



UNECE

United Nations Economic Commission for Europe

Evaluation Report

UNECE Project “Capacity Development to Support the Implementation of Public Private Partnership (PPP) in Belarus

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List of abbreviations and acronyms

EBRD	–	European Bank for Reconstruction and Development
IFC	--	International Financial Corporation
IIB	--	Inter-Ministerial Infrastructure Board
MoE	--	Ministry of Economy
MoF	--	Ministry of Finance
OECD	–	Organization for Economic Cooperation and Development
PPP	--	Public-Private Partnership
UNDP	–	United Nations Development Programme
UNECE	–	United Nations Economic Commission for Europe
UNEG	–	United Nations Evaluation Group
WB	–	World Bank

Executive Summary

This evaluation analyses the design, management, results and the potential impacts of the United Nations Economic Commission of Europe (UNECE) project, “Capacity Development to Support the Implementation of Public-Private Partnerships (PPPs) in Belarus”, implemented between August 2013 and November 2015 in cooperation with the Government of Belarus and the United Nations Development Programme (UNDP) in Belarus, and funded by the European Union.

The main objective of the project was to strengthen the capacity of Belarus to deliver infrastructure projects and public services using the Public-Private Partnerships (PPPs) mechanism. The project aimed at increasing the capacity of the public and private sectors, and society at large in Belarus, in the PPP process with a view to promoting, developing, delivering, operating and managing PPP projects for infrastructure and public services delivery.

The project has been properly designed and implemented at the request of the Government of Belarus. The UNECE National PPP Readiness Assessment report for Belarus¹ is a high quality analysis and made clear, straightforward recommendations on the necessary steps. Considering the proven need and request from the host country, the alignment of the objectives with the mandates of the organizations involved, and the appropriateness of the project design based on a sound readiness assessment, the project relevance is rated as “excellent”.

The project achieved all planned results. The UNECE delivered critical support to create awareness and offered legal technical assistance, facilitating the drafting, debating, approval and enactment of the PPP law. The Inter-Ministerial Infrastructure Board (IIB) in Belarus² is functional and endowed with sufficient technical knowledge to take strategic decisions regarding the PPP investments in the country. If the Ministry of Economy’s (MoE) intentions for 2017 materialize, the PPP Unit has a good chance to be revived, building on the technical knowledge that has been left after the end of the project. As a result of the project, the Government embraced the idea of using the M10 toll-road as a showcase, and the European Bank for Reconstruction and Development (EBRD) is involved in providing hands-on support to create the tendering documentation. All the stated elements contribute to the general positive impact of the UNECE’s contribution, making the project “highly satisfactory” both at the impact and sustainability level.

With all these considerations taken into account, the main conclusion is that the UNECE brought a high-added value to this project, based on the fact that it mobilized world-class

¹ The UNECE National PPP Readiness Assessment report is available at:
http://www.unece.org/fileadmin/DAM/ceci/documents/UNDA_project/PPP_Readiness_Assessment_Belarus.pdf

² The UNECE National PPP Readiness Assessment report recommended that an inter-ministerial infrastructure board be set-up in Belarus to share knowledge, promote good practice and to develop approaches to cross-cutting themes such as how to effectively attract private capital to Belarus.

resources related to PPPs, it created an effective policy dialogue in the country and ensured the credibility of the project results.

Being a generally, “highly satisfactory” project, recommendations that build on the lessons learned and are for replication in other, similar projects are:

- identify at an early stage a senior idea-champion, to advocate for the new intervention or approach;
- employ a thorough needs assessment (Readiness Assessment), with facts-based clear recommendations and alternative proposals;
- continue the involvement of the Business Advisory Board (BAB), as it greatly complements, at the technical level, the policymaking role of the UNECE;
- Assist governments to create better employment environments for people benefitting from highly-skilled trainings and knowledge transfers, or to create mechanisms to retain them for a set period of time, in order to avoid similar cases to the PPP Unit which lost most of its staff to other employment opportunities (a situation foreseen in the UNECE PPP Readiness Assessment report); and
- On the gender dimension, the future project documents should foresee provisions on collecting gender disaggregated data for the relevant indicators.

Chapter 1: Introduction and Final Evaluation Methodology

This evaluation analyses the design, management, results and potential impacts of the United Nations Economic Commission of Europe (UNECE) project “Capacity development to support the implementation of Public Private Partnership (PPP) in Belarus”, implemented between August 2013 and November 2015 in cooperation with the Government of Belarus, and the United Nations Development Programme in Belarus, and funded by the European Union.

The main objective of the project was to strengthen the capacity of Belarus to deliver infrastructure projects and public services using the Public-Private-Partnership (PPP) mechanism. The project aimed at increasing the capacity of the public and private sectors, and society at large, in Belarus, in the PPP process with a view to promoting, developing, delivering, operating and managing PPP projects for infrastructure and public services delivery.

The methodology for this evaluation is based on the Terms of Reference provided by the UNECE (Annex 1), and the United Nations Evaluation Group (UNEG) Standards for Evaluation in the UN System including the relevant Code of Conduct and the Ethical Guidelines. Gender and human rights aspects were also covered by the evaluation, taking into account guidance provided by the United Nations Evaluation Group on the matter³.

The evaluation consisted of a desk review of relevant documents (project document, the UNECE National PPP Readiness Assessment Report, list of activities, recommendations and reports created by the UNECE PPP Business Advisory Board (BAB), narrative report, official correspondence) and of an online-questionnaire⁴ filled in by beneficiaries of the PPP training. Online/telephone discussions were conducted with people involved in the project management at the UNECE and the UNDP, and a field visit was carried out in Minsk for in-depth discussions (meetings and interviews) based on the participatory evaluation principles and considering a gender-balanced involvement in the evaluation.

After collecting the data, the evaluator synthesized the results of all the component inputs and supplementary materials in a policy-oriented synthesis report, systematically covering the evaluation purpose, the agreed questions, and the specified criteria (relevance, impact and sustainability), to produce conclusions and recommendations. The recommendations should be used by the Cooperation and Partnership Section, within the Economic Cooperation and Trade Division of the UNECE, to improve its planning and implementation of projects.

The objective of the evaluation was to undertake an in-depth analysis of the EU funded project in order to generate comprehensive and specific evaluation feedback of the project, namely:

- to assess the relevance of the project;

³ Available at <http://www.uneval.org/document/detail/980> and <http://www.uneval.org/document/detail/1452>

⁴ Available at <https://kwiksurveys.com/s/5YCTjntP>

- to assess the sustainability and the potential impact of the project;
- to analyze the challenges to the project's success and the lessons learnt from managing them;
- to highlight good practices and success stories;
- to analyze the added value of the UNECE expertise.

The duration of the evaluation was 25 working days during the period from 1st of October to 28 November 2016. The evaluation activity was performed by an independent evaluator with a background in socioeconomics, expertise in the implementation, monitoring and evaluation of international development projects and experience with policy design and capacity-building-related projects in Eastern Europe and CIS countries.

In the evaluation process, the evaluation criteria to be assessed (Relevance, Sustainability and Impact) according to the Terms of Reference received one of the following ratings: “*Excellent – Fully Satisfactory – Partly Unsatisfactory – Unsatisfactory*” scale.

Chapter 2: Background information

A middle income country, and the fastest recovering economy in the CIS, Belarus was the first country to show signs of recovery after the Soviet collapse. The 1998 and 2008 crisis in the region caused a drop of the economic performance and living standard, partly recovered after 2000 and after 2010. The country preserved the pivotal role of the state in economy, with the private sector accounting around 20% of the GDP, well below the world's average. Given the important role of the state in economy, the graph below (Fig.1) pictures the importance of public funding of the capital intensive economic branches like industry, construction and market services, majorly contributing in GDP structure.



Fig. 1: Contribution to GDP Growth (%). Source: World Bank Group; Belarus Economic Update, April 2016

Following the 2008 international financial crisis, the rising public debts of the governments and the contraction of international financial markets exerted additional pressure on state budgets. According to data from the National Bank of Belarus, the government’s external debt ratio to GDP is significant, increasing from below 5% before 2008 to above 20% in 2012 and 25% in 2016 (see Fig. 2). The International Monetary Fund notes in the Country Report No. 13/18 – January 2014 that “the current account is worsening, coinciding with peak debt service, limited market access, and low reserves.”



Fig. 2: Belarus Governmental External Debt to GDP (%). Source: National Bank of Belarus & www.tradingeconomics.com

At the time of the project’s inception, Belarus viewed infrastructure as the basis for sustainable and inclusive economic growth. The infrastructure sectors were facing acute

shortages of investments in the most needed modernization and upgrading projects, and were affected by acute gaps in management capacity and market-oriented operational approaches. Some industries, such as the energy system, needed to reduce reliance on fossil fuels, and make better use of natural resources.

According to the UNECE National PPP Readiness Assessment Report (UNECE, 2012, page 6), Belarus needed “a world-class infrastructure benchmark against globally competitive economies, including:

- efficient water, sewage and waste management systems;
- modern health and education systems;
- efficient integrated multi-modal transportation network;
- a productive agriculture system with supply chain agro-food processing;
- a diversified energy system.”

In order to cover the gaps between the increasing public expenditure needs and lower budgetary revenues, the government of Belarus envisaged exploring new ways in financing public services.

Members of the Government of Belarus started to consider Public-Private-Partnerships (PPP) as viable financing alternatives after 2009, and the Government Action Plan for 2011 – 2015 (adopted by the Council of Ministers Resolution No. 216 of 18 February 2011) contains provisions on enterprise promotion and public private partnerships, calling for legal and organizational support to PPPs, including the preparation a draft law defining the principles and mechanisms for public private partnerships.

In this context, the UNECE International PPP Centre of Excellence could perfectly use its expertise on supporting the creation of an enabling environment for PPPs, in response to the needs of the requesting government.

Chapter 3: Project Design and Implementation vs. Relevance

Project Design vs. Relevance

The first steps towards considering the PPP mechanism as a viable approach for involving the private capital in the provision of public services and infrastructure investment were made in 2008, when UNDP Belarus drafted, for the Council of Ministers of Belarus, a Policy Note on PPPs and best international practices, leading to a Council decision to establish a working group on PPP under the Ministry of Economy.

The evaluated project has its roots in a project proposal document drafted by UNECE in September 2009, outlining the situation at that time in the region. Following a growing interest from the Ministry of Economy, the UNECE (represented by the Economic Cooperation and Integration Division) commissioned a PPP Readiness Team (composed of Mr. Tony Bonnici from the UNECE secretariat and Mr. Leo McKenna, Strategic Adviser to the UK Government) to prepare a national PPP readiness assessment report, aiming to provide the Ministry of Economy with advanced knowledge, recommendations and proposed areas of action in order to ensure the development of PPPs in Belarus (May 2012). Following several rounds of consultations between the experts from the UNECE International PPP Centre of Excellence and national stakeholders (including lead and line ministries, financial institutions, private businesses and representatives of intergovernmental organizations), a comprehensive study “National PPP Readiness Assessment Report – Belarus” was released in February 2013.

The stated purpose of the readiness assessment report (page 7) was to

- make a thorough examination of the enabling environment and identify challenges that may face the country in its aim to attract private capital for infrastructure development;
- consider areas where potential pilot projects are needed and feasible; and
- formulate an Action Plan to develop PPPs in the country.

With the clear recommendations and next steps detailed in the assessment report (developing institutions and procedures, elaborating a national infrastructure plan, and driving the PPP implementation), the UNECE UNDP Belarus approached the EU Delegation in Belarus, who accepted to finance such a project with EUR 1 million under the Eastern Neighborhood Partnership Initiative (ENPI) Programme.

According to the EU regulations and given that UNECE does not have a physical presence in the country, the United Nations Development Programme in Belarus has been selected to implement the project, under the National Implementation (NI) modality, in partnership with the Ministry of Economy in Belarus – as the national executing entity, with the UNECE providing the subject-matter expertise and support.

Following the Project Assurance Committee (PAC) meeting on 1 October 2012, the project was officially signed in May 2013, with an implementation period of April 2013 – April 2015, and having a total budget of EUR 1,080,528 (including Agencies’ and administration costs).

The project document provides a thorough justification of the need for the project and its alignment with the strategic objectives of participating institutions, as reflected in the following key documents:

- United Nations Development Assistance Framework (UNDAF) for Belarus – contributing to Outcome 1.1: “Innovation for development, investment and business climate are improved”;
- Objectives and priorities of the Country Strategy Paper, the National Indicative Programme;
- UNECE Committee on Innovation, Competitiveness and Public-Private Partnership’s terms of reference;
- UNDP Country Programme output 1.2 “Enabling policy framework promoted for the growth of inclusive markets and incentives for investments and entrepreneurship”;
- Terms of Reference for the Team of Specialists on PPPs, designed to assist governments in developing their PPP potential through training, capacity-building and policy advice;
- ENPI Annual Action Plans for Belarus – CRIS n° ENPI/2008/20652;
- UNDP corporate gender strategy (2008-2013) - focusing on employment and self-employment for men and women by contributing to prevention of female unemployment and creating equal opportunities for decent work.

The project design as it was agreed and signed by all parties has a three-level structure of the planned components:

- Disseminating knowledge on different aspects of PPP;
- Support to establishment of the National PPP Unit; and
- Developing instructional guidelines for identification and appraisal of pilot PPP projects in two selected infrastructure sectors.

By implementing the above-mentioned activities, the project envisaged the achievement of the following objectives:

- Build capacity and train different stakeholders involved in the PPP process to develop and implement PPP projects as a tool for attracting private investments;
- Strengthen institutional capacity through the proposed National PPP Unit as an engine of PPP development in Belarus; and
- Promote the potential of public infrastructure development to attract private capital through the identification and appraisal of selected pilot PPP projects.

The stated objectives had relevant indicators in the project document, which were monitored throughout the project.

The project design also provides a stakeholder analysis, describing the way public administration (at central and regional level), the business community, and the general public would be involved and benefit from the results.

Specifically, for the UNECE Committee on Innovation, Competitiveness and Public-Private Partnership, the project objectives are aligned with the guiding activities c) and d) of the terms of reference (Annex of the ECE/EX/2015/L.8):

- “Facilitating effective regulatory policies and corporate governance, including those in the financial sector”, and
- Promoting public-private partnerships for domestic and foreign investment.

The important role of PPPs in supporting development has been officially recognized during the tenth session of the Committee on Innovation, Competitiveness and Public-Private Partnerships (CICPPP)⁵, when the meeting highlighted the important role CICPPP should play in advancing the Sustainable Development Goals (SDGs) and implementation of the Addis Ababa Action Agenda, which calls for the elaboration of guidelines on PPPs.

Facts and Key Outputs:

- The situation in the country at the time of the project inception required for innovative approaches in financing infrastructure and public services;
- The UNECE expertise was requested by the Government of Belarus;
- The “National PPP Readiness Assessment” justified the approach taken, and was an excellent enabler of the project;
- The project design properly addressed the gaps in the country and built on the capacities readily available within the UNECE International PPP Centre of Excellence; and
- The project objectives respond fully to the UNECE’s mandate to support member States in building their capacity to deliver infrastructure projects and public services through the PPP model.

Considering all the above facts (the proven need and request from the host country, the alignment of the objectives with the mandates of the involved organizations, the appropriateness of project design based on the sound readiness assessment), the project relevance is rated *excellent*.

Project Implementation and Results

At the end of 2012, UNECE and UNDP Belarus approached the EU Delegation in Belarus, proposing to finance the project. After the financing agreement, the UNDP Belarus was commissioned to implement the project with UNECE as co-implementing agency.

⁵ ECE/CECI/2016/2

The project was signed in May 2013, and officially commenced in August 2013, ending as planned in November 2015. The results achieved are presented in the table below (Table 1).

The partnership model was based on involving a broad range of Ministries (sixteen), State Committees, the National Bank and the regional administration (executive committees). The final beneficiaries (including the citizens of Belarus, private sector, lead ministries, experts, appointed PPP focal points, local authorities in regions, etc.) would benefit from the project at different times, either in the short and medium term, or in the long term (society at large).



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Intended Outputs vs. Actual Outputs Table

Intended Outputs	Planned Activities	Actual Outputs	Comments on Actual Outputs
Component 1: Disseminating knowledge on different aspects of PPP	Activity 1.1. Introducing a PPP concept to stakeholders	<ul style="list-style-type: none">- Introductory conference “International Best Practice in Public-Private Partnerships: Lessons for Belarus”;- Study tour on good practices to Germany;- Workshop and Roundtable Discussion “What PPP Unit for Belarus? Lessons from International Best Practice”; “PPP Days in Belarus”- regional PPP awareness raising seminars (Brest, Mogilev, Grodno)	Achieved. The activities raised the interest level towards PPPs from the central and regional administration.
	Activity 1.2. Training of PPP Focal Points/trainers	<ul style="list-style-type: none">- training event – PPP Masterclass – in Geneva and Bern- training event in Minsk (30 people);- training materials produced in Russian and English	Achieved. Technical knowledge has been delivered.
	Activity 1. 3. Public information campaign	<ul style="list-style-type: none">-UNECE provided comments to UNDP in the design of an information and communication strategy for the project; provided comments on the design and maintenance of the website.	Achieved.

<p>Component 2:</p> <p>Support to establishment of the National PPP Unit</p>	<p>Activity 2.1. Providing support to the establishment of the National PPP Unit</p>	<ul style="list-style-type: none"> - roundtable discussion "Practical Steps to establish the National PPP Unit in Belarus"; - institutional support to the PPP unit (governance structure, manuals, terms of reference for staff members and assistance in the recruitment process; - twinning agreement arranged by UNECE with Partnerschaften Deutschland in Berlin (the German PPP Unit); - PPP Unit Personnel trained in various aspects of PPP (in foreign locations) – by Partnerschaften Deutschland; - apprenticeship of four PPP Unit Staff at the UNECE International PPP Centre of Excellence and Partnerschaften Deutschland; - Inter-ministerial infrastructure board established; UNECE provided substantive comments to the terms of reference and structure of the Board - Preliminary assessment of how the Belarusian PPP Center complies with the benchmark requirements of an open, fair, non-discriminatory and competitive tender process by representative of the UNECE PPP Business Advisory Board. 	<p>Partly Achieved.</p> <p>The PPP Unit has been established, but the clear recommendations on functioning framework haven't been completely followed.</p> <p>Personnel trainings (incl. study tours), PPP Manual, other materials have been delivered.</p> <p>The PPP Unit wasn't able to retain the qualified personnel after the end of the project.</p> <p>The MoE makes now efforts to increase the budget (for 2017), in order to attract quality specialists.</p>
<p>Component 3:</p> <p>Developing instructional guidelines for identification and appraisal of pilot PPP projects in two select infrastructure sectors</p>	<p>Activity 3.1. Improving the Legal framework for PPP</p>	<ul style="list-style-type: none"> - workshop held in the context of PPP Days in Belarus. The UNECE provided substantive input to the programme, identified the international experts, including members of the UNECE PPP Business Advisory Board, and participated in the event; - Participation in the Parliamentary hearings on "PPP: International experience and prospects for Belarus"; - Round Table Discussion and Seminar on "The PPP Legal Framework in Belarus after the Adoption of the PPP Law: What Next?" - Consultative meeting of the UNECE PPP Business Advisory Board and Standing Committee of the House of Representatives of the National Assembly of the Republic of Belarus on Economic Policy 	<p>Achieved.</p> <p>The PPP Law was adopted by the Parliament of Belarus in December 2015, and has been promulgated by the Presidential Administration in June 2016.</p>

		<ul style="list-style-type: none"> - First reading of the Belarusian Draft PPP Law by the National Assembly of the Republic of Belarus - Recommendations for the formation of secondary PPP legislation/regulations in the Republic of Belarus by UNECE PPP experts 	The secondary law has been drafted to complement the Law.
	Activity 3.2. Assisting in the preparation of a national infrastructure plan (NIP)	- UNECE commissioned a study on the guidelines for the development of a national infrastructure plan for Belarus. - Recommendations by the UNECE PPP BAB to the Government on necessary future practical steps in the area of PPP.	Achieved. The NIP was produced in 2015 and has a justified list of projects to be financed and implemented in the following years.
	Activity 3.3. Identification and appraisal of selected pilot PPP projects	<ul style="list-style-type: none"> -delivered technical support for the development of proposals for pilot PPP projects; -Screening of PPP project proposals developed by BY entities by experts from the UNECE PPP Business Advisory Board; - Substantive contributions to the sessions of the IIB devoted to a review of the pilot PPP project proposals (Minsk. Brest); - appraisals of 4 PPP pilot projects by UNECE PPP experts for the needs of the Inter-Ministerial Infrastructure Coordination Board; - Developed Strategic Service Models for the sectors of Health and Transport; - Technical assistance to the PPP Centre in Belarus for the appraisal of 3 PPP pilot projects; - Joint meeting of the UNECE PPP Business Advisory Board and the Inter-Ministerial Infrastructure Coordination Board to discuss and assess pilot PPP projects; 	<p>Over-Achieved.</p> <p>A list of PPP project proposals has been created at the national and regional level.</p> <p>The PPP BAB provided support in screening, appraisal, technical assistance even beyond the project timeline.</p> <p>The direct beneficiaries recognize the invaluable support offered by UNECE.</p>
	Activity 4. Ensuring project organizational sustainability	<p>Third-party evaluation/audit; Project Staff salaries; Office equipment and furniture; Connectivity, office and miscellaneous expenditures</p> <p>Project administration – UNECE; Direct Project costs</p>	

Table 1: Intended Outputs vs. Actual Outputs



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Chapter 4: Project Impact

The project had all activities successfully implemented and the related outputs achieved by the end of November 2015 (the new PPP Law was approved by the Parliament in December 2015). The analysis of the short-term impact reveals the following:

Legal framework. The support provided by UNECE helped in creating awareness on the PPPs, created the opportunity to discuss the PPP law at the legislative level, and through legal technical assistance, facilitated the process of drafting the law, the debate and – ultimately – the adoption and promulgation of the law. Representatives of line ministries unanimously praised the work done by UNECE, and stated that, without this support, the law would not have existed.

Once the legal framework had been put in place, PPP projects started to be prepared (e.g. the M10 toll road) and then, eventually tendered: this process will take time, but once the first PPP projects are completed, the public services offered to the Belarusian population should be improved and the general acceptance of PPPs will increase.

By enabling a new way to develop, finance and procure public infrastructure, the project will contribute to improving the delivery of infrastructure and related public services in Belarus. Such improvement will ramp up progressively with the development of the PPP practice within the Belarus Administration and the implementation of PPP projects.

Inter-ministerial Infrastructure Board (IIB). The IIB has been established with a clear mandate and a broad representation within the stakeholders having the power of decision (14 Ministries, representatives of the central and regional administration, banks, and other stakeholders). The IIB approved the National Infrastructure Plan, and is empowered to take decisions at the strategic level on the appropriateness of proposed PPP projects.

The evaluator had the opportunity to attend the second IIB-BAB meeting held on 28 October 2016 and observed a high level of understanding and involvement from the stakeholders. Representatives from the Ministry of Transport and from the Regional Administration presented PPP project proposals, while UNECE international experts provided constructive technical inputs. It is expected that the IIB will play a continuing and critical role in shaping the PPP environment in Belarus.

PPP Unit. The Unit has been endowed with a clear mandate to provide the technical support both to the authorities proposing projects and to the IIB. At the time of the evaluation, the Unit was not able to fully provide the expected services, as it is under-staffed. Provided that

the Unit is restructured as recommended in the PPP Readiness Assessment report and it is properly staffed, it will contribute to the general mid- and long-term impact of the project.

The materials produced by the BAB and its recommendations are of high quality, clearly presented and – although not adopted in their entirety – positively appreciated by the Belarusian counterparts. The studies and recommendations are of a nature that they can be used over a long timespan in order to support the strategic and technical decision-making.

The expertise, hands-on technical cooperation and policy advisory activities delivered by UNECE through the project was instrumental in getting the EBRD committed to supporting the M10 toll-road project. The project results provided the EBRD with the comfort required to enter into detailed discussions with the Belarusian authorities about supporting the M10 project and, ultimately, agreeing to mobilize EBRD's Infrastructure Project Preparation Facility (IPPF) for an amount of up to EUR 1.7 million and to prepare the documentation for the tendering process. A similar support is envisaged by the International Finance Corporation (IFC), a member of the World Bank Group, in case the Grodno hospital proposal provided that some changes in scope and scale is agreed to.

Last but not least, with the success of the current project in Belarus, UNECE has an example of an excellent initiative in enabling private capital to be involved in delivering infrastructure and public services. This model could be presented as "best practice" for other countries in the region and beyond.

It is worth noting that, ultimately, the decisions on approving the PPP projects rest with the Presidential Administration. The decision-taking mechanism is not clear enough and may be arbitrary, hampering the predictability and increasing risks in the case of projects financed by private and/or foreign entities. This, coupled with the pricing regulation (set at the same decision level), might hamper an investor's appetite to be active on the Belarusian market.

Facts and Key Outputs:

- The UNECE delivered critical support to create awareness and offered legal technical assistance, facilitating the drafting, debating, approval and enactment of the PPP law;
- The IIB is endowed with the technical and strategic knowledge needed in order to take decisions on PPP projects in Belarus;
- The PPP Unit needs a clearer positioning within the MoE (or under the Prime Minister's cabinet, as suggested in the PPP Readiness Assessment report), and an improved budget to be able to attract qualified personnel;
- The project results proved to be critical in convincing EBRD to support the Ministry of Transport in creating the tendering documentation for the "flagship" M10 toll-road modernization;

- In the case of the successful M10 project, the MoE expressed their determination to continue with prudent “showcasing” the PPP projects, in order not to strain the state budget.

All the stated elements contribute to the generally positive impact of the UNECE’s contribution, making the project “*highly satisfactory*”.

Chapter 5: Sustainability

The project document embedded the sustainability elements at several levels. Firstly, it correctly identified, during the planning stage, the need for a PPP-idea “Champion” within the Ministry of Economy. The project document stated that the project sustainability “is based on the keen interest of the Ministry of Economy in the adoption and pursuit of innovative approaches to managing the economy and public administration” (page 16).

Legal framework. It was envisaged that activities related to the adoption of the PPP concept and methodology be performed by the Institute of Economic Research under the MoE, in cooperation with the National Centre for Law Drafting Activity. The discussion with the Institute’s management revealed that they felt empowered to perform better and with more reliance in future, similar endeavors, a first indicator showing sustainability.

The PPP Law, adopted in December 2015 by the Belarusian Parliament and promulgated by the Presidential Administration in June 2016 is the primary basis and a “sine qua non” condition for PPP development. The general opinion of the specialists is that the law is good, incorporating some 60 per cent of the UNECE PPP BAB recommendations, while the secondary legislation is more flexible, but still under improvement.

Organizational set-up. The organizational structure resulting from the project was also considered to be appropriate and contributing to sustainability. The IIB is a fully functional political decision maker, endowed with technical support delivered by the project (as can be seen in the Table 1) to take decisions at the strategic level. The composition is broad and representative (14 Ministries, representatives of the central and regional administration, banks, and others); the level of discussion is appropriate and creates an excellent basis for taking the right decisions.

The PPP Unit, on the other hand, did not live up to expectations. Enhanced technical support invested in the Unit, together with clear recommendations on the mandate, structure, and role, were created. Still, after the end of the project, some of the team members left and, at the time of this evaluation, the PPP Unit only employed a Deputy Head and two other staff members. This situation was caused by the low salaries available for staff, in accordance with the salary scale of the public servants in Belarus.

Recommendation number four of the PPP Readiness Assessment was to locate the national PPP Unit at the appropriate level of authority, including considering locating the Unit in the President's Office or the Prime Minister's Office. This recommendation was made in order to provide the PPP Unit with the required authority and so that it would have the necessary strategic view and oversight, above that of line ministries, and also in order to allow the level of salaries to be adjusted accordingly.

The decision to create the PPP Unit within the "Economy Research Institute" of the MoE lowered the profile of the PPP Unit and, after the end of the project, the Unit was moved within the National Agency of Investment and Privatization, a second line structure within the Ministry.

The discussion with the representative of the MoE revealed that for the 2017 Budget there is a proposal to increase the Unit's annual budget thus, potentially, allowing the possibility of making an attractive financial offer for qualified personnel. Another successful approach in the region to staffing such a unit is in Kyrgyzstan, where qualified consultants are employed and paid by the Asian Development Bank (ADB), ensuring the quality and stability of the employees (although not necessarily the sustainability of the project since it depends upon ADB funding).

People trained. Among other results, the project trained more than 50 senior government officials from regional administrations on selecting and drafting project proposals for consideration as potential PPP projects by the IIB. Assessing the quality of the project proposals from the regions, the trainees have acquired a basic awareness and understanding of the PPP process, yet they still need in-depth support on socioeconomic analysis and drafting skills. The MoE mentioned the possibility to involve the World Bank in a follow-up project designed to tackle this gap.

PPP Project proposals. As a result of the project, sixty-seven projects were proposed and underwent analysis. After a first screening, a list of seven "short-listed" projects were under formal consideration at the time of the evaluation. The Ministry of Finance (MoF) plans the allocation of BYN 266.000 for the fiscal year 2016/2017 for the pre-feasibility studies, whereas the M10-toll-road project plays a central role. On the other hand, MoE stated they would take a careful approach, starting with the M10 project and then, subsequently and subject to successful progress, they plan to roll out the next proposals.

The "flagship" PPP project proposal – the M10 toll road rehabilitation – has been chosen by the Government of Belarus, on the advice of the UNECE BAB, to be a "study case", to create momentum on PPPs. Due to its strategic importance at the national level, its size and awareness potential, the M10-PPP project could play a critical role through its demonstration effect. The MoF allocated budgetary funds for 2016-2017, in order to enable the first, necessary, preparatory steps.

International institutions such as EBRD and IFC showed first signs of interest on providing the Belarusian authorities with technical assistance in preparing the pre-feasibility study and preparing the tendering documentation. Given the slightly different approach and better specialization of the EBRD, in August 2016, the IFC decided to focus on a supporting a

different project, so the EBRD took the lead in supporting the Ministry of Transport in the preparatory stage.

The EBRD agreed to mobilizing the EBRD's Infrastructure Project Preparation Facility (IPPF) for an amount of up to EUR 1.7 million to support the preparation of the M10 project. With this prospect, the Ministry of Transport and the EBRD are confident that in 2017 the tendering documentation will be ready, and the first PPP project will be launched for negotiations and financing.

The other key project proposal – the Grodno oncological hospital – was well accepted initially. However, as the IFC stated, the appropriateness of the project is questionable. The IFC has a thorough understanding of, and experience with, the medical sector in Belarus, and is of the opinion that the oncological sector already suffers overcapacity in the country. The scale of the hospital modernization (up to 400 beds) is also too big. In exchange, they propose to lower the scale (up to 200 beds), change the specialization from oncology to radiology or early-stage diagnosis, making the project more appropriate and appealing for investors – a situation in which the IFC showed interest and availability to perform similar support activities as the EBRD is already performing for the M10 project.

Facts and Key Outputs:

- The legal framework is the basis for future developments in the PPP area;
- The IIB is functional, endowed with the technical skills and empowered to take strategic decisions;
- The PPP Unit has an ambiguous status and lacks employees to perform its functions, in spite the clear recommendations made by the PPP Readiness assessment;
- Some technical skills on generating regional PPP projects have been transferred at the regional administration level, but they need upscaling to generate quality proposals (eventually through a follow-up project);
- A first batch of PPP projects is under appraisal, and the MoF allocated funds for the next budgetary year for pre-feasibility studies;
- The MoE expressed the intention to roll out more projects subject to the success of the M10 project;
- The EBRD involved the IPPF mechanism to support the preparation of the M10 project tendering documentation; and
- The Grodno hospital proposal could be supported by the IFC, provided some changes in scope and scale are accepted by the government of Belarus.

Considering the above facts, the evaluation considers the project sustainability as *“highly satisfactory”*.

Chapter 6: Gender and Human Rights

In order to assess a country's equal treatment of both genders, the UN's Human Development Report analyses several criteria, including:

- The gender inequality index: with an indicator value of 0,151, Belarus is ranked 31st in the world, a very good position; and
- Share of seats in parliament: 30.1% in 2014 – higher than the world's average of 21.8%, and significantly higher than the average value for Eastern Europe and Central Asia (19%), making Belarus one of the global frontrunners in involving women in politics and decision making.

The current project, offering technical assistance in a highly specialized area, does not have a direct impact on the final beneficiaries from the gender perspective: ultimately, all society at large would benefit from the long-term impact of the project. Also, being a totally new area in Belarus with a limited number of individuals with the needed skill and expertise, it would not have been appropriate to include in the project design (creation of the institutional framework) provisions on gender equality. This could be, however, considered for the future developments of related institutions.

Although the project document mentions “the principles of gender equality will be incorporated in the national training programme on PPPs, including the selection and recruitment of national experts to perform assessment and evaluation of the PPP projects”, the project indicators do not mention any gender disaggregated data, and they have not been monitored as such.

Analyzing the project components, implementation, results and immediate impact, we can observe a generally unbalanced involvement of both genders in the IIB structure (five women versus 34 men, similar for the regional IIB sessions), while the project management and the PPP Unit had an equilibrated structure. The disaggregated collected data on the training event that the evaluator participated in show that the gender proportion was almost even (23 men vs. 20 women).

On the human rights dimension, again, the technical characteristic of the project made the involvement of right holders irrelevant at this stage. Later, in support of human rights, it will be important to have mechanisms to involve the civil society and have proper consultation mechanisms at the environmental and social impact assessment stage of the due-diligence efforts.

Chapter 7: Conclusions and Recommendations

The project has been properly designed and implemented at the request of the Government of Belarus. The PPP Readiness Assessment is a high-quality analysis and has clear, straightforward recommendations on the necessary steps.

The project achieved all planned results. Thanks to the involvement of the PPP BAB which generated quality, high-level expert support – the general view of the beneficiaries is that the project achieved results beyond expectations.

The PPP Law is enacted, although it still needs some “fine tuning”, complemented by the secondary legislation.

The IIB is functional and endowed with sufficient technical knowledge to take strategic decisions regarding PPP investments in the country. If the MoE’s intentions for 2017 materialize, the PPP Unit also has a good chance to be revived, building on the technical knowledge that was left after the end of the project (in the form of policies and procedures, manual for PPPs, etc.).

As a result of the project, the government embraced the idea of using the M10 toll-road as a showcase, and the EBRD became involved in providing hands-on support to create the tendering documentation.

With all these considerations taken into account, the main conclusion is that UNECE brought a high added value throughout this project, based on its ability to mobilize world class resources related to PPPs, it created an effective policy dialogue in the country and ensured credibility for the project results.

Lessons Learned

In a highly rigid and hierarchical public administration environment, it is always critical to identify a senior idea-champion, to advocate and be the main driver in adopting a new approach. In the current situation, the MoE played the crucial role to mobilize the interest and energies of the national government, where the UNECE found fertile ground for its work.

The PPP Readiness Assessment is a case of “best practice” needs assessment, to be duly performed before major initiatives are to be implemented in other countries. The clear structure and the fact-based recommendations made it a key document, which proved its effectiveness even after the end of the project.

The role of the PPP BAB is also highly relevant, given the technical nature of the project. While the UNECE is working at the policy-making level and needs to build on the ties with the national government, the BAB can focus on critically assessing the proposals from the standpoint of financial and technical feasibility. These complementary roles make a great combination to effectively conveying the needed messages.

Recommendations

Having a generally “highly satisfactory” project, the recommendations build on the lessons learned for replication in other, similar projects:

- Identify at an early stage a senior idea-champion, to advocate for the new intervention or approach;
- Develop a thorough needs assessment (Readiness Assessment), with facts-based clear recommendations and alternative proposals;
- Continue the involvement of the PPP BAB, as it greatly complements, at the technical level, the policy-making role of the UNECE;
- Assist governments to create better employing environments for people benefitting from highly skilled training and knowledge transfers, or to create mechanisms to retain them for a set period of time, in order to avoid similar cases like the PPP Unit which lost most of its staff to other employment opportunities (a situation foreseen in the PPP Readiness Assessment); and
- On the gender dimension, future project documents should foresee provisions on collecting gender disaggregated data for the relevant indicators.



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Annex 1: Terms of Reference

Terms of Reference for the Evaluation of the UNECE project “Capacity Development to Support the Implementation of Public Private Partnership (PPP) in Belarus”

I. Background

The UNECE project “Capacity Development to Support the Implementation of Public Private Partnership (PPP) in Belarus” was funded by the European Union and was jointly implemented with UNDP in Minsk from August 2013 to November 2015, with Belarus as the beneficiary member State. The main objective of the project was to strengthen the capacity of Belarus to deliver infrastructure projects and public services using the PPP mechanism. The project aimed at increasing the capacity of the public and private sectors, and society at large in Belarus, in the PPP process with a view to promote, develop, deliver, operate and manage PPP projects for infrastructure development.

The major achievements/outputs of the project are:

1. The creation of a fully trained professional PPP Unit under the Ministry of Economy of Belarus;
2. The setting up of an Inter-ministerial Infrastructure Board (IIB) composed of senior policy makers from line ministries and regional authorities to lead and coordinate the PPP programme in Belarus;
3. The drafting of a PPP law, its approval by the Government and its enactment by Parliament; and
4. The identification and appraisal of pilot PPP projects.

II. Purpose

The purpose of this evaluation is to assess the relevance of the project for the UNECE PPP programme, its impact in terms of policy changes and PPP development brought in Belarus and the sustainability of the above-mentioned outputs after the project’s conclusion.

III. Scope

The evaluation process will engage international and Belarusian experts, senior policy makers from lead ministries in Belarus (Ministries of Finance and Economy), the PPP Unit in Belarus, members of the Inter-ministerial Infrastructure Board of Belarus, members of Parliament of Belarus, representatives of international organizations (European Union, EBRD), UNDP, as well as any other subjects involved in project implementation. The main outputs and their impact and usefulness will be assessed.

The evaluation will cover the contribution of UNECE throughout the project period from August 2013 to November 2015.

Gender and human rights aspects will be also covered by the evaluation, taking into account guidance provided by the United Nations Evaluation Group on the matter (available at <http://www.uneval.org/document/detail/980> and <http://www.uneval.org/document/detail/1452>)

IV. Issues

The evaluation will seek to report on the relevance, impact and sustainability of the project. Key questions that the evaluation seeks to answer include:

Relevance

1. To what extent were the project's major achievements consistent with the UNECE mandate to support member States in building their capacity to deliver infrastructure projects and public services through the PPP model?
2. To what extent did the project serve the needs of its main beneficiaries and Belarus's society at large?
3. To what extent were the project's objectives achieved? To what extent were the project outputs relevant to strengthen the capacity of Belarus to undertake PPP projects?

Impact

4. To what extent did the project activities contribute to raising awareness in Belarus of the PPP model for infrastructure development?
5. To what extent did international technical assistance mobilized by the UNECE in the framework of the project contributed to building and strengthening the institutional environment for PPP development in Belarus (including the establishment of new bodies such as the PPP Unit and Inter-ministerial Infrastructure Board (IIB))? How did these bodies support the advancement of the PPP model in Belarus? Are there areas for improvement?
6. To what extent did international legal technical assistance mobilized by the UNECE in the framework of the project contribute to the development of an enabling PPP legal and regulatory framework in Belarus since 2012 (including in the process of drafting, approval and enactment of the PPP law in Belarus)?
7. To what extent did the UNECE expertise and hands-on technical cooperation and policy advisory activities, spearheaded by the UNECE PPP Business Advisory Board, contributed to the identification of priority PPP projects in Belarus (including pilot projects targeted for implementation)? What was the investors' (e.g. EBRD, IFC, Eurasian Development Bank) response to this policy advisory work?

Sustainability

8. To what extent are the institutional bodies for PPP support in Belarus developed with technical support under the project (the PPP Unit and the IIB) fit for self-sustained performance? To what extent do these new institutional bodies continue to perform in accordance with the guidelines developed in the context of project activities?
9. To what extent are the pilot PPP projects identified under guidance from the UNECE PPP Business Advisory Board being pursued by the responsible Belarusian bodies towards implementation after the

completion of the project? In particular, what is the present status of the following two projects: a) M10 toll road; and b) Oncology healthcare project in Grodno?

10. How are the PPP development practices which were promoted in the context of the project being followed in Belarus at present?

V. Methodology

The evaluation will be carried out using a questionnaire and targeted interviews.

A tailored questionnaire will be sent to all participants of the project meetings and the UNECE staff involved in the project. The questionnaire will be prepared by the evaluation consultant, and will be reviewed by the UNECE project manager. It will seek information that would allow addressing the questions listed in section IV.

The interviews will take place via phone and skype. The UNECE project manager will provide the list with contact details.

The UNECE project manager will provide support and further explanation to the evaluation consultant when needed.

The evaluation consultant will write a report on the results of the evaluation based on these terms of reference.

VI. Evaluation Schedule

Develop a timetable for the following phases of the evaluation:

A. Preliminary research: September 2016 (by evaluation consultant)

B. Data Collection: questionnaire and interviews by evaluation consultant (by evaluation consultant): October 2016.

C. Data Analysis: November 2016 (by evaluation consultant)

D. Draft Report: November 2016 (by evaluation consultant)

E. Final Report: December 2017 (by evaluation consultant)

VII. Resources

An external evaluation consultant identified through the UNECE evaluation roster will be hired and receive support from the UNECE project manager. The UNECE Programme Management Unit will provide guidance on the process for the preparation of the evaluation.

VIII. Intended Use/Next Steps

The evaluation will be consistent with the UNECE evaluation policy. The results will be used in the planning and implementation of new capacity building projects in Eastern Europe, the Caucasus and Central Asia in the future and also beyond the region.

IX. Criteria for Evaluators

The evaluator should have:

- ☑ Good knowledge and experience of evaluation, project management, social and demographic statistics
- ☑ Demonstrated methodological knowledge of evaluations, including quantitative and qualitative data collection and analysis for end-of-cycle project evaluations
- ☑ Proficiency in written and spoken English

Annex 2: List of Documents Reviewed

- Project document on PPP (as signed and PPP ProDoc for the UNECE web-site) and its Annexes (Contribution Agreement” and “EU General Conditions applicable to EU contribution agreements with international organizations);
- List of the UNECE-led activities under the project;
- Synopsis of the draft UNECE national PPP readiness assessment (May 2012);
- National PPP Readiness Assessment Report, Feb 2013;
- ‘PPP Manual - A methodological manual of best practice in PPP projects’ for the PPP Center of Belarus, Sept 2014;
- State of Play and recommendations on the Belarusian PPP Unit’s demonstration of key anticorruption principles, Nov 2015;
- “The Future PPP Unit in Belarus: Job Descriptions of Key Personnel”;
- “The Future PPP Unit in Belarus: Outline of Possible Options”;
- Several PPP project proposals evaluation materials;
- Recommendations by the UNECE PPP Business Advisory Board to the Government of the Republic of Belarus, Sept 2015;
- The National Infrastructure Plan;
- Brochure printed after the public hearing in the Parliament of Belarus on the PPP International experience and prospects for Belarus, Nov 2015;
- Web-sites: www.unece.org; www.pppunit.by
- Other project documents, expert’s reports, web-sites, etc.



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Annex 3: Questionnaire for face-to-face and online interviews

Evaluation of the
UNECE project “Capacity Development to Support the Implementation of Public Private Partnership (PPP) in Belarus”

Questions Guideline – October 19th, 2016

Stakeholders – MoF, MoE, IFC, Members of Parliament, UE Delegation, UNDP BY, etc.

How would you rate the **Relevance** of the project towards the scope?

- To what extent were the project’s achievements consistent with the UNECE mandate to support member States in building their capacity to deliver infrastructure projects and public services through the PPP model?
- To what extent were the project outputs relevant to strengthen the capacity of Belarus to undertake PPP projects?
- To what extent did the project serve the needs of its main beneficiaries and Belarus’s society at large?
- (Is the project coherent with government priorities and strategies?)
- (Did the project design properly address the issues identified in the country/region?)
- (Did the project objective remain relevant throughout the implementation phase?)
- Were the criteria and the process of selection of project partners and beneficiaries adequate to ensure the achievement of the project objectives?
- Were there external factors (politics, economics, climatic, etc.), positive or negative, that significantly altered the project and its’ results?

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Are the results **sustainable**? Will the results lead to benefits beyond the life of the existing project?

- To what extent are the PPP Unit and the IIB equipped with technical knowledge by the project, to be fit for self-sustained performance? To what extent do these new institutional bodies continue to perform in accordance with the guidelines developed in the context of project activities?
- To what extent are the pilot PPP projects (identified under guidance from the UNECE PPP BAB) being pursued by the responsible BY bodies towards implementation after the completion of the project? In particular, what is the present status of the following two projects:
 - a) M10 toll road; and b) Oncology healthcare project in Grodno?
- How are the PPP development practices (promoted in the context of the project) being followed in Belarus at present?
- Will the achieved results be sustained by national capacities, after the end of the project?

- To what extent did the progress have catalytic effects on national actors to engage in further involving the private sector in PPP projects?
- Has follow up support after the end of the project been discussed and formalized? Is there a clear exit strategy?

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How would you describe the **Preliminary Impact** created by the project?

- To what extent did the project activities contribute to raising awareness in Belarus of the PPP model for infrastructure development?
- To what extent did international technical assistance mobilized by the UNECE (in the framework of the project) contributed to building and strengthening the institutional environment for PPP development in Belarus (including the establishment of new bodies such as the PPP Unit and Inter-Ministerial Infrastructure Board (IIB))? How did these bodies support the advancement of the PPP model in Belarus? Are there areas for improvement?
- To what extent did international legal technical assistance mobilized by the UNECE in the framework of the project contribute to the development of an enabling PPP legal and regulatory framework in Belarus since 2012 (including in the process of drafting, approval and enactment of the PPP law in Belarus)?
- To what extent did the UNECE expertise and hands-on technical cooperation and policy advisory activities, spearheaded by the UNECE PPP Business Advisory Board, contributed to the identification of priority PPP projects in Belarus (including pilot projects targeted for implementation)? What was the investors' (e.g. EBRD, IFC, Eurasian Development Bank) response to this policy advisory work?
- To what extent the project has caused and is likely to cause changes and effects, positive and negative, foreseen and unforeseen, on trade and society?
- Is the project likely to have a catalytic effect? How? Why? Please provide examples
- If you were to design a new project today, what would be the lessons learned from this project? What are the things you would do differently?
- To what extent are the government, regional administration, NGOs and associations capable to implement recommendations? What is to be done to improve this capacity?
- Can you describe any innovative approaches and capacities developed through the project's assistance?

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Further questions to clarify **cross-cutting issues**, as per HRGE in Evaluation guidance:

- Who is benefiting and who is not? (male/female, age groups, different socio economic groups)
- How effectively have equality and gender mainstreaming been incorporated in the design execution of the Programme?
- To what degree are approaches such as a human rights based approach to programming, gender mainstreaming and results-based management understood and pursued in a coherent fashion?
- How would you describe the cooperation with the counterparts (Ministries, local level, UN Agencies)? Has the partnership strategy been appropriate and effective?

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If the time allows, supplementary questions:

Were the actions to achieve the results **Efficient?** (Have things been done right?)

- Have the results been achieved at an acceptable cost, compared with alternative approaches with the same objectives? If so, which types of interventions have proved to be more cost-efficient? Have the resources invested produced desired results planned by 2015?
- How has the project contributed to achieving the national agenda in the main areas of interest (improving infrastructure and public services, improving the governance)?
- Were programme interventions delivered on time?

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Were the actions to achieve the results **Effective?** (Have the right things been done?)

- How many and which of the project's outputs and outcomes have been achieved?
- What factors have contributed to achieving or not achieving intended outcomes?
- What factors contributed to effectiveness or ineffectiveness?
- Is it plausible that the programme will achieve its intended impacts by the end of the Programme?

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