

THE FUTURE OF EU RELATIONS WITH FREE BELARUS BEGINS NOW

Belarus for more than two decades has been caged by the regime of Lukashenko. The occupation of Belarus began on 24 November 1996 with a coup d'état orchestrated by the regime, which faked the results of the so-called six-question referendum and dissolved immediately the democratically elected Belarusian parliament. On that day, a new iron curtain was built in Europe, which has imprisoned the people of Belarus in the regime of repressions and unresolved deaths of political opponents.

On 9 August 2020, the people of Belarus challenged the Lukashenko regime and marked a new era of re-emerged Belarus. The people demonstrated a strong will to restore democracy and declared openly that their place is with democratically elected European governments.

On 15 December 2021, for first time in four years, the Eastern Partnership Summit will convene to discuss the next policy steps for our Eastern Partners in EU's Eastern neighbourhood. The democratic forces of Belarus have announced on many occasions that the place of Belarus remains in the Eastern Partnership and demanded the EU not to recognise the illegitimate decisions taken by the regime.

On this occasion, I enclose my paper with proposals for the EU on the way forward to democratic transformation of Belarus. In the paper I explain in more detail how the EU should work out its vision for the future relations with Belarus and start the implementation of a proposed multi-billion modernisation plan. In addition to that, the paper suggests the elements for the investment plan, such as comprehensive state building programmes and investment package for the modernisation of new Belarus.

1. Introduction

The EU has met the changes in Belarus with readiness to propose a comprehensive plan and democratic perspective to the people of Belarus. The democratic movement of Belarus, on the other hand, is convinced that the future of EU relations with free Belarus begins now. This future is knocking at the EU's door and there are many steps ahead for the EU to take, some of them remain urgent.

The European Parliament in the last resolution on the situation in Belarus¹ has emphasised concrete elements of the state building for democratic Belarus and called upon the EU for a comprehensive engagement with democratic Belarus. The Parliament supported a need to have an appropriate contractual framework between the EU and democratic forces of Belarus to proceed with reform assistance and governance capacity building.

¹ European Parliament resolution of 7 October 2021 on the situation in Belarus after one year of protests and their violent repression (2021/2881(RSP)), https://www.europarl.europa.eu/doceo/document/TA-9-2021-0420_EN.pdf

The comprehensive EU multi-billion plan and EU strategy for the future relations with democratic Belarus are one of the key elements to this framework. This will require some preparatory work on both sides. In her speech at the European Parliament in November 2021, Sviatlana Tsikhanouskaya noted that the time is running, and Belarus might not afford to have one more year to continue its fight against the Lukashenko regime. This is an opportunity for the EU to boost its engagement and address a visionary commitment for democracy to the people of Belarus. Besides the EU sanctions and international tribunals, this would open a second frontline and double the pressure on Mr Lukashenko to step down and allow a transition of power to democratically elected leaders of Belarus.

2. EU rules of engagement with democratic forces of Belarus

As a first step, the EU must begin with a proper accreditation of Belarusian democratic forces to the EU institutions. In doing so, the EU and the western community will be contributing to the demands of democratic forces led by Sviatlana Tsikhanouskaya to combine forces for a change. Simply speaking, the EU must establish the rules of engagement with democratic forces of Belarus.

The European Parliament in its resolution has called on the EU to engage on operational level with the representatives of democratic forces of Belarus. The EU can use the diplomatic accreditation and recognition² so it has an official dialogue with the representatives of democratic Belarus. The EU can establish the representation of Belarusian democratic forces in Brussels and the EU member states can follow suit. This would allow the democratic movement of Belarus to have the necessary platform in major European capitals. Parliamentary groups for democratic Belarus working in national and EU parliaments can reinforce this cause.

The European Parliament has praised Belarusian democratic forces for their systemic and consistent work. However, this is not enough. The EU must develop a consistent engagement strategy or architecture to pursue the political dialogue and seek an agreement on a democracy vision and investment support plan for Belarus after Lukashenko.

This strategy would help the consolidation of a Belarusian movement led by Sviatlana Tsikhanouskaya headquarters, the Coordination Council and a wide spectrum of Belarusian political groups consisting of Viktor Babaryka headquarters and *Vmeste* party, National Anti-Crisis Management chaired by Pavel Latushka, Christian Democracy Party, United Civil Party, Belarusian Social Democracy Party, Movement for Freedom and other democratic political bodies in Belarus and exile. This consolidation is vital not only for the cause of mobilising the support for democracy in Belarus worldwide, but also in defending the choice made by the people in Belarus.

The EU can upgrade its commitment and step up its support for democracy in Belarus by holding annual EU summits with democratic forces of Belarus to be followed by the adoption of joint policy guidelines. In the first summit, the EU together with democratic Belarus could agree on the following strategic orientations: (a) interim architecture of the EU's political dialogue with the representatives of democratic Belarus, (b) the future of EU relations with democratic Belarus after the fall of regime, (c) implementation architecture for the comprehensive EU multi-billion plan, interim and after the fall of regime, (d) establishment of

² On 7 June 2021, Lithuania has given the accreditation to Mr Sviatlana Tsikhanouskaya office in Vilnius, <https://www.lrt.lt/naujienos/pasulyje/6/1445200/lietuva-akreditavo-baltarusijos-demokratine-atstovybe>

the EU task-force to seek international justice and lead the trial process of Lukashenko and his regime.

3. EU vision about the future of democracy in Belarus

Belarus is in Europe and the future of Belarus will be with Europe. For the last 25 years, the people of Belarus were kept by the Lukashenko regime away from the western democracy and their freedom to share that course.

Belarusians are not different from Ukrainians, Moldovans or even Russians. They know how to cherish freedom, justice and security. Ukrainians managed to stand against injustice in Euromaidan. Moldovans experienced an electoral revolution and were awarded with a pro-reform government. Georgians still polarised but nevertheless mandated their government to make progress regarding their European choice, which would allow to submit in 2024 the application for EU membership. Armenians have strong European aspirations and want to be associated with the Associated Trio, but they still lack a clear strategy. The democratic forces in Russia aspire the same freedoms and stood up in support of Alexei Navalny.

Europe must take the geopolitical opportunity and support the return of Belarus after 25 years of occupation to the family of European democracies. The EU by choosing the side of democracy must take the necessary practical steps in embracing the choice made by Belarusians during the revolution of dignity on 9 August 2020.

The EU can step into a political dialogue with the agents of democratic change in Belarus and propose a vision to keep democratic Belarus in Europe. The EU could propose to sign with Belarus after Lukashenko a new generation agreement for association, which may be called Europe Agreement with Belarus and the preparations of which may start immediately in a fully-fledged political dialogue. In the meantime, the EU could be open to signing an interim agreement with democratic forces of Belarus which would ensure a smooth transition to democracy.

This vision can be reinforced with a contract to launch a multi-billion modernisation plan for Belarus after Lukashenko. This plan could include the EU support to reforms and investments which are vital to stabilise a reborn democracy in Belarus.

4. Modernisation of Belarus after Lukashenko

The European Parliament in its recent resolution³ has demanded the EU institutions to conclude their work for the adoption of a road map for the implementation of a multi-billion comprehensive plan of economic support to Belarus after Lukashenko. The adoption and implementation of this plan would require a mechanism to engage and commit together with democratic forces of Belarus to begin the preparations for the change of regime after Lukashenko.

This mechanism can work as a state-building contract between the EU and the leaders of democratic Belarus. This agreement can be signed in coming months under the supervision of EU rotating presidency. As indicated above, the implementation of that agreement would also

³ ibid

require for the EU to have an interim architecture of a political dialogue with Belarusian democratic representatives.

The modernisation plan for Belarus after Lukashenko would have the two major components. One linked with the reforms and the other with investments. For both components the EU should foresee an administrative capacity building assistance to Belarusian democrats. Finally, the EU must take active part in promoting this plan globally.

A. Reform support

The reform support track is well known to the EU from its previous assistance to reforms through the Accession Partnership priorities for the Central and Eastern European countries, the Association and Stabilisation Agreements for the Western Balkan countries or the Association Agreements for the best-performing Eastern Partnership countries. The EU has developed a comprehensive benchmarking system for the implementation of EU membership commitments, which can be grouped as the Copenhagen criteria.

One interesting aspect though of the reform support is that not only the partner countries have to be ready for reforms, but also the EU must be ready to employ administrative resources to assist and steer the implementation of reforms. An effective assistance shall involve a whole cycle of reforms from planning to scrutiny of implementation. The EU reform support group for Ukraine (SGUA) is one of the most successful examples of such kind of support.

The reforms in Belarus can be grouped in clusters under the following categories: (a) *political rights and the rule of law*, such as constitutional and parliamentary reform, justice reform, defending human rights and political freedoms, the fight against corruption and corruption prevention, declaration of assets and interests, transparency of political parties, public administration, procurement, state audit and quality of public services, (b) *economic reforms*, such as market liberalisation, corporate governance of state-owned enterprises, anti-trust and state aid policy, support to SMEs, digital agenda and innovations, business deregulation and fintech industries, (c) *sectoral reforms*, such as banking and financial services, financial stability, science and education, liberalisation of the energy market policy, renovation of buildings and energy efficiency, greening of economy and adoption of new technologies, healthcare reform and quality of services, active labour support, effective social policy and social dialogue, opening of agriculture to international markets, competitive industry policy, transport hub and trans-European networks.

Each of the reform clusters can be assigned a list of performance indicators for monitoring the progress, which can be done on a semester basis by the EU institutions or a delegated body under the state-building contract or an interim agreement for the association with democratic Belarus. An interim agreement could have annexes of the EU legislation for each of the reform clusters.

B. Investment support

The reform block is closely interlinked with the investment support agenda. Some reforms are more investment intensive than others in sectors, such as energy efficiency, environment protection, infrastructure connections, conformity of standards, veto and phytosanitary requirements etc. Other reforms may have secondary effect in such industries as governance of state-owned enterprises, SME support and market liberalisation. Some reforms in sectors, such

as fiscal stability, social payments or pensions, may rely more not on the investments, but on the budget support.

The investments may be in a form of grants and loans or blending of both by employing advanced models of financial engineering, such as grants to loans, funds of funds, PPPs or portfolio guarantee schemes, which would allow mobilising much bigger investments in comparison to the use of grants only. The recommended option in case of Belarus is to use the latter, as the financial needs for modernisation of Belarusian economy will be huge. For example, the state-owned sector alone will face a tremendous restructuring, which will require numerous inflows to finance its reform.

As the financial architecture is absent in Belarus, the recommended option would be to borrow the practice of advanced economies and with an assistance of international financial institutions and European national promotional banks to establish a special development finance institution, which will help to ensure an adequate capacity for managing effectively financial flows and will assist the large-scale infrastructure project preparation.

This investment architecture can take different shapes. For example, in Lithuania the development finance is shared between the three institutions – the Central Project Management Agency works with donor institutions and national programme coordination, the Public Investment Agency works with investment platforms and PPPs in area of public utilities and services, and Private Investment Agency deals with financial engineering and portfolio guaranties to private companies and SMEs.

At the initial stage, there should be enough investment funds pledged in the initial offer made by the EU, however once the development finance architecture will be in place, there will be a need to convene a donor conference for Belarus, which could launch an active phase of investment support to the modernisation of Belarus.

The investment needs would be difficult to foresee at the initial stage, as the actual needs will still have to be elaborated in the adoption of modernisation and governance programmes, however one can take an example of Ukraine, where authors suggest that for its economy to grow at least 8 percent for a period from 5 to 10 years, one will need least to invest 5 billion euros annually⁴. If we extrapolate this to Belarus, the actual need will stand at least 10 to 15 billion euros for the next 5 years.

5. Conclusion

Time is running and the costs of restoring democracy in Belarus are rising. The EU has many instruments at its disposal, which can be employed with an immediate effect. The EU can engage into a political dialogue and structure its agenda with democratic forces of Belarus, which would help the consolidation of democratic movement. The EU can propose a vision on the future relations and prepare necessary agreements, including an interim one with democratic forces of Belarus. The EU may prepare together with Belarusian democrats the necessary state-building contracts for reforms and investments, which would include governance and modernisation programmes ready to be deployed on the day one in Belarus after Lukashenko.

⁴ <http://www.atlanticcouncil.org/blogs/ukrainealert/ukraine-needs-investment-not-just-solidarity-time-for-international-donors-to-pony-up>