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**ANNEX II**

**to Commission Implementing Decision on the Annual Action Programme 2017 in favour of the Republic of Belarus to be financed from the general budget of the European Union**

**Action Document for "Support to Business and Economic Development in Belarus"**

Annual Programme/Measure

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

<b>1. Title/basic act/ CRIS number</b>	Support to Business and Economic Development in Belarus CRIS number: 2017/40509 financed under the European Neighbourhood Instrument	
<b>2. Zone benefiting from the action/location</b>	Belarus The action shall be carried out at the following location: whole country	
<b>3. Programming document</b>	Multi-Annual Indicative Programme 2014-2017	
<b>4. Sustainable Development Goals (SDGs)</b>	Main SDGs: SDG 5 – Gender Equality SDG 8 – Decent Work and Economic Growth SDG 9 – Industry, Innovation and Infrastructure SDG 11 – Sustainable Cities and Communities SDG 13 – Climate Action SDG 16 - Promote just, peaceful and inclusive societies	
<b>5. Sector of concentration/ thematic area</b>	Market opportunities	DEV. Assistance: YES
<b>6. Amounts concerned</b>	Total estimated cost: EUR 14 500 000 Total amount of EU budget contribution EUR 14 500 000	

<b>7. Aid modality(ies) and implementation modality(ies)</b>	Project Modality <b>Direct management: grants to IFC / WB Indirect or direct management with OECD</b>			
<b>8 a) DAC code(s)</b>	32130 – Small and medium-sized enterprises (SME) development (40%) 25010 – Business support services and institutions (40%) 15110 – Public sector policy and administrative management (20%)			
<b>b) Main Delivery Channel</b>	<i>World Bank - 25030</i> <i>OECD - 15185</i>			
<b>9. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	X
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>10. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Flagship 3. SWITCH TO GREEN – Supporting private sector-led inclusive green growth Flagship 7. Trade integration for green and inclusive growth		

## SUMMARY

This action covers a EUR 14.5 million support programme to the economy of Belarus and the private sector development. The action is in line with the EU response to increase support to the Belarusian population at large, and follows the EU policy of critical engagement towards Belarus as well as the priorities of the Multi-Annual Indicative Programme 2014-2017, in particular enhancing economic development and market opportunities.

Belarus is gradually exhausting its state-oriented growth model. Development of private sector, private initiative and small and medium enterprises (SME) is seen as key contributor to further growth and increase of the economy's competitiveness and productivity. Progress in inclusive economic development and modernisation can be ensured through diversification as well as an enhanced role of private economic actors.

The action comprehensively addresses various aspects of the SME and private sector environment aiming at decreasing the administrative burden on business, improving business climate, business services, competition and trade policy. The action also contributes to

increasing the efficiency of the public sector through promoting the reform and restructuring of state-owned enterprises.

The Territorial Review of Belarus will address the territorial dimension of policy challenges, such as governance, economic development, innovation, urban development and rural policy. It will focus on Belarus's regional development policies and on designing evidence-based strategies to further develop local economies, particularly those struggling with demographic and economic change.

All actions and activities within the programme will promote transforming Belarusian economy into low-carbon, circular economy in line with new EU policies.

The envisaged assistance programme strictly follows the conditions and procedures set out by the restrictive measures concerning Belarus.

## **1. CONTEXT ANALYSIS**

### **1.1 Context Description**

The Belarusian authorities have maintained macroeconomic and financial stability amidst a challenging environment during 2015-16, relying on tight budgetary and monetary policies. Macroeconomic and financial conditions remain fragile, however, with weakened balance sheets, elevated vulnerabilities, and eroded policy buffers. Tight macroeconomic policies remain critical to supporting stability, with the pace of easing contingent on the pace of structural reforms. Real Gross Domestic Product (GDP) contracted in 2016 by 2.6%. While the authorities expect a rebound in economic activity to 1.7% growth in 2017, other forecasters are less optimistic – the World Bank (WB) sees 0.9% GDP contraction in 2017. Overall, Belarus' economy remains vulnerable in view of an elevated public and external sector debt, high dollarization, low reserve buffers, and other structural impediments.

Whilst the private sector contribution to GDP remains below 30% (compared to between 60% and 75% in other Eastern Partnership (EaP) countries), Belarus has recently shown considerable commitment to strengthen and support the private sector, in particular SMEs. Development of SMEs and private initiative has become the new economic policy priority for Belarus, which resonates well with the various reform recommendations produced in- and outside the country. The increased attention to these topics underlines the difficulties faced by the State Owned Enterprises (SOEs) anticipating the need to foster self-employment and development of the private business able to absorb excessive workforce from overstuffed SOEs that will need to be restructured at some point.

### **1.2 Policy Framework**

Marking a clear political commitment by adopting a new 5-year SME support programme in March 2016, the government is now actively turning to various International Financial Institutions (IFIs) and development partners, including the EU, to seek advice on the technicalities of facilitating SME and private sector development. This task is still challenging for a country where the private business was historically and still is tightly regulated and held liable for any economic downturns. The obvious solution to foster SME and private sector development lies in further regulatory, tax, price etc. simplification and liberalisation, while the government is still inclined to promote private initiative by directive measures.

The programme will also aim to support relevant recommendations of the Belarus National Business Platform, a key programme document yearly updated by local business associations outlining main proposals to policy-makers on how to further improve business climate.

The authorities have been active users of technical assistance provided by the IMF and other international partners and remain keen on receiving further assistance to strengthen their structural policies. An important prerequisite for an efficient and sustainable reform of the SOE sector is to establish an appropriate framework and expertise to manage SOEs on a commercial and professional basis.

### **1.3 Public Policy Analysis of the partner country/region**

Since 2010, the government has increasingly acknowledged the importance of developing the private sector, and in particular SME, as an engine of sustainable growth and competitiveness. Some liberalisation measures have been adopted during last years, however progress has been uneven, with only limited changes made to the institutional framework, due to mostly cautious attitude of the authorities to any significant structural reform in the context of a challenging internal and external macroeconomic environment.

The government has taken steps to improve the investment and business climate, such as reforming basic business regulations. A National SME support programme for 2016-2020 was adopted by the government in March 2016. The programme strengthens the national policy framework, affirming strategic role of the SME in the economic growth, providing additional, though moderate financing support for SME, promoting business enabling environment, regulatory simplification, public private dialogue, strengthening business support infrastructure.

While the government is also committed to develop a first SME strategy 2030 and action plan by end 2017, overall policy support to SME is also embedded in the draft National Strategy for Sustainable Development of the Republic of Belarus until 2030 (NSSD), the country's main development strategy. This document includes a chapter on SME and sets a target to increase their contribution to GDP to 47% by 2030.

This action is in line with the Multi-Annual Indicative Programme 2014-2017<sup>1</sup> and reflects the priorities agreed in the Riga Summit: 1. Economic development and market opportunities; and 2. Strengthening institutions and good governance.

Lastly, mid-2017 the political priority to "emancipate" private initiative and further improve business environment was declared by the Belarus President, intending to adopt serious business simplification measures in 2017. This is seen as an excellent opportunity to timely deliver the needed assistance to shape the new governmental business enabling agenda according to best international experience and the EU *acquis*.

### **1.4 Stakeholder analysis**

The Department of Entrepreneurship within the Ministry of Economy (MoE) of the Republic of Belarus is in charge of the design, overall co-ordination and implementation of SME support measures under the three-year programmes. The Ministry will be the key partner and beneficiary of the programme, leading and promoting the private sector and SME support as one of the key development priorities inside the government.

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<sup>1</sup> Pending the approval of the Single Support Framework 2017-2020.

Business support organisations will also play a key role in shaping the new approaches to the SME and private sector. While the quality of the public private dialogue still needs to be improved, a clear consolidation of positions of the Ministry of economy and the business support organisations (BSOs) over the need to decrease the administrative burden, further promote and free the private initiative has been achieved recently. One of the good examples to be further pursued is the de facto endorsement by the Department of entrepreneurship of the National business platform, a set of key recommendations developed by the Belarusian BSOs to improve business climate.

The National Agency for Investments and Privatisation (NAIP), Development Bank of Belarus (DBB), Ministry of Communication and Informatization (MoCI), State Committee for Science and Technology (SCST) and other government entities that are primary recipients of financing and TA are direct beneficiaries.

Beneficiaries also include micro, small, and medium enterprises (MSMEs) that would obtain financing and business development services supported by the project. Indirect beneficiaries are private firms, broadly defined, that would benefit from improvements in business climate and more efficient provision of public services. Belarusian citizens would be the ultimate indirect beneficiaries of a more competitive economy, through job creation, sustainable growth, and more competitive markets for goods and services.

### **1.5 Problem analysis/priority areas for support/**

The government of Belarus is facing the challenge of implementing deep structural reforms. Economic decline, combined with falling competitiveness and export demand, lack of budget resources and growing debts call for structural changes. The necessity of such changes is confirmed by such various external Belarusian donors as the IMF, World Bank Group (WBG), EBRD and the Eurasian Development Bank.

Progress in inclusive economic development and modernisation can be ensured through diversification as well as an enhanced role of private economic actors. Enterprise development and better business environment need to be aligned with support to modernise the State Owned Enterprises (SOEs) and their management systems. The National Strategy for Sustainable Development aims, inter alia, at a strategic modernisation of the Belarusian economy based on the development of the private sector, more efficient indicative planning of the economy, reinforcing innovation and green economy policies, and safety nets to support the most vulnerable. Implementation documents<sup>2</sup> postulate active liberalisation of the private initiative, stimulating entrepreneurship and SMEs, macro-economic stabilisation, strengthening of the financial sector, streamlined investments and increased governance.

This Programme will also provide the support to the relevant state bodies and state and semi-state enterprises in implementing structural reforms to support economy and private development. The support will include policy advice, ad-hoc expertise, trainings and possibly exchange visits to these organisations and its staff in order to support reforms and painful changes, to enhance capacity building and to increase the proficiency of the staff and competitiveness of enterprises/industries/chosen sectors.

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<sup>2</sup> Operational Programme of Social-Economic Development of the Republic of Belarus 2016-2020 develops the strategic directions of the NSSD. The National Programme for SME Support 2016-2020 further details policies and instruments for enhanced SME development. The National Action Plan on Green Economy until 2020 shall identify priority sectors and specific activities aiming at implementing a circular economic model in Belarus.

Furthermore, over the past few years, the Belarus the authorities embarked on a number of important structural reforms, but economic performance remains subdued and vulnerabilities are high, most importantly related to the state-owned enterprise (SOE) sector. Deterioration of the financial performance of the largely unreformed and inefficient state-owned enterprise sector and a related weakening of the financial system are contributing to rising vulnerabilities and limiting growth prospects. Sizable directed lending and debt-creating state support to SOEs has distorted the allocation of resources and exacerbates fiscal and macroeconomic risks. To achieve their goals of higher sustainable growth and economic diversification, the authorities will need to accelerate the pace of SOE reform. Key areas include better identification and management of fiscal risks, stronger SOE oversight and governance, and reducing the government’s real sector footprint.

**2. RISKS AND ASSUMPTIONS**

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Risk of economic instability and deteriorating business climate, lack of political willingness to carry out reforms.	M	Active promotion of SME related reform agenda through policy dialogue, involvement of relevant stakeholders to ensure local ownership, alignment with national strategies and harmonisation with other actors’ efforts.
Lack of management response/commitment of beneficiary enterprises.	M	Extensive communication outreach and business services development activities.
Competition of integration processes where Belarus is involved, which may be driven by political considerations rather than by tangible economic advantages for the country.	M	Involvement of the concerned line ministries in programme implementation and monitoring, streamlining TWINNING impact and advantages.
Lack of data for the territorial assessment	M	Data will be triangulated to the possible extent using the Belstat, reports, and government stakeholders to have up-to-date data and relevant input for the development of the assessment.
<b>Assumptions</b>		
<ul style="list-style-type: none"> <li>• Government committed to private sector and SME development, at least moderate structural reforms;</li> <li>• Overall relatively stable macroeconomic environment;</li> <li>• Willingness of the Ministry of Economy of Belarus and other stakeholders to cooperate closely with the implementing organisations in the delivery of objectives;</li> <li>• Enterprises are fully committed to take part to project activities, including participation in sharing part of the projects cost.</li> </ul>		

### 3. LESSONS LEARNT AND COMPLEMENTARITY

#### 3.1 Lessons learnt

Ownership remains the key challenge in implementing EU development projects in Belarus. The scope of the programme is oriented towards preparing and implementing numerous reforms to empower the private sector, decrease the state interference in the economy and strengthen the capacity of the government to act as regulator, rather than as owner and planner.

Considering the agility of the private sector, it is important to continue setting the emphasis on innovation and smart specialisation approaches in regional development of Belarus, particularly through learning from the experience of the Baltic States.

Specific focus during the implementation of the action should be kept on thorough training needs analysis and/or baseline studies at the start of the project activities, in order to establish baseline indicators, monitor and ensure effective use of programme resources, and measure the degree of achievement of the programme outcomes.

Finally, fostering the involvement of the BSOs in the public-private dialogue should be the key emphasis of the action. The role of the BSOs being rather limited until recently, now starts to be reinforced including through targeted EU interventions (East-Invest and Public-Private Dialogue component). Support to creation and functioning of the sector business associations could be reinforced. Current generalist business associations remain unable to attract stable support of the companies, having no specialised services or interests. Sector business association are expected to mobilise economic operators by professionally focusing on specific sector issues and contributing to resolution of specific sector challenges in structured discussions with the economic authorities in professional manner and with the necessary technical expertise.

#### 3.2 Complementarity, synergy and donor coordination

The proposed acting builds on the results and is deeply synergetic with the ongoing EU AAP 2011 and 2013 programme "Support to regional and local development in Belarus" (RELOAD programme) and currently starting EU AAP 2016 "Strengthening Private Initiative Growth in Belarus (SPRING)".

The following actions, which are highly complementary to the present intervention, will be closely monitored and managed by the Delegation of the European Union to Belarus to promote synergies:

- *EU4Business, EU4Digital initiatives, EaP SME flagship*, providing support to SMEs to tackle common challenges hampering their growth: limited access to finance, difficulty to conquer new markets, lack of business skills and a difficult business climate.
- *"Supporting firm competitiveness and business environment reforms in the Eastern Partnership: an EU4Business initiative"* is a highly complementary and synergetic action implemented by the OECD which entails a multi-country project to support firm competitiveness and business environment development in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. In Belarus, the action will focus on assist the government in finalising the SME Strategy and Action Plan, as well as on supporting high-growth SMEs with export and innovation potential.

- *Mayors for economic growth*, providing capacity building and grants to local authorities/cities based on their formal commitments to pilot the participatory economic development, planning/budgeting, good governance, accountability and transparency reforms.
- *Green Economy in Belarus*, promoting green growth concepts and environmentally sustainable production and consumption patterns through support of local green initiatives, pilot projects and an information campaign at regional and local levels.
- *EAST INVEST II*, promoting trade and investment through SME networking and consolidation of business associations.
- *The EBRD Women in Business (WiB) Programme*, promoting and supporting women entrepreneurship and more broadly women's participation in business by facilitating access to finance and advice for women-led SME.

Furthermore, WB, IFC, IMF are strongly involved in providing technical assistance on structural and market reforms to the Government of Belarus. Donor coordination is ensured through permanent working cooperation on the level of country offices as well and through dedicated coordination sessions locally and on headquarters level. The WB/IFC is mainly involved in providing assistance in the area of private sector development, privatisation, financial sector reform and public finance.

#### **4. DESCRIPTION OF THE ACTION**

##### **4.1 Overall objectives, specific objective(s), expected outputs and indicative activities**

The **overall objective** is to strengthen conditions for private sector-led growth by improving the business environment, upgrading innovation capacity of SMEs, strengthening institutional capacity to promote private investment, and improving MSME access to finance and fostering structural reforms.

The **specific objectives** are to:

1. Reduce administrative (time and cost) burden to businesses to comply with regulatory requirements and administrative procedures needed to conduct regular business and investment activities (such as, for instance, procedures to obtain construction permits and utility connections);
2. Streamline procedures related to export and import transactions and develop an effective market surveillance system based on the EU and international standards;
3. Improve the quality of dialogue with the private sector aimed at addressing core bottlenecks in the regulatory environment, finding mutually acceptable solutions, and joint monitoring over implementation of the agreed decisions;
4. Strengthen public governance and institutions at national and sub-national levels across the country and to improve the design of regional development policies via the provision of both analytical inputs (analysis and policy recommendations) and capacity-building activities aimed at various levels of government concerned with regional and local development.

The **expected outputs** are: (1) Belarus adopting a more sustainable economic model, increase the efficiency of the economy and removal of excessive regulation of the economy, strengthened macro-economic stability, improved access to finance for SMEs; (2) Improved environment for SMEs, increase of the private sector contribution to GDP, employment and



export; (3) Analysis of regional development trends, policies, assessment of capacity gaps and challenges in the governance of regional and local economic development, including the governance of the SOEs, harmonisation of business demography indicators by region.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. This does not imply a commitment by the country benefiting from this programme.

### **Indicative activities**

#### **Component I: Improving business environment and investment promotion**

Component 1 will include a broad set of key indicative activities as described below. Based on the commitment and ownership of the national authorities, including the pace of the implementation of the National SME support programme which provides the policy framework for the proposed action, some of the elements may be prioritised and reinforced.

#### **Main activities:**

**I.I: Reduction of administrative burden to businesses (e-registry, regulatory simplification, Regulatory Impact Assessment, licensing).** Reduction of administrative burden to businesses by: (a) improving transparency and efficiency of regulations by supporting the upgrading of the e-Registry of Administrative Procedures from a pilot to a fully operational stage, with transactional capabilities, feedback loops, and effective mechanism for systematic assessment and streamlining/reduction of the existing administrative procedures and requirements; (b) strengthening regulatory quality at entry by building capacity of public and private sector to undertake Regulatory Impact Assessment (RIA) prior to adopting new regulations; (c) reducing market entry barriers (un-even playing field) in terms of permits and licensing requirements, excessive inspections, and other regulatory/enforcement practices in two selected pilot sectors.

**I:II Support to SMEs to access key business services** (SME Development / guarantee fund, Business Development Services/Business Services Operators).

*A specialised state SME Support Agency* (hereinafter – the Agency) will be an organisation promoting the development of businesses in Belarus. It is assumed that the establishment and activities of the Agency will be financed from the budget and other resources to be established by the legislation. The Agency will become the executive body for the implementation of SME support programmes and will be authorised to conduct business activities related to the development of entrepreneurship. The Agency will provide support for sectoral ministries and executive committees in carrying out their activities in support of SMEs, and monitor the overall development of the SME sector. The main purpose of activities of the Agency would be to promote the development and growth of small and medium-sized businesses, integrating state support for entrepreneurship, and improving the efficiency of financial and non-financial instruments to support private entrepreneurs. The World Bank Group will support the Agency in developing a strategy and programme to maximise the impact on SMEs and to promote ‘crowding in’ of private sector business development services. Necessary coordination will be ensured with the complementary OECD-implemented "Supporting firm competitiveness and business environment reforms in the Eastern Partnership: an EU4Business initiative"

*Supporting access to financial management skills and services to improve SME performance.* This activity will include a diagnostic of SME access to financial management skills and services and targeted capacity building of business support organisations (BSOs) to improve SME access to relevant skills and services. The diagnostic will be based on strong stakeholder

dialogue, assessment and feedback and aim to identify gaps in the access to services that Belarussian SMEs encounter in undertaking important financial management activities and making important business decisions. Targeted training would then be provided to those BSOs, in particular private ones, that reach significant groups of SMEs to support them and address their key needs for growth. This sub-component will follow up the lessons learnt of the East-Invest I and II programme, in particular the need to foster establishing competent sectoral associations that are under-developed in Belarus.

**I.III: Investment Promotion: Strengthening Institutional Arrangements for FDI Support and Capacity Building for Public-private partnership (PPPs).** This sub-component will lend support to the implementation of a clear foreign direct investments (FDI) attraction strategy with targets based on competitive sectors for FDI promotion. It will strengthen the operational capacities of the National Agency of Investment and Privatization (NAIP) in investor outreach targeting, facilitation, and aftercare. In addition, it will strengthen NAIP's management and internal systems (for example, by implementing an electronic system to track outreach and development of relations with potential investors and also follow-up with existing investors).

**I.IV: Trade Promotion** (certification, National Quality Infrastructure, promotion of export diversification, final design of the National Paperless Trade System (NPTS)).

*Supporting compliance of Belarussian goods with standards in exports markets* by means of improving the quality of information and access to the nationally accredited bodies and laboratories providing testing and certification services required for international trade; *Reduction of cost of trade and promotion of export diversification* by streamlining certifications required by the Belarussian regulators and the Chamber of Commerce, export licenses and permits; and by increasing inter-agency collaboration and transparency related to trade requirements.

*National paperless trade system (NPTS) preparation.* The aim of the NPTS will be to modernise the transfer international and domestic trade operations documents into paperless form, thereby improving the functioning of trade support systems. NPTS should include 4 systems: (i) *Paperless Trade Service Portal* is the web-based single window for processing trade business of trading companies, government agencies, banks, insurance companies, logistics companies etc., whose systems are mutually linked to one another to support users; (ii) *Technical Infrastructure System* is composed of Data Exchange System, which supports exchange of e-documents among users and system-to-system interface between government agencies; (iii) *e-Document Repository* allows e-Document distribution online preventing submission of the attached documents offline; and (iv) *e-Payment Gateway* is made for exchange of e-documents with Online Banking system of banks. Implementation of NPTS continues to be one of the top digital economy priority projects for Belarus, and the Government (supported by the World Bank) is currently developing an NPTS implementation road map expected to be adopted by end 2017. The system is planned to become fully operational by 2020, as foreseen in the National programme of export development 2016-2020. The proposed activity will support the development of the final NPTS design. Along with the Government funding, a public-private partnership (PPP) model will be considered for the NPTS implementation.

**I.V: Capacity Building for PPPs** (PPP regulations development, staffing and training, one PPP transaction preparation). This subcomponent will facilitate capacity building in the Ministry of Economy's designated central PPP Unit in areas such as identification of promising PPP projects, preparation of pre-feasibility and feasibility studies, procurement, contract negotiation, and contract management. A programme of PPP training workshops for government officials and private sector stakeholders is also envisioned. The activity would

cover the following items: (a) website modernisation for the PPP Unit, facilitating more effective dissemination to the private sector of PPP opportunities and guidance on PPP processes and procedures; (b) PPP workshops, training and study visits for the NAIP (PPP Unit), line ministries, local authorities, and the private sector; and (c) additional assistance with secondary PPP legislation. This activity will possibly promote direct preparation of pilot PPP projects, including those identified in the Belarus National Infrastructure Plan or developed by the National PPP Interministerial Board.

**I.VI: Secured Transactions** (collateral registry, International Financial Reporting Standards (IFRS), credit bureaus). This activity would include *support to secured transactions/collateral registry reform* in order to strengthen the legal and institutional frameworks for secured transactions, hence facilitating increased access to finance for underserved segments, such as MSMEs. The objectives of the activity include: (i) support to the establishment of a comprehensive legal framework for secured transactions, in line with international best practices (at least one legislative act enacted by project completion); (ii) upgrading the capacity of the registry to expand their remit to include various types of security interests (expanded registry launched operations under the new scope by project completion); (iii) building capacity of financial institutions to promote the use of movable assets based lending products; and (iv) building greater awareness, both among policymakers as well as the financial sector on the importance and benefits of movables based finance and the utilisation of the Collateral Registry in Belarus.

**I.VII: Competition Policy** (antimonopoly regulations, sectoral assessments). Generation of new investment in specific markets through elimination of legal restrictions on private participation, and/or elimination of entry restrictions to allow for more competition and lower prices, by means of: (a) upgrading Belarus competition policy based on the assessment of the current framework (competitive neutrality gap analysis including policy, legal and institutional issues) against international best practices and the EU competition *acquis*, and drafting policy amendments; (b) assessment of competitiveness barriers in specific sectors, and drafting regulatory recommendations to remove restrictions and promote investment; and (c) introduction of ex-ante and ex-post assessment of policies' impact on competition.

#### **I.VIII: Efficiency Improvements in SOE sector through Strengthening Management Capacities and Supporting Operational Restructuring**

Under the existing EU-WB Administration agreement ENI/2017/ 374-410 management of 10 SOEs (a top manager and a second-in-charge) receive support on making their companies more competitive and commercially efficient. This support is being delivered in the form a series of interactive active learning and consultancy sessions devoted to strengthening enterprise-level business strategies and marketing platforms, exercising better controls over finance, motivating personnel, and optimising production and outsourcing. This activity has not only focused on hands-on solutions to individual companies, but also on developing broader recommendations for improvement of corporate governance mechanisms and enterprise management principles in Belarus. The continuation of this activity is important for creating a critical mass of informed and dedicated agents of change at the enterprise and sectoral levels. Moreover, the second round of the program will seek to engage actors from the private sector from Belarus as consultants, mentors, and business-coaches, to facilitate learning and experience adoption from successful domestic private companies to SOEs. These collaborative efforts will help in promoting new economic management philosophy, prioritising productivity, export diversification, and profitability.

#### **I.IX: Optimisation of resource utilisation in the health sector**

The Government has initiated discussions with the WB on the existing imbalances in health financing. Assistance is requested for optimisation of hospital sector, focusing primarily on hospital care and possibilities for more efficient provision of and payment for inpatient care, based on outputs. The activity will focus on three interrelated issues: (i) preparation of hospital master plan to guide investment in the hospital sector, based on a comprehensive assessment of the current and future needs of the population, demographic and epidemiological trends, and the available resources; (ii) support for setting up the purchasing agency for health contracting; and (iii) comprehensive assessment of the emergency medical system. The sample of hospitals will be assessed for the safety and quality of care and the use of technologies, while the appropriateness of hospitalisations will be benchmarked against a European protocol, supporting the dialogue on right-sizing the hospital network.

Furthermore, the WB will conduct a study on ageing and the elderly care in the health and social sectors. This activity seeks to develop an integrated approach to rationalisation of nursing facilities, based on the population needs, expenditures, and fiscal implications, as well as an assessment of the existing models of care and the potential for optimisation with the aim of efficient service delivery for the elderly. The EU support will be matched with the planned WB activity in this area, allowing to expand the scope of the study.

### **Component II: Policy advice and good governance**

Component II is aimed at capacity building for chosen organisations via provision of specialised expertise, transfer of skills and ad-hoc expertise based on the European experience in chosen priorities/areas/participants via the Twinning Instrument.

#### **Main activities:**

##### **II.I: Provision of specialised ad-hoc expertise and policy advice.**

**II.II:** Support to the Belarusian economic authorities (Ministry of Economy and State Committees under MoE (State Property Committee, NAIP), Ministry of Antimonopoly Regulation and Trade (MART), etc.) in the sphere of good governance, rule of law, human rights, gender equality, justice and in adopting selected parts of EU acquis.

### **Component III: Territorial Review of Belarus**

Good governance and strong institutions, as well as the engagement of civil society actors, are of important to achieving these economic development objectives. They promote not only transparent governance, but also reinforce the socio-economic modernisation process through new economic activities, and innovation at both the local and regional level.

The Territorial Review of Belarus will address the territorial dimension of policy challenges, such as governance, economic development, innovation, urban development and rural policy. It will focus on Belarus's regional development policies and on designing evidence-based strategies to further develop local economies, particularly those struggling with demographic and economic change. The analysis and recommendations will be complemented by capacity building activities for local authorities, SOE managers and other relevant stakeholders to support the implementation of reforms.

#### **Main activities:**

##### **III.I: Analysis of territorial development trends**

The OECD will carry out a series of fact-finding missions and consultations with Belarusian and international stakeholders in order to conduct an analysis of socio-economic trends and challenges for the *Territorial Review of Belarus*. This analysis will look at regional trends and performance, as well as at regional disparities in Belarus.

### **III.II: Analysis of regional development policies**

The OECD will carry out an in-depth analysis of the challenges/gaps in the implementation of policies and policy-making fostering regional development, based on extensive consultations in Belarus with national and international stakeholders, as well as drawing on OECD experience and past work with Belarus. This work will assess the extent to which (i) important issues may be overlooked in the design and ongoing implementation and/or (ii) the uneven progress of implementation may undermine the coherence of reforms.

These activities will focus in particular on identifying gaps and challenges in policy making, looking at regional policies, urban, rural and spatial planning, innovation, and sectoral as well as other policies fostering better regional development.

### **III.III Assessment of capacity gaps and challenges in the governance of regional and local economic development**

The OECD will carry out an in-depth analysis of the challenges/gaps in the implementation of local governance and regional development reforms, based on extensive consultations in Belarus with national and international stakeholders, as well as drawing on OECD experience and past work with Belarus. This work will assess the extent to which (i) important issues may be overlooked in the design and ongoing implementation and/or (ii) the uneven progress of implementation may undermine the coherence of reforms.

### **III.IV: Governance of State-Owned Enterprises**

The OECD will carry out an in-depth analysis of the governance of state-owned enterprises and develop tailored policy recommendations for local governance reforms in the context of the SOE sector. For this purpose, the OECD, in consultation with the leading Ministries involved in the project (i.e. Ministry of Economy, Ministry of Finance, etc.), will identify one or two case studies for an in-depth analysis of SOE governance arrangements.

The analysis of the SOE sector will be carried out after the implementation of activities 3.1-3.2 to ensure that the expert team has a deeper understanding of the challenges and opportunities for each region and can decide, in consultation with representatives of the Government, on the most appropriate SOE cases. The case studies will allow for in-depth analysis of the SOE sector and the corporate governance arrangements, as well as the relationship and governance arrangements between sub-national authorities and SOEs, on which to build policy recommendations aimed at improving state management by making SOEs more effective, efficient and transparent.

### **III.V: Analysis of firm dynamics at national and subnational level and dissemination of harmonised structural business statistics and business demography indicators by region**

Based on international good practices and the analysis of the specificities of the Belarusian context, the OECD will develop recommendations for better collection, harmonisation and dissemination of business statistics indicators, a critical priority for improving the monitoring and evaluation of regional development and entrepreneurship policies in Belarus. Data on enterprise birth, death, and growth can be used to analyse the dynamics of entrepreneurship in terms of the propensity to start new businesses or the role played by new firms in innovation, productivity growth and job creation. By conducting research on current firm dynamics, the OECD will advise on how to better collect, harmonise, and disseminate structural business statistics and business demography indicators relevant for assessing regional performance and competitiveness.

### **III.VI: Enhanced engagement with OECD bodies and dissemination of the findings**

The four analytical reports mentioned above, and their recommendations, will be consolidated into one single report to be submitted to the OECD's Regional Development Policy Committee (RDPC) in late 2021 (24-26 November 2021) for discussion and approval. The Belarusian government will be invited to send a delegation to attend the RDPC meeting at the OECD Headquarters in Paris and participate in this discussion, sharing experiences with the representatives of OECD member states and partner countries participating in the Committee. The consolidated report will be published by the OECD upon RDPC approval. The consolidated report will be available to all relevant stakeholders as a free downloadable PDF in English and Russian.

## **4.2. Intervention logic**

The intervention logic foresees reinforcing the market reform impulse of the government through coordinated and overarching flexible support of measures both directly benefitting the SME and private sector as well as building competence of the key economic institutions and authorities through policy advice and Twinning.

The key aim is to asserting the mainly regulatory role of the state in the economy, restructuring the inefficient state-owned enterprises, promoting transparent and competitive privatisation in non-strategic sectors. The aim is to ensure by all means the unleashing private initiative and entrepreneurship potential, exhaustive liberalisation of the SME and private sector enabling environment, ensuring equal treatment, fair competition and legal remedy for all property types. The activities are also expected to raise competitiveness and productivity of the economy by fostering commercially viable innovation, smart specialisation and clustering.

Furthermore, the EU, the World Bank Group and the OECD are ready to support Belarus in strengthening its policy framework to steer the economy towards a more private-sector led sustainable economic model through greater efficiency and ultimately smaller size of the public sector. The EU has been supporting Belarus through bilateral allocations funded under the European Neighbourhood Partnership Instrument in several sectors. The EC and WBG have agreed on a three year Structural Reform Technical Assistance Support Programme for Belarus consisting of five components: (i) fiscal policy/public finance management; (ii) financial system stability/development; (iii) performance and accountability of enterprises, especially in the SOE sector; (iv) protection of vulnerable households; and (v) market institutions and competition policy.

Horizontally to all planned measures, the action will adopt an approach intended to maximise the capacity building effect and ensure sustainability of results. In particular:

- Any development of new strategic document and legislation/amendments will be carried out respecting all national procedures, especially those related to (fiscal/ regulatory) impact assessments, public consultations, inter-ministerial coordination; fast-track adoption procedures will be avoided. Prior to legislative drafting support, assistance will facilitate early stage stakeholder involvement and will provide analytical prerequisites (concept support, option analysis). Actual development of policy and legislative outputs will be mainly done by the beneficiaries and even if particular textual drafting is partly done by experts, this work should be paired with capacity building of the beneficiary (introduction of international examples, detailed explanation of proposed texts etc.);
- Any IT development will respect the national standards for interoperability. Relevant consultations with the coordinating state authority(ies) for ICT shall be undertaken before launching of any tenders;
- Training measures involving a large number of representatives of different public administration institutions should preferably be organised in close cooperation with the relevant training institutions for the public sector;
- Any manual/guidelines will be mainly developed by the beneficiary institutions and will be simple enough to be regularly reviewed and updated by the beneficiaries without further external support. Any guidelines or procedures developed under this action will not contradict any legal provision of the country.

#### **4.3. Mainstreaming**

This programme will support aspects such as good governance, rule of law, human rights, gender related development and people-to people contacts with a number of other cross-cutting issues. The action will contribute to a more efficient micro- and macro management by supporting structural and institutional reforms. This has a direct (less resource use) and indirect (more efficient resource use) impact on climate change, which leads to a reduction of carbon emissions, promoting low carbon and circular economy. Environmentally friendly management is an element of good governance which should be improved as a result of this programme.

The programme will also ensure effective public participation of the private sector and civil society in the sector. Social and economic development will be tackled as the programme may support local communities and enterprises in chosen areas, creating new "green" patterns in production, consumption and public procurement, reduce the dependency on export incomes; as well as by providing new skills and local expertise via training.

The reforms in the country will have a massive impact on the population at large, which requires a gender sensitive approach. This will especially be the case for issues related to increased utility tariffs or the employment situation as a result of rationalisations at large state owned enterprises.

Fundamental human rights and gender equality issues will be mainstreamed across the outputs of the programme. Women and youth entrepreneurship, already targeted by previous EU interventions, will remain a clear focus of the current programme. The implementing organisations will ensure that women and men have the same opportunities to access the programme's finance and activities that are delivered in a non-discriminatory manner by applying a gender perspective.

A Human Rights Based Approach to Development will be applied in the process of the formulation of specific activities.

Social economy and social entrepreneurship promoting economic inclusion, as a continuation of the efforts of the AAP 2016 programme, will also be a distinct focus of the current intervention.

#### **4.4. Contribution to Sustainable Development Goals (SDGs)**

This intervention is fully relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 11 (Sustainable Cities and Communities) as well as to SDG 5 (Gender Equality), SDG 13 - Climate Action and SDG 16 - Promote just, peaceful and inclusive societies.

### **5. IMPLEMENTATION**

#### **5.1. Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

#### **5.2. Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

#### **5.3. Implementation modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>3</sup>.

##### **5.3.1. Grants: (direct management)**

###### **5.3.1.1. Grant: direct award to the International Finance Corporation (direct management)**

###### **(a) Purpose of the grant**

A grant may be awarded for the implementation of actions in line with objectives and results defined under Component 1 in section 4.1 (indicative activities I.I, I.IV, I.VI, I.VII).

###### **(b) Type of applicants targeted**

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<sup>3</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.



Target applicants are competent IFIs focusing on economic development, SME and business climate development research.

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the International Finance Corporation (IFC).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because this action has specific characteristics requiring a specific type of beneficiary for its technical competence and specialisation in line with Article 195(f) FR. The IFC is the largest global development institution focused exclusively on the private sector development. IFC has direct mandate and extensive thematic expertise to support private sector and SME development through the financial sector and advisory services, customised advice on better production and management practices, to help local companies improve their corporate governance, environmental and social practices. Furthermore, IFC is currently engaged in highly complementary activities within the Belarus Regulatory Simplification and Investment Generation Project. IFC also provides advice and support to the government in implementing policy reforms in the following key areas, related to the current programme: advice on the national SME agency and strategy, business regulatory simplification, streamlining industry-specific policies and practices to increase competitiveness and attract investments.

**5.3.1.2. Grant: direct award to the World Bank (direct management)**

(a) Purpose of the grant

A grant may be awarded for the implementation of actions in line with objectives and results defined under Component 1 in section 4.1 (indicative activities I.II, I.III, I.V, I.VIII, I.IX).

(b) Type of applicants targeted

Target applicants are competent IFIs focusing on economic development, SME and business climate development research.

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the World Bank.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because this action has specific characteristics requiring a specific type of beneficiary for its technical competence and specialisation in line with Article 195(f) FR. The World Bank is a leading international organisation in Belarus with a broad experience and trustable mandate. The World Bank group's Country Strategy for Belarus for 2014 – 2017 commits to helping reforms in key areas needed for the country to regain competitiveness, maintain macroeconomic stability and sustain growth. Such strategic goals, commitments and engagements with country priorities perfectly well match the objectives of this Programme. As practice shows, implementation of Action is smooth and efficient when Belarusian authorities work with donor organisations which have their own office in the country, understand the country specifics, and which they consider as "reliable" both from professional and organisational points of view.

**5.3.1.3. Grants: up to 3 calls for proposals for Twinning projects (direct management)**

(a) Purpose of the grant

The grants will contribute to Specific objective number 1 and Specific objective number 4, as referred to in Chapter 4.1. The contribution aims at Component 2, as referred to in Chapter 4.1.

(b) Type of applicants targeted

In line with Article 4(10)(b) of Regulation (EU) No 236/2014, participation in Twinning calls for proposals is limited to public administrations of the EU member States, being understood as central or regional authorities of a Member State as well as their bodies and administrative structures and private law bodies entrusted with a public service mission under their control provided they act for the account and under the responsibility of that Member State.

**5.3.2 Indirect management with an international organisation (OECD)**

A part of this action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria: experience in administrative and legal reforms, capacity to manage larger and complex EU programmes, and ability to access and transfer EU experiences. Based on these criteria, the selected international organisation is Organisation for Economic Cooperation and Development in Europe (OECD).

The implementation entails the Component III of the Action with the Specific objective 4 (Strengthen public governance and institutions at national and sub-national levels across the country and to improve the design of regional development policies) as referred to in section 4.1 It consists in territorial review of Belarus. This review would address the territorial dimension of a range of policy challenges, including governance, economic development, innovation, urban development and rural policy. In the case of Belarus, a territorial review could focus on strengthening Belarus's regional development policies and explore ways to further develop local economies, including reviewing the role and the impact of the state-owned enterprises for local development.

The OECD is one of the leading and notorious international organisations providing recognised policy advice on regional development and good governance. The OECD's Regional Development Policy Committee (RDPC) is a key international forum for senior-level policy makers to identify, discuss, develop, and disseminate a vision of regional development policy that is place-based, multi-level, multi-sectoral, evidence-based and innovative. Building on previous appreciated work on SME development, the OECD Eurasia Division has been directly requested by the government of Belarus to implement a Territorial Review of Belarus that would address the territorial dimension of a range of policy challenges, including governance, economic development, innovation, urban development and rural policy.

If the parallel FPPA negotiations with the OECD are not finalized prior to contract signature, this part of this action may be implemented in direct management (direct grant award) in accordance with the implementation modalities identified in section 5.3.1.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria.

**5.4 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

### 5.5 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution (amount in EUR)</b>
<b>Component 1 – Improving business environment and SME and FDI support</b>		
5.3.1 Grant: Direct award to the International Finance Corporation (direct management)	4 000 000	N.A.
5.3.2 Grant: Direct award to the World Bank (direct management)	5 300 000	N.A.
<b>Component 2 – Policy advice and good governance</b>		
5.3.3 Twinning (direct management)	3 900 000	N.A.
<b>Component 3 – Territorial review of Belarus</b>		
5.3.5 Indirect management with Organisation for Economic Cooperation and Development (OECD)	1 200 000	N.A.
<b>5.8 Evaluation, 5.9 Audit</b> (procurement)	100 000	N.A.
Totals	14 500 000	N.A.

### 5.6 Organisational set-up and responsibilities

A Steering Committee shall be set up to oversee and validate the overall direction and policy of the project (or other responsibilities to be specified). The project Steering Committee shall meet at least twice a year. The project Steering Committee shall be made up of a representative of the Beneficiary country, of the entrusted entities (IFC, WB Group and the OECD) and of the Delegation of the European Union to Belarus.

### 5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.8 Evaluation**

Having regard to the importance of the action, a mid-term and final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

Those will be carried out for problem solving and learning purposes, and in particular with respect to the intention to launch a second phase of the action.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and *inter alia* provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

## **5.9 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

## **5.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that a contract for communication and visibility may be contracted under a framework contract.

## APPENDIX - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To strengthen conditions for private sector-led growth by improving the business environment, upgrading innovation capacity of SMEs, strengthening institutional capacity to promote private investment, and improving MSME access to finance and fostering structural reforms.	Share of private sector in GDP, Share of SME in GDP, Share of SMEs in employment, SME loans as % of total loans, WB Doing Business ranking	30% (2015) 25% (2015) 30% (2016) 29% (2015) 37 (2017)	40% (2020) 35% (2020) TBD TBD 30 (2020)	Official statistics (Belstat), IFIs statistics	Structural reforms initiated and consistently implemented
Specific objective(s): Outcome(s)	1. To reduce administrative (time and cost) burden to businesses to comply with regulatory requirements and administrative procedures needed to conduct regular business and investment activities (such as, for instance, procedures to obtain construction permits and utility connections); 2. To streamline procedures related to export and import transactions and develop an effective market surveillance system based on the EU and international standards;	WB Doing Business ranking – Getting credit WB Doing Business ranking – Resolving insolvency Implementation of the WB Roadmap for structural reforms measures Adoption of the Law on indicative planning Introduction of mandatory effective prior consultation and regulatory	101 (2017) 99 (2017) Punctual measures (2017) Law under discussion (2017)	50 (2020) 50 (2020) Roadmap implemented (2020) New Law adopted (2018)	WB Doing business report, WB and IMF country assessments, Government accountability reports, Reports of the National bank, data of the National Investment and Privatisation Agency	Government committed to and actively promoting SMEs and facilitating conditions of their growth Gradual removal of administrative and legal restrictions on SME development

	<p>3. To improve the quality of dialogue with the private sector aimed at addressing core bottlenecks in the regulatory environment, finding mutually acceptable solutions, and joint monitoring over implementation of the agreed decisions.</p> <p>4. To strengthen Belarus' policy framework to steer the economy towards a more private-sector led sustainable economic model through greater efficiency and ultimately smaller size of the public sector.</p>	<p>impact assessment systems for new business legislation.</p> <p>Number of SoEs excluded from the supervision of the line ministries</p> <p>Number of privatised SoEs</p> <p>Creation of an independent agency for state property management</p>	<p>Mandatory RIA system under discussions (2017)</p> <p>Isolated cases of SoEs (2017)</p> <p>Isolated cases of SoEs (2017)</p> <p>In preparation (2017)</p>	<p>Mandatory RIA in force for all regulations (2018)</p> <p>Majority of SoEs (2020)</p> <p>Majority of non-strategic SoEs (2020)</p> <p>Fully operational (2018)</p>		<p>Government commitment to a level playing field to promote SME entry and development and to smooth exit</p> <p>Development of a financial sector to lower costs and increase SME access to financial intermediation</p>
<p><b>Outputs</b></p>	<p>(I) A more sustainable economic model is adopted; the efficiency of the economy is increased; excessive regulation of the economy is removed; access to finance for SMEs is improved;</p> <p>(II) Strengthened macro-economic stability; Effective public-private dialogue and partnership on economic and social policies;</p> <p>(III) Improved environment for SMEs, Increase of the private sector contribution to GDP, employment and export.</p>	<p>Private sector contribution to GDP, employment and export</p> <p>Number of SMEs created and operating</p> <p>Creation of a dedicated SME agency, SME strategy, including effective institutional arrangements, public-private dialogue structures and M&amp;E systems</p> <p>Adoption of market-oriented approach to the development of business support infrastructure</p> <p>Improved the legislative and regulatory framework, strengthening creditors' rights, improving access to the credit information registry and adopting legislation on a registry for securities over movable assets.</p>	<p>TBD</p>	<p>TBD</p>	<p>Government accountability reports, Reports of the National bank, IFI / IMF regular reports, ad-hoc studies and policy benchmarks by local and international think-tanks.</p>	<p>Overall stable macroeconomic environment</p>