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**Capacity Development Facility to support
the implementation of sector
programmes under the ENPI Annual
Action Programmes for Belarus (CDFB)**

Contract N° ENPI/2013/319-630

**Mission Reports №1 & №2 & №3 – Mr I.
Grant, CDFB SSNKE (without annexes)**

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**CAPACITY DEVELOPMENT FACILITY TO SUPPORT THE IMPLEMENTATION OF
SECTOR PROGRAMMES UNDER THE ENPI ANNUAL ACTION PROGRAMMES
FOR BELARUS**

CONTRACT N° ENPI/2013/319-630

**MISSION REPORT N°1 – IAN GRANT, SSTNKE
13TH – 17TH OCTOBER 2014**

1. Objectives of contract

The Expert's assignment comprises a part of the Global Contract between the EU Delegation to Belarus and GFA Consulting Group. The specific objectives of his assignment are two-fold:

- To design and deliver training on subjects included in the CDFB Training Action Plan (1.1, 1.3 – 1.5, 2.3 – 2.6 & 2.8)
- To design, prepare and deliver an Assessment Study Report, together with recommendations, on EU-Belarus cooperation with special regard to programming, managing, reporting and monitoring of technical cooperation as of 2014.

2. Objectives of mission

This Mission Report covers the Expert's first mission to Belarus, 13th – 17th October 2014, the specific objectives of which were:

- To discuss with the project Team Leader the Expert's work plan for the entire duration of the contract (45 working days);
- To make a presentation at the Conference entitled "Main tasks and perspectives of the EU-Belarus Technical Cooperation in 2014-2020", held on the 14th October 2014 at the Renaissance Minsk Hotel;
- To meet with the principal stakeholders (EU Delegation, the National Coordinating Unit, the Division for Cooperation with International Organisations and Coordination of Technical Assistance in the Ministry of Economy, and the European Cooperation Department in the Ministry of Foreign Affairs);
- To conduct preliminary research into the current structures, systems and processes for the coordination of external assistance in Belarus in the context of the new financial perspective 2014-2020

3. Activities implemented during Mission

The mission was primarily a fact-finding mission: to assess the current state of the external coordination mechanisms in Belarus; to discuss with stakeholders what scope / potential for reform of the present structures, processes and legal base exists; to determine how they would wish to see the present system evolve, if at all; and to identify what impact the planned scope and modalities of EU assistance to Belarus might have upon the present assistance coordination mechanisms.

During the mission, the Expert analysed numerous national and sector strategies, legal and regulatory texts governing the assistance coordination arrangements, EC past and present programming documents, monitoring and evaluation reports, and assessments carried out by other Development Partners, notably the World Bank and IMF.

In addition, the Expert participated in a one day Conference held at the Renaissance Minsk Hotel on the 14th October 2104, organised by the resident project team, entitled “Main tasks and perspectives of the EU-Belarus Technical Cooperation in 2014-2020” (a list of participants is appended as Annex 1).

The Team Leader and the Expert defined a provisional Work Plan for the training (preliminarily scheduled for December 2014 and March 2015), but this is contingent upon approval by the principal project partner, the Division for Cooperation with International Organisations and Coordination of Technical Assistance in the Ministry of Economy.

The Expert met with the Project Manager within the EU Delegation, Mr. Aliaksei Vavokhin; Ms. Dina Goncharova, Executive Director of the TACIS Coordinating Unit; Ms. Victoria Shilovich, Head of the International Cooperation Division within the International Finance Department, MoF, Mr Pavel Shulga, Head of the International Finance Department of the MoF, Ms. V Labockaya, Chief Economist of the International Cooperation Division within the International Finance Department, MoF; and Mr. Oleg Shloma, Head of EU Desk, European Cooperation Department, MoFA.

4. Outputs and results of Mission 1

The principal outputs of the mission are the presentation to the Conference, a copy of which is appended as Annex 2, and this preliminary discussion document.

It is premature to talk of results, as the Expert’s assignment has just commenced. However, the discussions highlighted a number of issues, which will need to be addressed during the Expert’s future missions and in the Assessment Study Report. The objective of the comments below is to stimulate discussion (whether positive or negative) in order to ascertain where change is possible/acceptable/desirable. The observations and questions should not be read as pointing in any specific direction. Whatever solutions are proposed must be acceptable to the EU Delegation and the Belarus stakeholders.

It is important to be transparent about the objectives of the Assessment Study Report. In the first instance, the goal of the Report is to identify those areas where through enhanced coordination the Belarus authorities might increase absorption capacity and make greater use of the programmes and projects currently available. The longer-term objective is to suggest systems and processes of dialogue and coordination that would prove attractive to Development Partners and facilitate greater in-flows of external assistance in whatever forms (Grants/Loans/Blending etc.).

Set out below is a preliminary series of observations and questions:

- **The language in which the discourse is conducted is somewhat arcane terms** (donors not Development Partners, international technical cooperation) **and is conceptually limited**. There is still a distinction made between technical assistance/grants and loans in the Belarus regulations even though this distinction has been abandoned elsewhere. The terms recommended by the OECD-DAC Committee are: “official development assistance” (ODA), which also includes loans where there is a

technical assistance component of 25%+, and “Other Official Flows” (OOF), which *inter alia* includes loans where the TA component is less than 25%. However, there is increasingly a tendency to regard all forms of external assistance, whether grants, loans or blended support, as forms of investment and to include these in the investment part of the Annual State Budget and the Medium Term Budget Framework (MTBF).

- **The legal base for the assistance coordination system is outdated.** The principal documents, Decision №621 (30.05.1997) on the National Coordinator and the Coordinating Unit of the TACIS Programme and Decision №1050 (12.08.1997) on the Coordinating Unit of the TACIS Programme, remain in force. The Decision of the Council of Ministers of the Republic of Belarus № 1522 (21.11.2003) still defines the registration procedure for International Technical Cooperation projects developed on the basis of the project proposals included in the National Programme for International Technical Cooperation. A further Decision of the Council of Ministers (№ 1513 26.11.2004) addresses the assessment of the implementation and effectiveness of international technical assistance projects and programmes. Although these Decisions have been supplemented by a Decision on the National Programme for International Technical Cooperation (the latest one, CoM № 411, covers the period 2012-2016 and is dated 04.05.2012), a Decree by the President (№ 130, 03.03.2010) “On accession of the Republic of Belarus to the Paris Declaration on Aid Effectiveness”, and several bilateral accords with Development Partners and International Organisations, the approach has remained largely unchanged. Indeed, the National Coordination Unit is still referred to as the TACIS Coordinating Unit, even though the TACIS instrument expired over 7 years ago. Moreover, the establishment of coordination structures targeted at individual Development Partners is a thing of the past. The expectation is that the Government will create a single point of entry for all Development Partners, and identify a single interlocutor.

There is an urgent need to update these documents not only to reflect current reality but also to introduce more streamlined and efficient coordination processes and to bring them into line with international best practise.

- **There is a lack of strategic guidance to the assistance coordination system.** The post of National Coordinator still exists in the regulations. However, the position has remained vacant since 2011. The role of “coordinator” of international technical cooperation is presently split between three structures: the TACIS National Coordinating Unit within the Institute for Economic Research of the Ministry of Economy, the European Cooperation Department of the Ministry of Foreign Affairs, and the Division for Cooperation with International Organisations and Coordination of Technical Assistance in the Ministry of Economy. At the apex is the Commission for International Technical Cooperation. It is worth observing that this modality has been abandoned in Georgia and Moldova and almost all the candidate and re-candidate states in the Western Balkans in favour of a higher profile for the coordination function. In Georgia and Moldova, the assistance coordination function is located in the Policy Coordination Department of the State Chancellery, and is subordinate to the Prime Minister and the Vice Prime Minister respectively.

In addition to the structures described above, the 1st Vice Prime Minister, Mr. Semashko is responsible, together with the Deputy Minister of Economy, for the dialogue with the World Bank; the Deputy Prime Minister, Mr Propokovich, together with the Deputy Minister of Economy, covers relationships with the EBRD; and the President of the National Bank, Mrs. Ermakova and the Deputy Minister of Finance conduct the dialogue with the IMF.

There are also a number of sub-structures responsible for coordinating regional and thematic programmes financed by the European Union. This is not unusual, nor is it problematic, provided they are clearly integrated into the overall assistance coordination system and there are transparent reporting lines. The danger arises when these structures become autonomous and separate from the national authorities.

A simplification of this process, the identification of a single point of entry, would greatly enhance coordination and cooperation. However, in order to proceed to simplify the process, the Belarus authorities would need to acknowledge a distinction between strategic, technical and operational coordination. These are three different levels within a coordination system. A well-functioning and efficient coordination system requires clarity of leadership at each of these three levels and a clearly defined system of responsibilities, duties and reporting lines linking the three. Ideally, (simple) reforms to the Public Finance Management system would be introduced and links between external assistance, the budgetary processes and the debt management system established.

While reportedly the current system functions at the operational level (it is claimed that in the case of the MoENV the system operates extremely well), there is a void at the strategic level and confusion at the technical level.

- **There are limited inputs to the programming dialogue.** In contradistinction to the Paris Principles and the Agenda for Change, the programming of EU assistance has been driven by the Commission Services, albeit with limited consultation with the Belarus authorities. That said there is contiguity between the objectives and priorities identified in the ENI Programme 2014-2020 and the Governments National Development Strategy. The issue is partly one of “ownership”: how does the Commission Services ensure that the Belarus authorities will assume ownership of a programming document in the preparation of which they have had limited involvement; partly caused by the absence of a central agency empowered to talk authoritatively on behalf of the Government; and partly a consequence of the absence of any formal agreement (e.g. PCA or its equivalent).
- **The procedures for project registration and approval are excessively bureaucratic.** This is not simply a complaint of the Expert. Practically all participants to the Conference complained of the lengthy procedures for obtaining approvals and registration of their projects. It is not evident why this continues to be a problem in Belarus, when all other EaP countries (and many Central Asian Republics) introduced simplified and transparent procedures many years ago. It is incontestable that the current system constitutes a major barrier to the efficient absorption of external assistance, that it mitigates against the opening up of new programmes/projects, and that it inhibits consultancy companies (and experts) from becoming involved in projects in Belarus.

The system could be simplified very quickly and very easily:

- (a) The Financing Agreement could include a paragraph specifying the approvals procedure – namely that signature of the FA constitutes approval of the planned programme and that any project, which is consistent with the objectives and priorities defined in the FA will be deemed to have received *ex ante* approval, subject to the signature of the ToR by the beneficiary;

- (b) Alternatively, the Belarus Regulations could be amended so that the signature by the Beneficiary of the ToR was simultaneously to be considered as formal approval of the project by the Belarus authorities;
- (c) No tender should be launched until such time as the project has been approved – in the same way that no tender can be launched until the ToR are approved;
- (d) The Belarus authorities should only “approve” Grant Scheme projects that relate to public authorities. In such cases, the public approval of the project proposal should accompany the submission of the project proposal and/or the submission of the proposal should itself constitute official approval. The Belarus authorities should not “approve” *ex ante* projects from Civil Society. If, when the projects are formally registered, they have issues/security concerns, then they should have an *ex post* right to appeal;
- (e) In many countries the approval of projects is done by the State Chancellery as the central coordinating structure for external assistance. In the absence of a central structure, registration of projects should be the prerogative of the MoF, since the reasons for registering a project are primarily fiscal. In other countries, there is a weekly/monthly list of registered projects endorsed by the CoM and included in the Official Monitor – but even this process is superfluous;
- (f) In order to simplify the process still further, the registration process could be done on line – see ro.amp.gov.md for an example and the description of the methodology for registration of projects. Once registered all projects automatically qualify for the tax/VAT exemptions provided for in the Framework Agreement

- **There is limited knowledge and understanding of EU regulations and procedures amongst potential end beneficiaries.**

The participants to the Conference acknowledged that they had limited understanding of how the EU external assistance functioned. The reasons are manifold – some political, some technical. A similar problem apparently exists for other bilateral and international organisations. If there is to be more efficient absorption of external assistance, there needs to be a body (Belarus) charged with the responsibility and provided with adequate resources (human and financial) to allow it to market external assistance from all Development Partners. Moreover, that organisation should also be required to provide training to line Ministries and Grant Scheme applicants. The current TA project is requested to build capacity in precisely these areas. However, that is difficult when it is not clear which organisation is to perform these functions;

- **There are disagreements between the MoFA and the MoE over their respective competencies and/or the quality of performance.** Not unusually, where there is a lack of clarity over the respective responsibilities of institutions, disagreements arise. The Expert would strongly recommend that instead of *ad hoc* revisions to the various regulations, a single regulation be drafted, which encompasses the external assistance process in its entirety. In a subsequent mission, the Expert will prepare a draft example of such a regulation based on best practise in the EaP and IPA countries.
- **The current internal coordination arrangements of the Development Partners are largely ad hoc.**

There are no formal Development Partners’ coordination arrangements at national level. There is a Head of Missions’ meeting chaired by the EU Ambassador, which is held weekly at the French Embassy. However, there is no parallel at the technical level: for example, a meeting of the Development Counsellors within Member States’ Missions with the EU Delegation HoOPs. There is *ad*

hoc coordination at sector level between the Development Partners (e.g. Environment Sector), but this has not been transformed into a formal arrangement, nor linked to the Belarus Government's sector policy-making processes.

- **The interface between the Government and the Development Partners through which a sustained and coherent policy dialogue of the role of external assistance could be held is currently dysfunctional.**

Although there is an Annual Meeting held in Brussels, there is no formal structure within the country where the Government and the Development Partners can engage in a sustained and coherent policy dialogue linked to aid effectiveness. The Delegation used to hold regular meetings with the TACIS Coordinating Unit but these have been discontinued. Apparently Financing Agreements are signed between the beneficiary line Ministry and the EU, rather than with a central agency within the Government. This situation could also be quickly remedied without the need for major regulatory changes.

The Government of Belarus (Presidential Decree, 3rd March 2010 № 130 "On Accession of the Republic of Belarus to the Paris Declaration on Aid Effectiveness") has committed itself to the Partnership Principles as set out in the Paris, Accra and Busan Declarations. This Decree albeit very brief (3 articles) provides a preliminary basis for enhanced cooperation in that it empowers the Council of Ministers to take "necessary measures" to implement the Decree. This could be interpreted in two ways: to ensure the signature of the Paris Declaration and/or to implement the provisions of the Paris Declaration. At first glance, it would appear that the latter interpretation is the correct one. If that is the case, the President's Decree already provides an important window of opportunity for enhancing the systems and process of external assistance coordination.

Has the Belarus Government elaborated and signed a document, defining the *Development Partnership Principles for Coordination and Harmonisation of Government and Partner Practices for Enhanced Effectiveness of Foreign Assistance* and has it prepared an associated *Partnership Principles Implementation Plan*? It would appear not: concluding such agreements would be an important step forward, as would the formation of a Joint Partnership Council. **Appended as Annex 3**, are examples of a DPP document, an Implementation Plan and a simple example of a Regulation for setting up a Joint Partnership Council, with a definition of its potential competencies. These documents could very quickly be adapted to the Belarus circumstances. There is nothing of importance in them which is country-specific.

The Joint Partnership Council would provide an in-country forum for dialogue between the Government and the Development Partners, and be an important agency for addressing and resolving any technical issues related to the design and delivery of external assistance.

Although the Expert's first mission has perforce been brief, it has helped to disclose the key issues, which need to be addressed. In addition, there are a number of questions of principle to be answered:

- Is there willingness on both sides (the Government and the Development Partners) to improve the architecture of external assistance coordination and to pursue the objectives set out in the Paris, Accra and Busan Declarations?

There is apparently clear willingness on the part of the EU Delegation, the MoFA, MoF and the TACIS Coordinating Unit to revisit the existing architecture and examine innovative ways of improving absorption capacity, increasing efficiency and attracting additional sources of finance. There was also recognition that this would entail introducing reforms at the three levels of coordination: strategic,

technical and operational. Unfortunately the Expert had insufficient time to meet with the MoE and gauge its response. This will be one of the primary foci of his next mission.

- Is it possible to identify a “champion”, an individual on the Belarus side who is prepared to lead the reform process? The persons, with whom the Expert met, readily acknowledged that reform of the system could not emanate from their Divisions or Departments, that it would need the leadership of a key Government figure – an advisor on economic issues (Mr. Kirill Rudi) in the President’s Office, or the 1st Vice Prime Minister, or a Deputy Prime Minister. The Expert was also advised to meet with Mr. Ermalovich, Deputy Minister of Finance and Mr. Zaborovsky, 1st Deputy Administrator of the CoM Administration;
- Although developing a more coherent and efficient system of external assistance coordination will undoubtedly take time, there are several immediate measures, which could be taken, and which would not require substantial regulatory or legislative changes, that would measurably improve performance and relationships? The Expert believes that a number of changes could be introduced very quickly at the operational level leading to improvements in absorption and project performance, notably the introduction of Sector Coordination Councils. Such structures function in most of the EaP and IPA countries. Moreover, with limited adjustments to the TACIS Coordinating Unit’s current regulations, the Unit could also begin to play a more proactive role in coordination at the operational level. This need not conflict with the MoFA’s current interest in nominating the Unit to play a key role in the CBC Programme. It would however necessitate an increase in staff.
- Is there interest in establishing a formal public investment programme (PIP)? A PIP would act as an importance link and anchorage between the National Development Strategy and external assistance in whatever form it might take. The Expert will provide an example of a PIP during his next mission if there is interest on the part of the beneficiaries.
- Is there interest in improving the systemic links between policy formation, implementation and monitoring and evaluation? Again most EaP and IPA countries have moved beyond external assistance coordination per se, and now talk about the coordination of external and domestic resources in support of the implementation of national/sector strategies. If so, the Expert will provide examples of how this link can be established and sustained during his net mission.
- Does Belarus possess the systems/know-how/human resources to monitor the impact of external assistance on domestic policies/contribution to achievement of development goals? The Expert has read the report on the effectiveness of EU assistance during the period 2007-2013. Unfortunately it is a description of what was done, rather than an assessment of what was achieved. It correlates efficiency and effectiveness, which is incorrect, and implies that the completion of a project or programme is indicative of its “efficiency”, which is also not the case. Apparently, Belarus line Ministries rarely possess Policy Units, so it is probable that the answer to the question is that currently the Belarus authorities do not possess the tools and resources to measure policy efficiency, effectiveness, sustainability and impact, or to determine the degree to which external support has been instrumental in achieving policy goals.
- Many of the complaints from the Belarus authorities concerning EU’s performance and in particular its levels of bureaucracy echo complaints heard with regard to the Phare/ISPA/SAPARD programmes in the candidate and potential candidate states during the period 2000 – 2006. Many of these issues

were addressed during the financial perspective 2007-2013 and in the programming Guidelines for the new perspective 2014-2020. Can we transfer any learning and experience from these situations to the Belarus context?

The Expert's Terms of Reference (Page 6, B 1-3) included a number of direct questions to be answered by the Assessment Study report. It is possible to answer several of these questions immediately.

B1.1 There are **no specific provisions/regulations** set out by the EEAS or the Commission Services governing the structures and processes of external assistance coordination. There is, however, **an expectation** that the beneficiary Government will nominate a National Coordinator (i.e. a single point of entry), that this person will be empowered to speak on behalf of the Government and that s/he will be provided with sufficient human, technical and financial resources to perform the task efficiently and effectively. This is usually expressed in the programming documents and/or the Framework Agreement;

B1.2 The new ENI Programme is no different in this regard (see answer B1.1). The Commission Services/EEAS has no power to impose specific functions/requirements upon a beneficiary Country. However, as a signatory to the Paris Declaration, Belarus has in effect committed itself to establish a stable, efficient and effective system of external assistance coordination and the Development Partners have committed themselves to support the establishment and operations of such a system.

B1.4 and B2.2 The precise requirements for the management of the three CBC Programmes for which Belarus is eligible are set out in Commission Implementing Regulation (EU) N°897/2014, dated the 18th August 2014 (published in the Official Journal of the EU dated the 19th August 2014). The relevant Articles are Articles 20-33. These Articles cover the overall management arrangements, the role of the Joint Management Committee, the Joint Monitoring Committee, the Technical Secretariat, the branch offices, the Audit Authority and the control systems to be established at national level. The specific responsibilities of the national authorities are set out in Article 31.

Although establishing these structures is central to the efficient absorption of the assistance, the national authorities would also be well-advised to study the following Articles of the CBC Regulation closely:

Article 8 – On the conclusion of Financing Agreements? Will the MoFA be responsible for signing the Financing Agreements?

Article 12(1) – Need to read this in conjunction with Article 38 – the percentage of co-financing differs according to the size of the project;

Article 12 (3) – Is Belarus compliant with State Aid provisions as defined in the ToFEU?

Articles 20 – 30 discussed above: it is clear that the MoFA is pursuing these questions;

Article 32 – Do Belarus audit standards comply with paragraphs 1 (a) and 1 (b)? If not, what solution is being proposed?

Article 37 & Articles 52 – 56: It will be important to determine, whether the procurement rules proposed by the Managing Authority are compatible with Belarus public procurement legislation. The MA has the right to apply its national legislation.

Article 38 – Co-financing of 70% required from the Belarus authorities for major infrastructure works - what arrangements put in place with MoF? A large-infrastructure project is defined as a project in which the acquisition of infrastructure component is equivalent to or greater than 2.5 million euro. The MoFA is advised to seek clarification on what is precisely meant by the “acquisition of infrastructure”, since in English it could mean “purchase of infrastructure” or the “creation of infrastructure – i.e. new buildings/facilities”;

Article 43 – capacities of national actors to fulfil Article 43.1 and 43.2 & capacities/legal base of Belarus EIA and that of EU – ditto Feasibility Study. It is assumed that since the public authorities have been engaged in WB projects then they should be able to fulfil these criteria.

Article 45-46 What of registration of projects where lead partner is not in Belarus? – Will Belarus partner to CBC Programme be assigned registration responsibilities?

B2.5 Reference to EU-PRAG: Although EU-PRAG is regularly updated this does not mean that there are major changes to the content of the document. In general, the principles and approach do not change significantly. Anyone who is familiar with a previous version of PRAG would encounter little difficulty in navigating a revised version.

The Expert's next mission is provisionally scheduled for December 2014.

MISSION REPORT №2 – IAN GRANT, SSTNKE 8TH – 12TH DECEMBER 2014

5. Objectives of contract

The Expert's assignment comprises a part of the Global Contract between the EU Delegation to Belarus and GFA Consulting Group. The specific objectives of his assignment are two-fold:

- To design and deliver training on subjects included in the CDFB Training Action Plan (1.1, 1.3 – 1.5, 2.3 – 2.6 & 2.8)
- To design, prepare and deliver an Assessment Study Report, together with recommendations, on EU-Belarus cooperation with special regard to programming, managing, reporting and monitoring of technical cooperation as of 2014.

6. Objectives of mission

This Mission Report covers the Expert's second mission to Belarus, 8th – 12th December 2014, the specific objectives of which were:

- To make a presentation at the Conference entitled "Development Cooperation in Belarus: How are we doing and can we do it better?" held on the 12th December 2104 at the Monastyrski Hotel;
- To deliver 2 workshops to staff of the Ministries of Environment and Energy, held on the 9th and 10th December 2014 respectively;
- To meet with the principal stakeholder (EU Delegation, the National Coordinating Unit) to discuss matters related to improving the system of external assistance coordination;
- To continue the research into the current structures, systems and processes for the coordination of external assistance in Belarus in the context of the new financial perspective 2014-2020

7. Activities and outputs implemented during Mission

The mission focused on the further collection and analysis of the current state of the external coordination mechanisms in Belarus. The Expert's further impressions of the present system are set out in Section 4 of this report. Unfortunately, the Expert was unable to hold structured meetings with the key counterparts, but he was able to have informal discussions during the Conference.

The Expert held two open-ended workshops within the on-going MEPS programme. The theme of the discussions was: strengthening institutional capacity within the line Ministries.

- Tuesday 9th December 2014 – Ministry of Environment (9 persons);
- Wednesday 10th December 2014: Ministry of Energy (10 persons)

In addition, the Expert participated in a one day Conference held at the Monastyrski Hotel on the 12th December 2104, organised by the resident project team, entitled "*Development Cooperation in Belarus: How are we doing and can we do it better?*" (**A list of participants is appended as Annex 1**). He presented an overview of the project cycle, highlighted a number of common mistakes made during the project design and

implementation phases, and established a framework for the discussions to be held in the 5 Working Groups. He also participated in the questions and answers part of the Plenary Session.

The Expert worked closely with the staff of the NCU and the workshop rapporteurs, assisting them to prepare their individual presentations and providing general advice and guidance. The Expert's first Mission Report was translated and included in the package of materials given to the participants, and some of the findings and recommendations were also discussed in Working Groups 1 – 3.

The principal output of the mission was the presentation to the Conference, a copy of which is appended as **Annex 2**.

The Conference may be judged a success on three counts:

- a) The numbers of persons who attended (121) and the range of line Ministries, local authorities and civil society organisations represented. The Conference constituted not only one of the first opportunities for an unmediated discussion between Government and non-Governmental bodies on matters of mutual concern, but perhaps more importantly demonstrated that there exists a substantial degree of consensus between them on the nature of the problems;
- b) The transparency and quality of the discussions: the debate moved beyond simple complaints about the length of time taken to register projects to address practical issues related to the quality of project design and management; the types of services / information which project beneficiaries expect to be provided by the national authorities and the Development Partners; a self-assessment of training needs, at Ministry, local authority and civil society levels;
- c) The realisation that a number of the problems being discussed could only be solved by systemic reforms. In the opinion of the Expert, this is a crucial step forward. The impression left by the previous Conference in October 2014 was that the participants felt that the majority of problems were generated by particular individuals, whether through ill-will, lack of competence or inadequate knowledge. This is clearly not the issue: replacing individuals would not begin to address the problems, which are rooted in approach and regulations and the absence of institutional clarity. While it might improve matters to the person-to-person level, it would do little to change the overall complexion of the assistance coordination system.

The Conference was also revealing more for what was not discussed rather than what was. The discussions during the Plenary Session and the Working Groups were almost exclusively focused on the three Cross Border Cooperation Programmes for which Belarus is eligible. This is understandable, if somewhat disappointing. In the past few years the CBC Programmes have been the only consistent point of entry to EU funding for Belarus organisations. Civil Society Organisations have benefitted significantly from the Programmes and clearly wished to understand the changes/nuances of the new Regulations.

There were few discussions of the interventions financed through the National Programme: indeed several participants confused “national projects” (financed through the CBC Programme) and the “national programme”. Apart from the direct beneficiaries of the assistance financed through the national programme, few people understood the modalities of the assistance, the content of the MIP, or the new approach set out in the regulations and financial perspective for the European Neighbourhood Instrument (ENI 2014-2020). The

TAIEX programme appeared to be well-known and appreciated, but there was limited knowledge of the major projects financed through the national envelope

While this current project will certainly help to address some of the evident misunderstandings/lack of information, the longer term solution has to be found in systemic reform: the national authorities need to establish their own training/re-training platform and information and advisory services. However, in the absence of a structure with sufficient political presence and adequate staff numbers, it is unlikely that sustainable capacity can be established. The present TACIS NCU has very capable staff, but too few in numbers, and furthermore its role is heavily circumscribed.

This situation is reminiscent of the problems faced by all TACIS NCUs throughout the 1990s and midway through the 2000s. It was not until the remit of the NCUs was widened to cover all external assistance, their staffing increased to respectable levels, and their political status enhanced that EU-funded Technical Assistance began to have an impact. Where the NCUs remain largely unreconstructed their role likewise remains ineffectual (Armenia, Azerbaijan and Kyrgyzstan are good examples). Until such time as these matters are addressed, the assistance provided would better be described as “capacity substitution” rather than “capacity building”.

However, if the two goals expressed by the MoFA, namely to use funds more efficiently and to attract a greater volume of external support, are to be achieved, this situation cannot be allowed to continue. It is highly improbable that greater funds will be forthcoming through the national envelope using the project mode. The EU Delegations do not have the capacity to handle ever larger numbers of projects, and indeed in those countries where the project approach is still pursued, the emphasis is upon fewer and larger projects. The Communication on the Agenda for Change makes it clear that the project approach is no longer considered to be an effective tool for stimulating and assisting the reform processes: the focus is now on the sector-wide approach, preferably supported through budget support programmes. Ukraine, Georgia and Moldova have seen substantial increases in the funding allocated through their National Programmes, but this is invariably channelled through Sector Policy Support Programmes (now referred to as Sector Reform Contracts), which include a minimum of 60% going to budget support.

Although the Belarus authorities are familiar with the concept of budget support, they have little understanding of how Sector Reform Contracts function in practise, or what preconditions have to be met before Belarus could become eligible for budget support. Ironically, Belarus would score well on at least two of the indicators (Micro-economic stability and public finance management), certainly in comparison with other countries already in receipt of Budget Support (for example, Kyrgyzstan). Many sectors have elaborated sector strategies and would therefore meet the third criterion. Where more work would need to be done is with respect to the fourth criterion, budget transparency and public oversight. Perhaps some time could be devoted during the current project to familiarising the national authorities with the concept and modalities of the budget support.

The question of how to increase efficiency in accessing and deploying existing funds might also be reviewed. At present the emphasis is almost exclusively upon the provision of training and the preparation of communications and visibility materials. How sustainable these efforts will be upon project closure is a moot point. If the TACIS NCU does move to the MoFA, and its terms of reference narrowed to focus on the management of CBC programmes, it is evident that much of what is being achieved will be lost. Some consideration might therefore be given to institutional capacity building in the sense of strengthening the

communication and coordination processes. Although in the ideal world this would be done in parallel with a process of institutional reorganisation and refocusing, but this is not of course the ideal world.

8. Continuation of the comments/questions related to external assistance coordination

During the previous Mission, the Expert highlighted a number of issues which inhibited the effective coordination of external assistance. In this section, several new questions are highlighted.

- One of the preconditions for the efficient and effective absorption and use of external assistance is the existence of a well-coordinated, institutionally-based policy formulation, management and monitoring system. Such a system would provide the following:
 - The strategic framework for identifying external assistance needs
 - The institutional framework for managing and coordinating policy and external assistance
 - The institutional, technical and human resources necessary for measuring the effectiveness of the Government's chosen policy options, and for assessing the contribution of external assistance to its policy goals

- Although the Government operates a reporting system, there is no monitoring system in place. The Government would be well-advised to consider the following options:
 - Strengthening the Centre of Governance. A Centre of Governance would normally fulfil the following functions:
 1. Preparing Government sessions;
 2. Coordinating legal conformity;
 3. Drafting the Government Action Plan (prioritization, strategic planning and adjustment to the Budget);
 4. Coordinating the content of policy documents (quality of policies) and settling divergences;
 5. Communicating with mass media;

 6. Monitoring Government performance;
 7. Coordinating relations with other public authorities (Presidency, Parliament)
 8. Coordinating certain horizontal strategic priorities (European integration, public administration reform etc.)

In assessing the adequacy of any coordination system, the first simple test is to check if all these dimensions are in fact present and actually performed. A second test is, of course, how well they are performed.

- Of itself this will be insufficient. As a minimum, three other things must happen:
 - The central decision-making structure(s) – e.g. the Council of Ministers/Presidential Administration must be directly linked to the CoG. In effect, the CoG acts as the Secretariat of the Council of Ministers;
 - There should be Sector-level coordination structures, which are linked to the CoG
 - There should be Policy Departments within each line Ministry, which are linked to the Sector-level and the CoG

Importantly, the policy coordination and external assistance coordination processes should be indivisibly merged.

It is clear that these are much longer-term considerations. The question is: are there any short-term actions, which would lead to immediate improvements. Set out below are the Expert's preliminary views on what could be the first steps. However, there is a serious issue that must be addressed before proceeding to outline some options; why at this moment in time should the Commission Services and the Belarus authorities be optimistic that changes can occur? Are there any forces in play that suggest that there may be greater room for manoeuvre than previously?

In fact there are **three reasons** why there might be room for optimism:

- The new European Commission has recently taken up office. The arrival of a new Commission always presents opportunities as it seeks to define its agenda and distinguish itself from the previous Commission. The creation of a new Directorate General for Neighbourhood Policy and Enlargement Negotiations (DG NEAR) will entail a re-evaluation of policy and instruments in light of the transition to the new financial perspective 2014-2020. At the very least, one would expect that there would be a chance to engage in a policy dialogue with the new Commissioner, Johannes Hahn, and to explore the possibility of opening up new instruments (Twinning, Budget Support etc.);
- One would also expect that the revised approach to the management (Joint Management) of the CBC Programmes would necessitate revisions to the Belarus regulations. If as is anticipated, the TACIS NCU does assume a local management and coordination function for the CBC Programme, this would necessitate a redrafting of the regulations;
- The EU is committed to the implementation of the Paris, Accra and Busan Declarations, the provisions of the Agenda for Change and more specifically the intention to introduce Joint Programming by 2017. The EU Delegation have been instructed by HQ to prepare the ground for this and to ensure that it is in place before the mid-term evaluation of the new financial perspective which is also planned for 2017. In order to create a platform for Joint Programming, the EUDEL would as a matter of course need to establish mechanisms for consultation and coordination with the EU Member States present in the country and the other bilateral and multilateral Development Partners.

9. Some preliminary thoughts on a route map towards reforming the aid coordination system

At this juncture, there are **two potential avenues to pursue**:

- (a) The **simple route**, which will cover over some of the current weaknesses, but which can only really be regarded as an interim measure. The rationale for adopting this approach would be that it would address in an ad hoc way the present problems and stimulate further debate, without predetermining the outcome of that debate. The simple route would necessitate in the short-term the following:
 - Define a single entry point for all donors (NAC + NCU)
 - Redraft the Regulations of the NAC and NCU – the cover as a minimum four functions: dialogue with donors during programming, technical advice to project beneficiaries, information collection, collation and dissemination, and training
 - Subordinate the NAC/NCU to a Deputy Prime Minister (or nominate the Deputy PM as the NAC)
 - Develop an on-line system of project registration and/or define into the Financing Agreement a more streamlined approach to the registration procedures

- Develop formal channels of communication and coordination with the Development Partners
 - Establish pilot sector level coordination mechanisms – perhaps the Environment and Energy Sectors would be a good starting point
 - The EUDEL could establish a more formal, in-country mechanism for collaboration and coordination between the Development Partners at national level
 - The EUDEL could help to create the sector level coordination structures and processes within the Environment and Energy Sectors
 - As each new initiative is launched in a sector (e.g. Regional Development), the EUDEL could ensure that it was accompanied by appropriate sector level coordination structures and processes
- (b) The **sophisticated route** would entail a comprehensive review and redefinition of the role, structures and processes of assistance coordination based upon successful models from countries in comparable situations.

This would be premature at this stage, since the groundwork to explain and justify this option has not been done. While much can be learned from other countries' experiences, it would be important to develop a specific Belarus approach. To that end the Belarus Government might consider the formation of a Working Group to commence the work.

10. Next mission

The Expert's next mission is provisionally scheduled for March 2015, at which time he will continue to provide training (in all probability at regional level) and will pursue the discussion with the national authorities on how best to improve the assistance coordination system, while giving it a distinctive Belarus flavour.

CAPACITY DEVELOPMENT FACILITY TO SUPPORT THE IMPLEMENTATION OF SECTOR PROGRAMMES UNDER THE ENPI ANNUAL ACTION PROGRAMMES FOR BELARUS

CONTRACT N° ENPI/2013/319-630

MISSION REPORT – IAN GRANT, SSTNKE

1st – 7TH MARCH 2015

1. Objectives of contract

The Expert's assignment comprises a part of the Global Contract between the EU Delegation to Belarus and GFA Consulting Group. The specific objectives of his assignment are two-fold:

- To design and deliver training on subjects included in the CDFB Training Action Plan (1.1, 1.3 – 1.5, 2.3 – 2.6 & 2.8)
- To design, prepare and deliver an Assessment Study Report, together with recommendations, on EU-Belarus cooperation with special regard to programming, managing, reporting and monitoring of technical cooperation as of 2014.

2. Objectives of mission

This Mission Report covers the Expert's third mission to Belarus, 1st – 7th March 2015, the specific objectives of which were:

- To participate in regional training workshops
- To continue the research into the current structures, systems and processes for the coordination of external assistance in Belarus in the context of the new financial perspective 2014-2020 and to suggest ways in which they might be improved and the absorption capacity increased

3. Activities and outputs implemented during Mission

The mission focused on the further collection of information and analysis of the current state of the external coordination mechanisms in Belarus. The Expert held informal meetings with representatives of local authorities and civil society organisations in the regions during the Conference. The Expert's further impressions of the present system are set out in Section 4 of this report.

The Expert participated in two workshops, entitled "Design, Implementation and Monitoring of EU-funded projects"

- Monday-Tuesday 2nd- 3rd March 2015 – Grodno (70+ persons);
- Thursday-Friday 5th – 6th March 2015: Brest (60+ persons)

The Agenda and lists of participants are appended as **Annex 1**. The Expert presented an overview of EU assistance to Belarus and in particular the opportunities available to the regions under the ENI National, Regional and Thematic Programmes. He also participated in presentations addressing the Cross Border Cooperation programmes, project cycle management and the logical framework approach, and was a member

of the panel during the Plenary Sessions. In addition, he acted as a rapporteur during a role playing exercise to illustrate the project cycle.

The principal output of the mission was the presentation to the Workshops, a copy of which is appended as **Annex 2**.

The workshops may be judged a success on several counts. There approximately 60 persons attending the Workshops (120+ in total), the vast majority of whom represented local authorities and civil society organisations. The Workshops were the first in the regions to discuss the wide range of opportunities available under the National, Regional and Thematic Programmes and to provide practical guidance on identifying and developing fundable projects. The Workshops were well-received by the participants but reinforced the Expert's impressions formed during the Conference in Minsk in December 2014:

- The local Governments and CSOs are familiar with the CBC programme, and to a much lesser extent Erasmus + and Horizon, but beyond that there is no knowledge or understanding of the National Programme, nor of the wide range of other opportunities available through the Thematic and Horizontal programmes. Moreover, none of the participants were aware of the specific ENI regional programmes (e.g. Youth, Culture etc.) aimed at facilitating exchange between the beneficiary states of the ENI;
- Few people understood the different modalities of EU assistance, the content of the MIP, or the new approach set out in the regulations and financial perspective for the European Neighbourhood Instrument (ENI 2014-2020). The TAIEX programme, although well-known in Minsk, was practically unheard of in the regions;
- The local Governments are not as yet sufficiently well-organised to benefit from EU funds, nor do they have well-developed mechanisms for co-ordinating between themselves or with the TACIS NCU. The regional dimension is a Priority Area under the new financial perspective in Belarus and it will be important (a) to strengthen capacities within local government; (b) support them to develop fundable projects and; (c) facilitate the development of constructive partnerships between CSOs and Local Authorities. One of the successes of the workshops was that there was evidence that CSOs and Local Authorities were beginning to network and think of how they might design joint projects;
- There is a tangible lack of information on the programmes available and limited awareness of how to use the internet to trawl for information.

The three dimensions of the problem are now patently clear:

- **The absence of a coherent system of external assistance coordination, not only at the level of central Government, but also which extends outwards and links local Governments and local communities into the coordination processes and assistance programmes;**
- **This leads to a lack of mechanisms and conduits for the transfer of information, knowledge and skills between institutions within the central Government and between central and local levels;**
- **Consequently, Belarus beneficiaries are unable to access the available funds efficiently and effectively.**

Apparently the problem does not lay simply with the Belarus authorities. Not one local authority or CSO had any knowledge of the EU Delegation, had not met with EUDEL project managers or had been consulted during a programming or project design exercise. This is evidently not the case in Minsk, where the national authorities, local Government and CSOs claim to be well-acquainted with the workings of the EUDEL. If the EUDEL is to meet the objectives of the Civil Society Roadmap 2014-2017, it too will need to engage more effectively and more consistently with local authorities and CSOs outside of Minsk.

4. Continuation of the comments/questions related to external assistance coordination

During the previous Missions, the Expert highlighted a number of issues which inhibited the effective coordination of external assistance. In this section, the Expert provides a brief commentary on the Presidential Decree №460 22nd October 2003 (as amended) and the Resolution of the Council of Ministers №1522 21st November 2003 (as amended) and highlights several new questions regarding external assistance coordination in Belarus.

In response to instructions from the 1st Deputy Prime Minister, the Ministry of Economy convened a workshop on the 10th March 2015 to discuss ways in which the external assistance process might be “de-bureaucratised”. No definition of what de-bureaucratisation might entail was given. The discussions were constrained by two pre-conditions, namely that there could be no alteration to the content of the Presidential Decree №460 22nd October 2003, and that the MoEc should present proposals by the end of March 2015. The Expert provided the project Team Leader, Mr. Janos Zakonyi with a number of “talking points” to be raised during the workshop.

There are reportedly 50+ legal documents that relate to external assistance co-ordination. Although in truth the majority of these are general regulations that only indirectly concern external assistance and are frequently repetitive. Moreover, the instructions from the Vice Prime Minister are clear: everything is open for discussion except the Presidential Decree.

There are perhaps four or five texts, which are of primary significance: the Presidential Decree №460 22nd October 2003 (as amended), the Resolution of the Council of Ministers №1522 21st November 2003 (as amended) and the four texts which govern relationships between the EU, the UN Organisations and the Customs Union.

1. Меморандум о взаимопонимании между Правительством Республики Беларусь и Комиссией Европейских Сообществ от 12 ноября 1993 г.
2. Рамочное соглашение между Правительством Республики Беларусь и Комиссией Европейских сообществ от 18 декабря 2008 г. (ратифицировано законом Республики Беларусь)
3. Соглашение между Правительством Республики Беларусь и Программой развития Организации Объединенных Наций (ратифицировано законом Республики Беларусь)
4. Соглашение между Правительством Республики Беларусь, Правительством Республики Казахстан и Правительством Российской Федерации о едином таможенно-тарифном регулировании (ратифицировано законом Республики Беларусь)

Ideally one would have wished to add to this list, the agreements between the World Bank, the IMF, the MoEC and the National Bank concerning loan agreements, but since these are not covered by the Presidential Decree №460, they did not form part of the workshop discussion.

The following observations are based on a preliminary examination of the Presidential Decree and the CoM Resolution and will be supplemented later with a more detailed analysis of the supporting Regulations and the EU Framework Agreement.

The Presidential Decree is old and old-fashioned: the definition of International Technical Assistance contained in the Decree does not cover the available financing modalities. While at present there is nothing in the Decree that would prevent a radical overhaul of the downstream regulations, it is clear that sometime in the future the Decree ought to be updated. Moreover, at that point it would probably make sense to combine the Decree on ITA, with what one assumes would be a comparable Decree on the methodology for dealing with loan financing.

There are a number of positives in the Presidential Decree:

- (a) It does not distinguish between EU and other donor funds. This means that there is no obstacle to the consolidation of external assistance coordination under a single body;
- (b) Indeed, the Presidential Decree would lead one to assume that the Commission for International Technical Cooperation had already been allocated that role (see paragraph 1.2). It clearly identifies the Commission for International Technical Cooperation as the body responsible to the Council of Ministers for international technical assistance for project/programme approvals etc. and as the focal point for the receipt of information on projects and programmes;
- (c) There is no specific role afforded the Ministry of Foreign Affairs in the Decree and only a limited role allocated to the MoEC. This means that there is a large measure of flexibility regarding the institutional arrangements

The Decree allocates the following specific responsibilities:

- Overall responsibility = CoM
- Intermediary body = CITC
- State Control Committee = control/monitoring/audit
- Ministry of Taxation – proper application of tax regulations
- State Customs Committee – proper application of trade regulations
- The role of the MoEc is ill-defined (see paragraph 1.5). Its role as defined in the Decree appears to be limited to oversight of the State Customs Committee, the Ministry of Taxation and Minsk City Executive Committee: i.e. ensuring that they fulfil their respective obligations – but in the CoM Resolution (see paragraph 1.4) it would appear that they are the intermediary between the beneficiary and these agencies;
- The CoM is responsible for the preparation of the downstream regulations but its flexibility is constrained by the fact that the CITC is clearly identified as the intermediary body in the Decree, that is the body standing between the beneficiaries and the CoM;
- The Decree establishes a clear and direct line of communications and reporting between the CITC and the beneficiaries: (e.g. beneficiaries submit project/programs for approval to the CITC; information shall be provided by the beneficiaries to the CITC). There is no mention of any other public body acting as an intermediary between the CITC and the beneficiaries.

It is important to keep these points in mind for as we shall see below a case could be made that the CoM Resolution deviates from these principles at certain points, and that subsequent downstream regulations muddy the waters considerably.

There are two highly problematic issues: Paragraph 1.1 requires that all money intended for the implementation of a project should be transferred to the current account of the beneficiary and that all goods and other property procured within the frame of the project become the property of the beneficiary. This provision is repeated on several occasions in the CoM Resolution and the tertiary regulations. This is not something the Commission Services or indeed any other bilateral donor could accept.

The second issue is a complex matter. The Presidential Decree states that approval of the projects/programmes (with the exception of extremely small projects) is the prerogative of the Council of Ministers on the advice of the CITC. This is reaffirmed in the Resolution of the Council of Ministers which states (Paragraph 1.1) that the National Programme of International Technical Co-operation and the International Technical Assistance projects recommended for approval by the CITC should be approved by Resolution of the CoM.

It is understood that at present line Ministries sign Financing Agreements together with the Commission Services and that they are empowered to do so by the downstream regulations. The latter is a moot point since nowhere in the Regulations seen by the Expert does it state that line Ministries have the right to sign Financing Agreements. However, the question is less a matter of what is permitted under Belarusian regulations, but rather what is the status, if any, of a Financing Agreement signed by a line Ministry and the EU? Can such a document provide the legal base for EU funding?

Such is the level of confusion in the current Belarusian legislation and regulations that it could raise serious questions for the Commission Services concerning the legality of its assistance, or it could simply be a misunderstanding resulting from poor legal drafting.

The definition of a project/programme in the Decree is *“a document providing a coherent set of administrative and technical measures, united by a common purpose and provided partially or completely by the delivery of international technical assistance”*. This definition could be interpreted in two ways: either the document is the programming document (i.e. the Financing Agreement) or it is the Project ToR.

If it is the programming document (and the term appears to be interpreted as such in paragraph 1.2), then it requires that the FA should be approved by the Council of Ministers on the advice of the CITC. A Financing Agreement is a document which should be signed by the Commission Services and a body able to commit the Government of Belarus. It is clear that no line Ministry has the power to commit the Government of Belarus in law or in practise without subsequent endorsement by the Presidency or the Council of Ministers and/or the Parliament.

It is usual for FAs to enter into force when both parties have signed. However, if the FA does not enter into force as far as the Belarusian authorities are concerned until after the CoM has given its approval, then the legal status of the FA must be called into question. Since at the time of signature of the FA, the document has not been approved by the CoM, it is evident that there is no legal commitment on the part of the Belarus Government.

A FA establishes the legal base for the Commission Services for the commitment and disbursement of the budget. If the FA is not legally valid on the side of the Belarus Government until such time as it has been adopted by CoM Resolution, it cannot provide a legal base for the budget until that procedure has been completed. There is one possible caveat: this argument holds water unless it is written into the FA that the document only enters into force subsequent to the formal approval by CoM Decision, and the budget is not entered into CRIS until that Decision has been issued.

If the definition of a project/programme is to be interpreted as the project Terms of Reference, one wonders why the CoM is approving such lower order documents and not Financing Agreements. In most countries the higher body signs the FA and the line Ministry signs the ToR. Moreover, if the CoM is the only body in Belarus legally empowered to approve projects and programmes, as both the Presidential Decree and the CoM affirm, one wonders why the Commission Services agrees to sign FAs with a line Ministry.

It is possible that this discussion has limited relevance. It could be that these issues are addressed in a Framework Agreement between the Belarus Government and the EU or within the text of the Financing Agreements. A Framework Agreement was signed in 2008. However, it clearly states that Financing Agreements are to be signed between the Commission Services and the Government. Given that the Presidential Decree effectively defines the Government as the Council of Ministers in this context, it is difficult to see how Agreements signed between a line Ministry and the Commission Services meet this condition.

THERE IS ONE POSSIBLE EXPLANATION AND THAT IS TO BE FOUND IN THE LAW ON TREATIES OF THE REPUBLIC OF BELARUS 23RD July 2008 No 421-Z [*Amended 8th January 2014*]. If one were to assume that a Financing Agreement fell into the category of a Treaty or a Treaty of an Interdepartmental Character, then indeed a line Ministry would be empowered under Chapter 2 of the Law on Treaties to negotiate and conclude the FA. According to Article 5, both the CoM and the Presidency have to authorise the line Ministry's request to negotiate and conclude a Treaty or a Treaty of an Interdepartmental Character, and that following receipt of permission from the MoFA, the MoJ and other interested (unspecified) state bodies. A Treaty must be ratified by Parliament within 6 months of signature: a Treaty of an Interdepartmental Character must be ratified / signed by the Council of Ministers. It would appear that the problem has come full circle: a line Ministry may negotiate and conclude a Treaty or a Treaty of an Interdepartmental Character but without subsequent ratification by a higher body neither would enter into force.

The Resolution of the Council of Ministers №1522 21st November 2003 (as amended) reiterates the hierarchy of roles defined in the Presidential Decree: Article 1.1 states that the principal decision-making body is the CoM, and that the CITC recommends projects and programmes for approval to the CoM. This suggests that the role of the CITC is as a conduit between beneficiaries and the CoM. In effect, the CITC is the "coordinating body". Article 1.2, however, transforms the CITC into a decision-making body. It suggests that the CITC's decisions are sufficient to approve projects and programmes. Responsibility is now assigned to the Ministry of Economy for the registration, coordination, and monitoring of projects (Article 1.4). The same Article also nominates the Ministry as responsible for the coordination of the preparation of the National Programme for International Technical Cooperation and for monitoring its implementation. Article 1.4 is problematic since it runs counter to Article 1.2 and the entirety of the Regulations on the Commission for International Technical Cooperation attached to the Council of Ministers.

The principal weakness of the Presidential Decree and the Resolution of the CoM is that there is no clear definition of the cascade of responsibilities. Above all, the structure, composition and day-to-day tasks of the CITC are ill-defined: there is no reference in either the CoM Resolution or the accompanying Regulations as to how the CITC is formed or who are its members. Moreover, the CITC has no permanent Secretariat. Articles 5

& 7 of the Regulations state that the MoEc is the conduit between the Commission and downstream structures. This is the point at which the Regulations become overly bureaucratic, and at which a new layer of coordination and quasi-decision-making is inserted. Given the architecture for assistance coordination defined in the Decree it would make sense to subordinate the NCU to the CITC, so that in effect it becomes the Secretariat of the CITC. This would obviate the need for the MoEc in the decision-taking or coordination processes. Its function might then be more usefully focused on monitoring and evaluating the effectiveness and impact of the assistance.

The Regulations on the preparation, review and approval of projects programmes and on co-financing are similarly confused and certainly pose a number of questions for the Commission Services: are the financial management mechanisms described in these Regulations consistent with EU PRAG and EU Financial Regulations (I suspect not)? How will EU Financial Regulations and those of the Customs Union be reconciled in practise (i.e. with respect to the import of goods and services)? Are the current Regulations consistent with the principles and practises of “shared management”? Does the MoFA’s direct involvement in the coordination and management of the CBC programmes require a separate Government Decision?

The Presidential Decree currently provides the framework for the management and coordination of International Technical Assistance. Recently, the Presidential Administration instructed the Commission for International Technical Cooperation (CITC) to examine the current secondary legislation and regulations derived from the Decree, with a view to “de-bureaucratising” the process of coordinating and implement international technical assistance, without necessitating the redrafting of the Presidential Decree. While that could be done, the Presidential Decree would certainly benefit from redrafting. It is intended to be a piece of enabling legislation. In that sense, it could have been reduced to a third of its current size and been more highly focused. The CoM Resolution is quite frankly a mess and bears all of the hallmarks of having been amended without taking full cognisance of the impact of the amendments.

The Expert’s full analysis will be presented in his Assessment Study on “Strengthening the capacities of the Belarusian national and local authorities to programme, manage, report and monitor external assistance with special regard to the EU-Belarus technical co-operation”.

5. Next mission

The next mission is planned for May 2015.