its sub-division responsible for coordination of external assistance (hereinafter referred to as the National Coordination Unit-NCU). The NCU is entrusted with the planning, monitoring and registration of the external assistance projects provided to the Republic of Moldova by the Donor Community.

Sector External Assistance Coordination Boards

The Sector Coordination Board (hereinafter referred to as the Sector Board) is an advisory body, established on the basis of partnership, empowered with the planning and monitoring of external assistance projects and programmes within the sector. The Sector Coordination Board is chaired by a Minister (Sector Aid Coordinator). Membership: Donors' Representatives active in the sector, Heads of relevant Ministerial Departments, NCU staff, NGOs and the private sector.

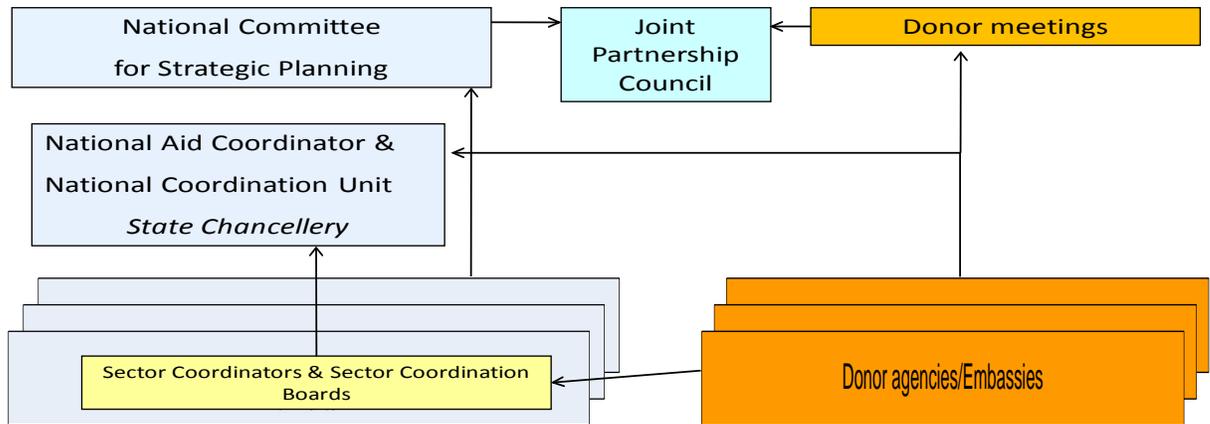
Tasks

- Make recommendations on sector policy and priorities through joint analytical work and identify sector assistance priorities and project proposals
- Participate in drafting sector strategies, action plans, and expenditure plans, including sector aid allocations, sector monitoring and framework evaluation.
- Monitor and evaluate sector policy implementation, as well as efficiency, effectiveness and impact of aid delivered

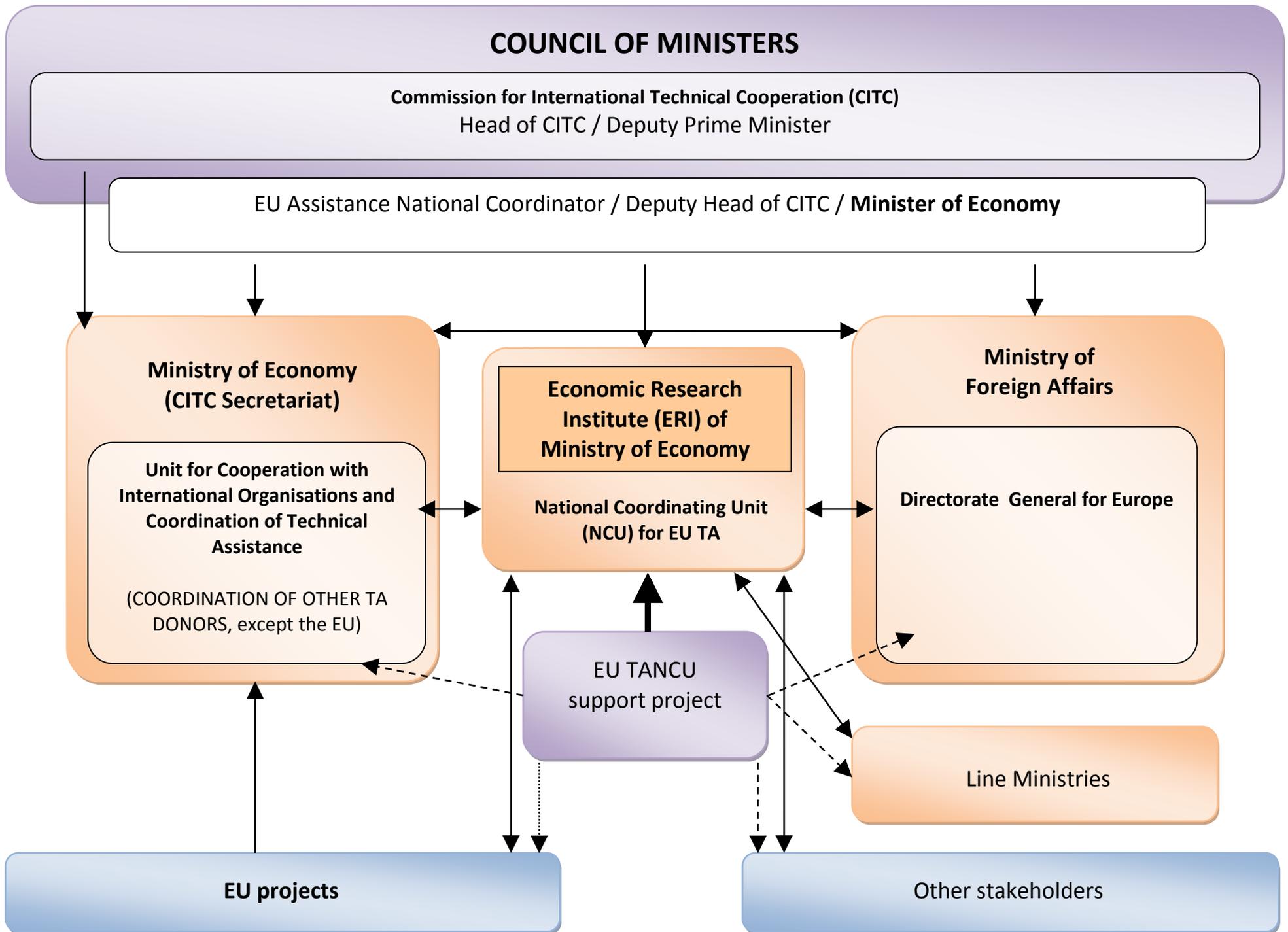
- Approve sector monitoring reports and provide inputs to the NDS/EU-Moldova progress reports

Diagram 3

Institutional Framework for Coordination and Monitoring



Annex 5. SCHEMATIC OF THE EU ASSISTANCE COORDINATION STRUCTURE IN BELARUS (ERI)

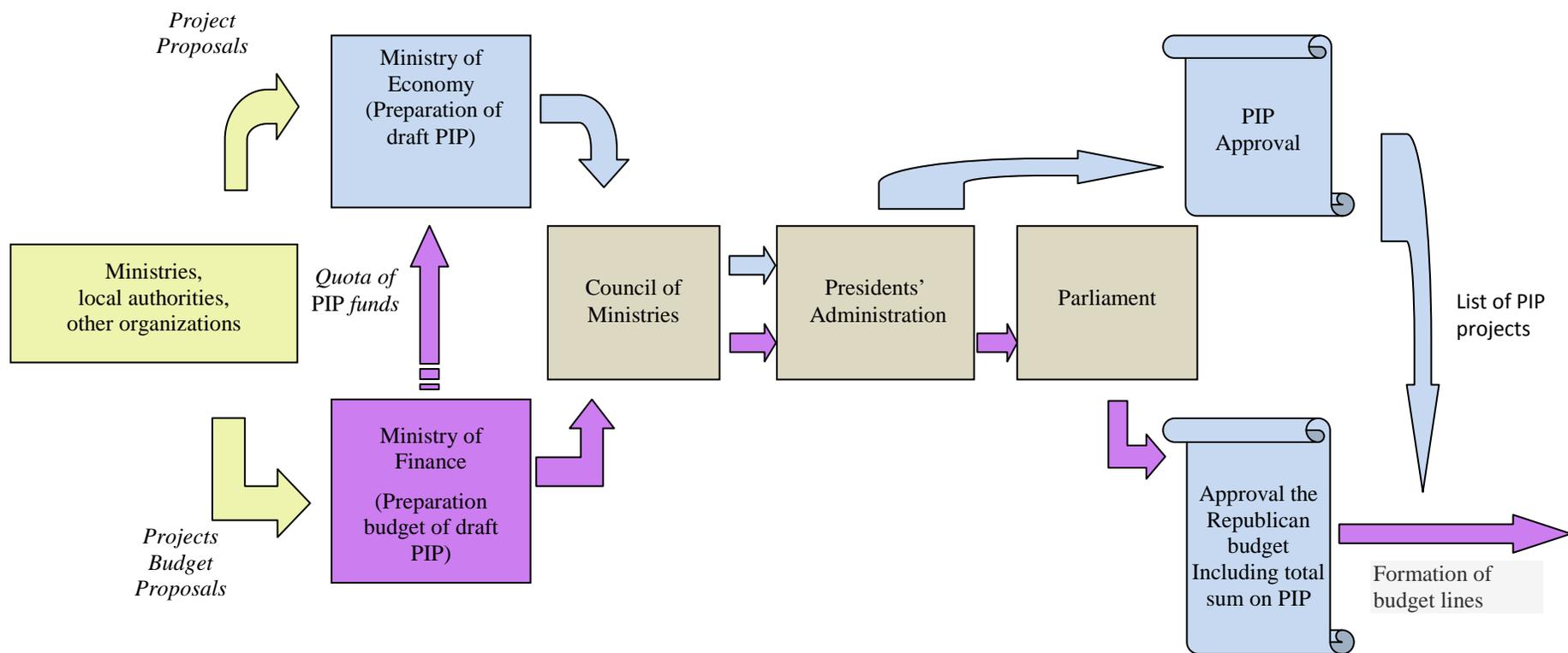


Annex 6. Evaluation matrix of 4 options for possible institutional setting

(0 = worst mark, 5 = best mark)

	CRITERIA	Opt.1 As present				Opt. 2 As is + change of name and functions				Opt. 3 MOE Unit				Opt. 4 NC = MOE Minister			
		1	3	4	1	4	3	4	3	3	5	4	5	3	4	4	4
1.	Simplicity of management structure	1	3	4	1	4	3	4	3	3	5	4	5	3	4	4	4
2.	Not vulnerable to change of NC	4	3	5	5	4	4	5	5	4	4	5	5	4	4	5	5
3.	Access to and proximity to NC	1	3	2	0	2	4	2	3	4	4	4	5	4	4	5	5
4.	Sufficiently high status	1	3	0	0	2	4	4	2	4	5	4	5	4	4	4	4
5.	Acceptable to government	1	0	3	1	2	4	4	3	5	4	5	5	5	4	5	5
6.	Adequate legal framework	0	0	2	0	5	4	4	5	5	4	4	5	5	4	4	5
7.	No change in physical location	5	5	5	5	5	5	5	5	3	5	4	3	5	5	4	5
8.	EC could provide TA support	3	5	4	5	5	5	5	5	5	5	4	5	5	5	4	5
9.	Easy access to CSOs	1	2	4	2	4	5	4	5	3	4	3	3	3	4	3	4
10.	Authority to carry out functions	0	0	2	0	5	5	3	5	5	5	5	5	5	5	5	5
11.	Sufficient resources	4	5	4	5	4	5	4	5	4	5	4	4	4	5	4	5
12.	Meets requirements of EC services/EUD	0	0	4	0	4	5	5	5	5	5	3	5	5	5	3	5
13.	Meets requirements for programming	1	4	4	4	5	5	4	5	4	5	5	5	4	5	5	5
14.	Good cooperation with MOE unit	2	3	4	2	2	4	4	3	5	5	5	5	5	5	5	4
15.	Good cooperation with MFA unit	4	5	5	5	4	5	5	5	4	5	4	4	4	5	4	5
16.	Access to other donors, incl. EU MSs	2	3	2	2	5	5	2	3	5	5	4	5	5	5	4	5
17.	Ability to coordinate other donors	1	0	0	0	3	4	0	0	5	5	4	5	5	5	4	4
18.	Participation in GOB strategy planning	1	0	3	0	4	4	3	3	4	5	4	5	4	5	4	4
19.	Could efficiently utilise website and database	4	5	5	5	4	5	5	5	4	5	3	5	4	5	3	5
20.	Provide continuity of staff	2	3	4	2	4	5	4	3	4	5	3	5	4	5	3	4
21.	Sustainability	5	5	5	5	5	5	5	5	5	5	4	5	5	4	4	5
22.	Ability to carry out M&E	0	0	3	0	4	5	5	5	5	5	5	5	5	5	5	5
		43	57	74	49	86	100	86	88	95	105	90	104	97	102	91	103
	TOTAL	223				360				394				393			
	Ranking	4				3				1				2			

PREPARATION OF THE PUBLIC INVESTMENT PROGRAMME IN BELARUS



EXTERNAL ASSISTANCE COORDINATION

