

## BELARUS

### ETF COUNTRY PLAN 2009

#### Summary

Within the period 1997-2007 ETF assistance to Belarus has been viewed in the broad context of EU assistance to the country. It has consequently been reduced to gathering sufficient country intelligence to provide ad hoc support to the European Commission if requested.

In 2008 ETF and country stakeholders have started a discussion on possible future scenarios on the modernisation of the system.

ETF objectives for 2009 – 2011 will be to contribute to human resource development in Belarus, in line with EU policies and strategies for the country. The level of ETF support is intended to bring an added value to support democratisation and the openness of education sector by facilitating dialogue between various education stakeholders. If interest is expressed by the EC services, the focus will be on providing advice to the EC and national stakeholders in line with EU experience and policy developments relevant for Belarus with a view to laying ground for possible future interventions.



#### 1. Socio-economic background

Since independence Belarus has undertaken limited, yet sufficient reforms, to deliver significant economic growth and avoid the sharp drop in per capita incomes experienced by many of its neighbours. The country now has one of the highest income levels among the CIS countries. The GNI per capita according to the Atlas method increased from US\$ 1,610 in 2002 to an estimated US\$ 3,980 in 2007. The economy is highly industrialised, and largely dependent on imported energy and raw materials. Trade, services and the industrial sector are the main sources of economic development.

The country retains many features of a planned economy, with the government wielding significant control over the factors of production and the decisions of economic agents, a high tax burden, and major budget redistributions of funds aimed at supporting traditional companies and employment. The agricultural sector remains largely unreformed, small and medium-sized enterprises have undergone a minimal level of development, and a considerable share of GDP is allocated to social expenditure.

The EU recognised Belarus' independence in 1991. A Partnership and Cooperation Agreement (PCA) was negotiated in 1995 but never came into force. From 1996/97 relations worsened due to the political situation in the country. In 1996, the 1994 constitution was reformed, concentrating powers heavily in the president, whose term was also extended via a referendum held in November 1996. The EU, the Council of Europe, and the Organisation for Security and Cooperation in Europe have consistently voiced their concerns about the political situation in Belarus and have repeatedly taken joint action.

Belarus has been heavily criticised for the harassment and disappearance of opposition politicians and journalists and the lack of free and independent media. Moreover, the recent elections have all failed to meet international standards for democratic elections. This has led to the political and economic isolation of Belarus by the EU and the international community.

Nevertheless, economic growth in Belarus has been genuine and robust, especially in recent years. An analysis based on a comparison of business condition survey results with official growth data has revealed a high correlation in the identified growth trends, supporting the argument that economic growth in Belarus is real and not just a statistical phenomenon.

GDP growth in Belarus, which in recent years has been as high as 9%, has been broad-based, driven primarily by improvements in labour productivity, improved energy efficiency and capacity utilisation. In contrast to other countries in the Commonwealth of Independent State (CIS), where growth and exports remain concentrated in the extraction sectors, with limited employment opportunities, the growth structure in Belarus has been much more beneficial for labour. Growth in labour-intensive sectors coupled with wage and income policies have helped to ensure that the benefits of recent growth have been broadly shared by the population. Although certain problems persist, the recent growth has been based upon sound macroeconomic policies and improved incentives for investment and restructuring at the enterprise level.

The role of external markets (such as access to the Russian market) has been critical in supporting the initial growth episode by allowing Belarusian producers to capture a certain niche of the Russian market and thus lay down a base for growth in the future. Exports play a crucial role in Belarus' growth, although they remain highly concentrated both in terms of geographical and commodity patterns. The competitiveness of Belarusian products in both CIS and non-CIS markets has been deteriorating.

International analyses suggest that the lack of foreign direct investment - primarily due to the political isolation of Belarus and the unfavourable business climate - is likely to slow down growth. Belarus, consequently, underutilises strategic advantages, such as its geographical location, human capital capacity, and privileged access to the Russian market.

Belarus, like most CIS countries, has suffered from a demographic decline. Certain issues, including education and employment, are thus faced with the constraints imposed by an ageing population and a shortage of skilled and competitive workforce.

## 2. Key policy issues and strategies in human capital development

### **i) Key policy issues and strategies in education and training**

Belarus' spending on education which amounts to 6% of its GDP<sup>1</sup> is high compared to most of its neighbours. Belarus is in fact the CIS country that spends the biggest share of its GDP on education. The Human Development Index of Belarus is the highest in the CIS due to e.g. high education attainment levels. The education sector shows steady gross enrolment rates in tertiary education exceeding those of Russia, Poland and the Baltic States. The education system is centrally managed and controlled and it still bears many features of the Soviet legacy.

The key issue in the recent reform and debate is a reduction of secondary general education from 12 to 11 years. The reasons for this cut are highly debatable and the decision does not seem to be based on a sound consultation with the education community and experts. This raises concerns about the decision because international evidence suggests that in normal circumstances one additional year of schooling contributes to a 1% unit increase in economic growth in low/middle income countries.

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<sup>1</sup> 2006 data (source : UNESCO Institute for Statistics (UIS))

Belarus does not officially participate in the Bologna process but some curricula reforms have been carried out to bring the higher education system in line with a two-level bachelor/master system.

Ongoing developments in the vocational and educational training (VET) sector are undertaken within the framework of the Programme for VET Development 2006-2010. The Programme addresses such issues as teacher training, planning of VET enrolment, content of training programmes and upgrading of facilities, equipment and teaching aids. The Ministry of Education, in cooperation with the Ministry of Labour and Social Protection, has initiated the design of new VET standards. The development of new curricula and occupational profiles (integrated profiles) is currently underway and a ten-point grading system to evaluate the knowledge and skills of students and trainees has been developed.

A local decentralised approach has been taken in terms of the implementation of employment policies. The development and implementation of national employment plans paid special attention to the problems of unemployment among young people and women, enhancing the mobility of young specialists in the labour market, assisting unemployed people in developing entrepreneurial skills, and launching more active labour market measures and special programmes (including continuing training) for disabled people. According to the Ministry of Labour and Social Protection the key challenges are labour market analysis and forecasting, collection of labour statistics in line with the ILO methodology, career guidance, the problems linked to an ageing population, specific measures for employment promotion and creation among disabled people, and the development of standards that can make Belarusian qualifications comparable at European level.

### 3. EU and other donor interventions in the country

Belarus is now the only European state of the former Soviet Union without a ratified Partnership and Cooperation Agreement with the EU. Pending any substantial positive change in the internal situation in Belarus, the 1997 EU General Affairs and External Relations Council conclusions, which restrict EU-Belarus relations, remain valid. Within the scope of these conclusions, the EU will continue to make efforts to help Belarus embark on the transition towards a stable democracy that respects the rule of law, human rights and fundamental freedoms, in line with its UN and OSCE commitments.

Belarus has been included in the European Neighbourhood Policy (ENP) and is considered eligible under the related European Neighbourhood Partnership Instrument (ENPI). Due to the restrictions set by the EU Council, from 2007 Belarus will receive limited assistance under the ENPI amounting to around €5 million per annum.

The EU assistance set out in the Tacis indicative programme for 2005-2006 focused on assistance to civil society and democratisation, support for reform and international links in the higher education and training sector, and helping to cope with the consequences of the Chernobyl disaster. The national programme will continue to be complemented by the Tacis cross-border, regional and nuclear safety programmes.

Belarus benefits from the EU higher education initiatives Tempus and Erasmus Mundus and there are a number of ongoing Tempus projects involving Belarusian higher education institutions.

In 2006 the European Commission (EC) launched a €4.5 million programme to support scholarships for Belarusian students wanting to study abroad, to be implemented by the Nordic Council of Ministers, whose contribution topped up the programme to €5 million. Scholarships will be granted to students who have been penalised by the regime and who have been denied access to Belarusian universities because of their political activities during and after the presidential elections of 19 March 2006. This initiative complements the scholarships offered by several EU Member States to sanctioned students. The project is part of the Commission's continuing efforts to support Belarusian civil society and, in particular, Belarusian students and young people.

The EC Delegation to Belarus was opened in spring 2008 and besides diplomatic reciprocity was considered as a new step in the EU-Belarus cooperation. Moreover, Belarus is included in

the 2008 proposal on the Eastern Partnership which stresses the importance of incentives for change by building horizontal links between Eastern neighbours and the EU.

In general there are a limited number of donors active in all sectors including education and training or labour market. Only UNICEF has some activities on pre-school and training of disadvantaged groups. Some small-scale education initiatives are supported by various donors through the Belarusian NGOs.

#### 4. ETF strategy of intervention 2009 - 2011

In the context of a fact-finding mission to Belarus carried out by the ETF in April 2008, the possible future scenarios on the modernisation of the system with potential EU assistance were discussed. With the aim of deepening the knowledge of the current developments and to respond to the stakeholders' interest in EU developments, the ETF carried out an update report on education and training in Belarus in addition to an education policy seminar which was organised in July 2008 as a way of fighting isolation and creating a space for debate on EU developments and education policy making between state and non-state actors, also acting as a facilitator.

On the basis of the results and feedback on 2008 activities and at the request of the EC, the ETF's intervention strategy for 2009 – 2011 is designed to keep dialogue going in the country.

In 2009 the ETF will support the preparation of the UNESCO conference on TVET which will be organised in Minsk for the CIS Ministers of Education.

Extending the Black Sea Employment Review project to Belarus may be considered depending on the future developments of the Eastern Partnership and the political situation.

The ETF will continue inviting Belarusian experts to participate in relevant ETF activities or thematic conferences taking place in neighbouring countries such as Russia and Ukraine. Belarusian stakeholders will thus benefit from observing the good practices of their neighbours and will be kept informed of EU developments. Should the democratic and political situation change, they will also be able to prepare themselves for future cooperation.