

Strategy for Swedish aid initiatives in

Belarus

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REGERINGSKANSLIET

Government Offices
of Sweden

Strategy for Swedish aid initiatives in Belarus, 2011–2014

INTRODUCTION

The situation regarding democracy and human rights in Belarus is extremely serious and deteriorated further in connection with the presidential elections in December 2010. The manner in which the elections were conducted, and the subsequent attacks on representatives of the opposition, independent media and civil society, severely set back efforts to promote democracy and respect for human rights.

In light of this, the EU foreign ministers decided in January 2011 to reinstate and consolidate the sanctions imposed on sections of the Belarusian leadership. The EU is demanding that Belarus, as a first step, release and rehabilitate all political prisoners and move unequivocally towards democracy and respect for human rights. If it fails to do so, the EU may take further action. At the same time, the EU plans to increase its commitment to the Belarusian population, e.g. by seeking to facilitate travel and by stepping up its support to civil society.

It is in the long-term interests of Sweden and the rest of Europe to ensure that Belarus develops both into a modern, politically pluralistic and democratic state based on the rule of law and respect for human rights, and into an economically and environmentally sustainable society.

Sweden's long tradition of broad-based development work in Belarus has resulted in valuable experience and established important ties that can be turned to advantage. Meanwhile, Swedish support will be concentrated to three sectors – i) democracy, human rights and gender equality, ii) environment, and iii) market development – the aim being to focus efforts during the coming strategy period on areas where Sweden has a significant competitive advantage.

There is still a very substantial need of reforms in the democracy, human rights and gender equality spheres. The environmental sector and the private sector – particularly such areas as water purification and entrepreneurial development – are also in need of extensive reforms. An environmentally sustainable society in Belarus is also in our immediate interest since the country is a close Baltic Sea neighbour. Moreover, reforms of this nature often require cooperation between actors from civil society and government agencies, an area of work in which Sweden is deemed to be highly skilled.

Support for democratic development and civil society is currently facing a severe test, since many of the leading representatives working in these areas have been detained and many organisations have been marginalised. Also, deteriorating relations between the EU and the Belarusian government are making it difficult for outside organisations to operate in the country. Even before the latest developments, legislation and bureaucracy involving complicated registration procedures showed how little interested the Belarusian government was in foreign support in this area.

There is broad agreement among Swedish actors operating in Belarus that it is vitally important not to isolate the Belarusian population in the current situation, and that contact with Belarusian actors for change must be maintained and broadened so as to encourage the emergence of a more pluralistic and open society. Support for the democratisation efforts of young people, students and other actors for change should be given special priority.

Based on the above assessments, Sweden's aid provision is to focus on supporting pro-change actors in Belarusian society.

Sweden is to seek a broad dialogue with Belarusian society and cooperate with civil society actors and also with government agencies where this is deemed desirable and feasible, preferably at local and regional level, the aim being to improve the prospects for further reforms in society as a whole. Under the present circumstances, contact with the authorities at national level is to be restrictive in scope.

Support is to be provided for activities that contribute to greater public and political pluralism. Dialogue is to be conducted on the subject of democratic governance, on the perspective of closer integration with the European Union and its fundamental values, and on future participation in the bilateral part of the Eastern Partnership, once the requisite conditions for this have been met.

The present strategy will govern Sweden's aid efforts in Belarus during the period 2011–2014. Annual volume is estimated at approximately SEK 120 million during this period.

The overall objective of the Swedish aid effort in Belarus will be a democratic development characterised by respect for human rights, greater protection of the environment, better conditions for a market economy and closer ties with the European Union.

A mid-term review of the strategy may be required.

1. Overall objectives and priorities, objectives and priorities for aid effectiveness, and general dialogue issues

Overall objectives and priorities

The overall objective of the aid effort in Belarus will be a democratic development characterised by respect for human rights, greater protection of the environment, better conditions for a market economy and closer relations with the European Union.

Such input contributes to the objective of Swedish reform cooperation in Eastern Europe, i.e. strengthened democracy, equitable and sustainable development, and closer alignment with the EU and its fundamental values. It also contributes to the overall objective of Sweden's policy for global development, i.e. equitable and sustainable development. The Government's three thematic priorities (democracy and human rights, environment and climate, and gender equality and the role of women in development) are required to inform all aid activities. A rights perspective and the perspective of poor people on sustainable development are both to be applied. Sweden is to actively encourage participation, gender equality, openness, accountability and a stronger role for civil society in all sectors.

Objectives and priorities for aid effectiveness

The main objectives and priorities are better donor coordination and greater involvement by a stronger Belarusian civil society in projects and programmes.

Due to the deterioration in the political climate, many donors have announced plans to increase their aid to Belarus, particularly in the areas of democracy and human rights. Continued and enhanced coordination between Sweden and other donors is becoming even more vital in ensuring effective aid provision. To a great extent, donors in Belarus coordinate their efforts informally, and Sweden as one of the largest bilateral donors is to play an active part in this process.

In addition, Sweden is to press for stronger ownership by civil society organisations of the various aid projects. The possibility of applying a programme approach is to be given due consideration, particularly in the case of cooperation with civil society. The prospects for adopting such an approach in accordance with the principles of the Paris Agenda are limited, however, due to the reluctance of the Belarusian government so

far to undertake the reforms needed to move the country closer to the EU and a market economy.

General dialogue issues

Dialogue on the importance of democratic governance and on the prospects for closer alignment with the European Union and its fundamental values – including future participation in the bilateral part of the Eastern Partnership – is to be conducted and maintained with civil society, and also, where this is considered desirable and feasible, with government agencies.

The Government's three thematic priorities (democracy and human rights, environment and climate, and gender equality and the role of women in development) will provide the basis for the ongoing dialogue with Belarusian partners.

2. Sectors

Sector 1: Democracy, human rights and gender equality

Sectoral objective

- Greater awareness of and respect for fundamental democratic values and human rights, and a closer understanding of gender equality issues in Belarusian society.

Focus:

In pursuit of the objective, Sweden is to support civil society and its actors, encourage cooperation between them and help increase dialogue between these actors and the authorities, the aim being to promote the emergence of a more pluralistic civil society.

Swedish support to civil society is to focus on areas such as democracy and human rights, gender equality, media and culture. Support for international exchanges primarily for young people and students is to be given priority. Capacity development is to be a key element in support to civil society, but this should be based on needs and demand as far as possible and represent an integral part of the partner's activities.

Sweden is to encourage the active involvement of the Belarusian people in decision-making and in various public matters, by for instance

providing educational support and support both to domestic election observers and for the defence of human rights. Measures that can help broaden areas of contact between Swedish and Belarusian actors among both additional groups in civil society and a wider range of groups, such as housing and women's associations, chambers of commerce, and entrepreneurial, environmental and youth organisations, are to be considered.

Both bilaterally and in collaboration with other donors, Sweden is to assist independent media in particular by supporting news coverage, including net-based media, journalist training and journalist exchanges. Sweden is also to cooperate with independent media organisations and independent media for the purpose of strengthening the media sector and helping it become more diverse and professional. Support may be made available for information and communication technology (ICT) solutions that strengthen democracy.

Swedish aid is to encourage progress towards gender equality. Targeted measures designed to develop understanding and raise awareness about gender equality issues are to be implemented, along with measures to combat gender-based violence.

Sweden will seek to support actors for change at different levels of Belarusian society, especially the local and regional administrative level, through capacity development and international exchange. Until the political situation improves, contact with central government agencies is to be restrictive in scope.

Interaction with other donors:

Swedish reform work is to be undertaken in close cooperation with other donors, in particular the European Commission. The total volume of development aid to Belarus is planned to increase, and in seeking to enhance impact it is more important than ever that like-minded donors coordinate their efforts. When such a course is deemed beneficial and feasible, partnerships are to be sought with other countries as well.

Cooperation with actors such as the Council of Europe, the Organisation for Security and Cooperation in Europe (OSCE), the Nordic Council of Ministers and the United Nations is welcomed and the prospects for developing such cooperation further are deemed favourable.

As a result of the political situation in the country, many donors have confined their programmes in recent years to civil society support and humanitarian aid.

Sector 2: Environment

Sectoral objectives:

1. Belarus has drafted and adopted laws and regulations in the environment area that are in line with the EU's directives and with the commitments required by international conventions.
2. Reduced emissions to air, soil and water.

Focus:

In pursuit of Objective 1, Sweden is to support measures targeting institutional development and capacity development at national, regional and local level, the harmonisation of national laws and Community law, and adaptation both to EU directives and to the commitments required by international conventions in relation to transboundary climate and environmental problems. Swedish support is to strengthen the ability of responsible authorities to prepare and where appropriate implement environmental improvements, based on the above commitments and after consultation with civil society actors.

Capacity development is to be a key element in Swedish support to civil society, but this should be based on needs and demand as far as possible and represent an integral part of the partner's activities.

Swedish support aims to promote dialogue and cooperation between actors in civil society and public administration and to facilitate coordination both between ministries with responsibilities in the environment area and between national and local authorities.

In pursuit of Objective 2, Swedish aid is to encompass both the adaptation of policies and laws and direct support for the implementation of investments. Investment support may be expected to target municipal environmental infrastructure, with efforts to help reduce pollution of the Baltic Sea being given special attention. The focus should be on helping to reduce fertiliser and pesticide run-off as part of the Baltic Action Programme. During a transitional period, investments can be partly financed by a combination of grants and loans in collaboration with international finance institutions.

Investment measures should primarily be undertaken in cooperation with international finance institutions participating in the Northern Dimension Environmental Partnership (NDEP), where Belarus has had observer status since November 2009. Support is to cover institutional development, technical consultancy and mechanical and electrical equipment. It should also be possible to provide financing to the NDEP Support Fund for aid provision in Belarus.

The aim is for Swedish support to help raise environmental awareness and enhance commitment to environmental issues, through dialogue both at various levels of society and between organisations and public authorities. Initiatives relating to information, communication and education in the environment area are to be prepared in consultation with other actors, along with aid provision to environmental organisations.

In pursuit of Objective 2, Sweden is also to support measures that reduce energy use and introduce new technology into the water and sanitation, waste and district heating sectors.

Support for the environment sector is to be clearly linked to the Belarusian actors' willingness to introduce reforms.

Interaction with other donors:

Cooperation with actors such as the Nordic Investment Bank (NIB), the European Bank for Reconstruction and Development (EBRD), the Nordic Environment Finance Corporation (NEFCO) and the NDEP should be stepped up.

Sector 3: Market development

Sectoral objectives:

1. Better opportunities for implementing economic reforms.
2. Better conditions for small and medium-sized enterprises.

Focus:

In pursuit of Objective 1, once the requisite conditions are deemed to be present, Swedish aid is to focus on helping to create the kinds of conditions that facilitate and hasten the shift to an efficient market economy. Opportunities for supporting Belarusian adaptation to the EU *acquis* are to be looked into. Such support may for instance encompass regulatory harmonisation. Capacity development in support of Belarus's WTO accession process may also be considered.

Support may be extended to reform processes that aim to reduce bureaucratic obstacles and improve conditions for small and medium-sized enterprises, and also to measures aiming to make the Belarusian investment and business climate more open and predictable, which would pave the way for increased trade and investment.

A further aim is for Swedish support to contribute to dialogue and cooperation between independent business organisations, educational institutions, think tanks and government agencies.

In pursuit of Objective 2, the aim of Swedish support is to help improve conditions for small and medium-sized private businesses and thereby make it easier for people to contribute to, take part in and benefit from a growth process. Support for the development and establishment of private banks and credit institutes may be considered.

By supporting capacity development, Sweden will also assist businesses in their efforts to organise themselves and act as a group, and by the same means will seek to improve their chances of entering into exchanges with Sweden and other countries.

Support for the market economy sector is to be clearly linked to the Belarusian actors' willingness to introduce reforms.

Interaction with other donors:

Cooperation with actors such as the European Bank for Reconstruction and Development (EBRD), the World Bank/International Finance Corporation (IFC), the International Monetary Fund (IMF) and the European Commission may be expanded.

3. Funding amounts

The volume of Swedish aid to Belarus in the period 2011–2014 is expected to be approximately SEK 120 million per annum.

4. Risk management

An increase in Swedish input in the democracy, human rights and gender equality sector is hampered by the shortage of partner organisations capable of handling large volumes and meeting accounting and reporting requirements, particularly given the aid increases announced by other donors in response to the political situation. This will pose a challenge in

terms of aid effectiveness and means that continued and enhanced coordination between Sweden and other donors will become even more vital.

To minimise the risks, a pragmatic and flexible approach to cooperation will be needed in the three chosen sectors and in the political context.

Today, Belarus is facing substantial political, economic and social challenges. Economic developments in the country show that both major investments and reforms are badly needed. The IMF and the World Bank have specifically noted the need to reduce the role of central government in the economy through privatisation, greater scope for free price and wage setting, and reform of the financial sector. The Belarusian government, meanwhile, has shown no inclination to liberalise society or reform the country's largely government-controlled economic model.

A further threat to the strategy's implementation, therefore, is the Belarusian government's reluctance to introduce reforms and become more market-oriented in the environment and market development sectors. Both the needs and the potential are present, but extensive reforms are required if aid measures are to be properly implemented. A revised tariff system is one such reform. This is why Swedish support is to be conditional on Belarusian actors' willingness to introduce reforms.

Corruption impedes democratic development, which is why the fight against corruption must be a feature of all Swedish aid provision. The need to prevent and combat corruption is to be integrated into all measures. It is vitally important to create efficient systems for follow-up and accountability and ensure continuous reviewing. Corruption risks in connection with Swedish aid provision must always be analysed and action to curb corruption through special measures may need to be considered.

In light of the precarious political situation, a mid-term review may be in order.

5. Coherence

Belarus has no Partnership and Cooperation Agreement with the EU and does not participate in the bilateral part of the Eastern Partnership. The EU plans to increase its support to civil society over the next few years. Opportunities for twinning cooperation are also being considered. Agreements between the EU and Belarus on visa facilitation and readmission are currently being prepared within the Union.

Sweden is seeking both bilaterally and via the EU to promote opportunities for democratic development in Belarus and to prevent the Belarusian people from becoming isolated. Sweden's bilateral support for democracy, human rights, civil society and economically and environmentally sustainable development, and for greater international contact for the Belarusian population – not least young people and students – is well in line with the support planned by the EU. Relations between Belarus and the EU have long been comparatively limited in scope, except in recent years when Belarusian authorities have shown a degree of willingness to consider reforms and to enter into dialogue. Since the presidential elections in December 2010, however, relations have again deteriorated, and it is still too early to decide how this will affect the implementation of aid measures.

Swedish reform cooperation with Belarus has been under way for quite a while and points of contact between the countries have been steadily increasing as a result. There would appear to be a mutual and growing interest on the part of civil society in the two countries to cooperate in several of the above areas, but also, although to a lesser extent, on the part of government agencies, where trade, environment and economic liberalisation are concerned.

The Swedish Institute has been working actively in Belarus for a number of years to strengthen democratic culture, openness and innovation by means of exchanges and partnerships in the cultural sphere and in public life. Belarus is one of the priority countries in the Institute's Visby Programme, primarily as a result of the academic scholarships extended to Belarusian citizens. Expansion of these programmes is planned during the coming strategy period. The Institute's leadership programme also takes in Belarus. In addition, Sweden finances places for Belarusian students at the Stockholm School of Economics in Riga (SSER). Furthermore, a number of Swedish municipalities are in contact with Belarusian twin towns/communities, and Swedish popular movements, political parties and educational associations also have ties and exchanges with the country.

6. Considerations regarding the strategy focus

The Swedish strategy for development cooperation with Belarus in 2007–2010 covered five sectors. In the light of experience gained from past initiatives, Swedish comparative advantages and the capacity available for cooperation, and taking into account both the focus of other donors' efforts and current needs on the Belarusian side, Sweden's

aid provision in 2011–2014 will be confined to three sectors: i) democracy, human rights and gender equality, ii) environment, and iii) market development. This choice of sectors is based on the following considerations:

Democracy, human rights and gender equality

Belarus is in great need of broad support for democratisation, human rights and gender equality processes. Broad support for this sector is particularly important at times when these values are not being respected since it sends a signal to Belarusian actors for change that they are not isolated.

Initiatives in this sector – via exchanges of experience with and support not only to reform-minded representatives of civil society, human rights activists, independent media and the cultural sector, but also as far as possible to pro-change actors in the Belarusian administration – is important in both the long and the short term. Such support helps to further develop and sustain a civil society capable of defending human rights, and it also paves the way for a robust democratic society in the longer term.

Civil society needs support if it is to be in a position to act in the first place, but it also needs help in developing capacity. International exchanges facilitate moves in this direction, on an ideological plane as well. Civil society needs to develop a stronger profile as a voice of the people and to engage in decision-making and public debate. Access to independent information and media needs to be encouraged and independent journalists require support. Swedish input is supplemented by that of other donors, and it is important to ensure that not all aid is confined to a few recipients but that diversity and pluralism are sought.

Belarusian actors have shown an explicit interest in cooperating with Sweden on gender equality issues. Gender equality was mainstreamed into a number of projects under the previous strategy, and the prospects for stepping up measures in this area will be reviewed.

Environment

The major challenges facing the Belarusian environment sector need to be met not only through emission-reducing investments and closer alignment with Community law but also by means of collaboration between environmental organisations and the authorities and by ensuring that environmental awareness and commitment are encouraged at all

levels of society. Efforts in this sector help bring Belarus more into line with the EU and also help establish the country's role as a part of Europe. Cooperation with Belarusian agencies has developed well and there is a demand for Swedish support. It is important, therefore, to also continue supporting actors for change in the central government administration. The aim is for Swedish initiatives to help bring about dialogue and consultation between responsible authorities and civil society. It should also be clearly emphasised that development in this sector can only be achieved if the will to reform is strong enough.

Major investments are needed if the environmental requirements set out in EU directives are to be met, particularly in respect of sewage treatment, waste management and reduced air pollution. National legislation needs to be harmonised with Community law in this area. Institution-building and capacity-strengthening are needed at national, regional and local level. Special measures will be required to reduce the country's negative impact on the Baltic Sea environment through the discharge of nitrogen, phosphorous and pesticides via the coastal states of Latvia, Lithuania and Poland. In principle, water and sanitation, waste and district heating all face the same problems – they lack adequate investments. The organisational and financial structures are outdated. Within the next few years, tariffs must ensure cost recovery without subsidies if operations are to be sustainable in the long term.

The ability of responsible authorities to produce results-oriented sectoral reform programmes based on international commitments needs to be strengthened, as does environmental awareness and engagement in the community as a whole. On the Belarusian side, there is considerable interest in foreign support for the environment and energy spheres. By aiding Belarus in this sector, Sweden and other donors can continue to help improve the environmental situation in the Baltic Sea and its surrounding area.

Market development

Efforts in this sector help create the kinds of conditions needed to facilitate the economic transition that the country will have to undergo sooner or later, and can thereby hasten both the transition to a market economy and EU convergence. Swedish support is in demand among local actors, and Sweden will therefore continue to support contact and exchanges between Swedish and Belarusian entrepreneurs. Together with other donors, Sweden will also support reforms in the sector. Where such assistance is deemed meaningful, this may include providing support for Belarusian alignment with the EU *acquis*.

Economically, the greatest challenge facing Belarus is the need to strengthen competitiveness in the business sector, to attract foreign investment and to reduce economic dependence on Russia. Key reform measures in this context are the privatisation of state-controlled companies, legislative reforms and better conditions for private enterprise. The reform effort is hampered by the Belarusian government's equivocal attitude towards economic liberalisation. The aim of Swedish support is to help establish and strengthen actors for change and to promote understanding of the need for crucial economic reforms.

Both Belarus and Swedish actors are interested in boosting trade between the two countries and in Swedish aid provision for the development of small and medium-sized enterprises.



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