

Twinning Fiche¹



Project title: Strengthening the capacity of the National Bank of the Republic of Belarus in the area of financial market surveillance and supervision

Beneficiary administration: the National Bank of the Republic of Belarus

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EU funded project

TWINNING TOOL

¹ The English language version of the Twinning Fiche prevails. The Russian version is an unofficial translation.

1. Basic information

1.1 Programme: Special Measure for Belarus 2018 (ENI//2018/041-525), "EU4Belarus: Partnership Facility"

1.2. Sector: Finance, domestic market, economic criteria (FI)

1.3. Budget: EUR 1,000,000

2. Objectives:

2.1. Overall objective:

Enhance effectively the capacity of the National Bank of Belarus (NBRB) to utilise the EU best practices of management, regulation and supervision of financial market sectors and participants thus contributing to greater financial and price stability and evidence-based decision making

2.2. Specific objective:

NBRB is better able to apply EU best practices in providing macroprudential regulation oversight and supervision of financial market participants grounded in evidence-based decision making.

2.3. Elements targeted in strategic documents i.e. National Development Plan/ Cooperation agreement/ Association Agreement/ Sector reform strategy and related Action Plans

By facilitating enhanced regulation and supervision of financial market sectors and participants, and consequently greater financial and price stability, the project will contribute to the achievement of the Sustainable Development Goal 8 "Decent work and economic growth".

Cooperation/Association Agreement

The European Neighborhood Instrument (ENI) is the key EU financial instrument for ensuring bilateral cooperation with Belarus. In the absence of a framework agreement between the EU and the Republic of Belarus and while negotiations on EU-Belarus Partnership Priorities have not been concluded, the EU's policy towards Belarus is carried out in line with the 2016 Council Conclusions, welcoming the use of Twinning instrument in Belarus, as well as the wider Eastern Partnership (EaP) policy framework.

Since May 2009, Belarus takes part in the multilateral format of the Eastern Partnership. This action is in line with the EaP priority areas for cooperation "Stronger governance" to strengthen institutions and good governance as well as Stronger economy to boost/push "Economic development and market opportunities". Directed towards facilitating improvement of internal business processes, and advancement of the legal and regulatory frameworks, the project will support the achievement of key deliverables of Eastern Partnership, notably, "strengthening of rule of law", "Improving the investment and business climate", and "Eliminating gaps in access to finance and the financial infrastructure".

National Development Plans/Strategies

The project contributes to implementation of the National Sustainable Development Strategy - 2030, which seeks to establish a strong foundation for sustainable socio-economic development by upgrading the framework of economic relations and modernising economic governance, while pursuing a path of development grounded in innovation. Specific objectives of the Programme addressed within the project include "Promoting the development of a well-diversified financial market", " and "improving governance".

3. Description

3.1. Background and justification

The mission of the National Bank of the Republic of Belarus is comparable to those of most other Central Banks. As stated in Article 25 of the Banking Code, its main elements include:

- price stability;
- stability of the banking system of the Republic of Belarus; and
- effective, reliable and safe functioning of the payment system.

Activity of the National Bank is governed by the Constitution, Banking Code, and the applicable laws and edicts of the President of the Republic of Belarus. The National Bank is operationally independent and is accountable to the President of the Republic of Belarus. Accountability of the National Bank to the President is exercised through: approval by the President of the Charter of the National Bank and changes thereto, appointment by the President of the Chairman of the Board members of the National Bank (with the consent of the upper house of Parliament, the Council of the Republic), selection by the President of an external auditor to audit the NBRB's annual report, and approval by the President of the annual report.

The functions of the National Bank are defined by the Banking Code and the Charter of the National Bank and are typical for most other central banks. The scope of the functions has expanded in recent years in response to changes in structure of financial market participants, and the emergence of new financial services, and institutions. The new functions added to the mandate of the NBRB over this time period include regulation and oversight of a compliance with the applicable laws and regulations on leasing activity (starting from September 1, 2014), oversight of activity related to securing and extension of microloans by microfinance institutions (starting January 1, 2015), transactions with non-deliverable off-exchange financial instruments performed by Forex-companies, banks and non-bank credit and financial institutions on behalf of natural and legal persons (starting March 7, 2016), regulation of discounting of bills used as payment instruments under foreign trade contracts (from May 21, 2015). Also included in the mandate of the NBRB is protection of consumers of financial services provided by entities that are subject to oversight and surveillance of the National Bank, such as leasing organizations (included in the purview of the NBRB from July 1, 2015).

The National Bank of the Republic of Belarus is a relatively small central bank, employing a total of 1,162 management and professional staff. Its organisational structure is evolving, as new units are being established and the existing ones expanded and assigned new roles.

One result of the fast pace of such change is that the available human resource base and expertise have been inevitably lagging behind the evolving needs to varying degrees. Furthermore, given the overall public policy emphasis on liberalisation of the economic climate and the reduction of regulatory barriers to the market operations of economic entities, there still remains the challenge of balancing deregulation with the use of regulation and oversight for protection of legitimate public interest, including stable performance of financial institutions and the financial system in general, financial stability and financial consumer protection.

One action area to respond to the challenge is to strengthen capacity for evidence based decision making through the ongoing work at the National Bank to build a system for data management. By facilitating the sharing of relevant experience from the EU, including lessons from the implementation of the EU legislation, the project will assist in developing strategic solutions and building the capacity of the National Bank to carry them through.

The design and execution of the project activities will be affected by the following laws and regulations of the Republic of Belarus:

Banking Code, Charter of the National Bank of the Republic of Belarus: both documents define the scope and structure of the powers and functions of the National Bank of Republic of Belarus, the circle of financial market participants subject to regulation by the National Bank, and procedures for the exercise by the National Bank of its powers.

Main action areas for monetary and credit policy: these are approved annually by a presidential decree and define the annual operational targets for the National Bank, including on financial stability and on financial market development.

Presidential decrees extending the regulatory/oversight mandate of the National Bank to non-credit financial institutions: leasing institutions (No. 99 of 25.02.2014), microfinancial institutions (No. 325 of 30.06.2014), Forex companies (No. 231 of 4.06.2015). The Presidential Decree No. 69 of 17.02.2015 also empowered the National Bank to regulate discounting of bills of exchange used as payment instruments under foreign trade contracts.

Presidential decree No. 78 of 23.02.2016: defines the scope and main aspects of financial stability surveillance by the National Bank, and provides a framework for continued improvement of such surveillance by using microdata.

The Program for Social and Economic Development of the Republic of Belarus for 2016 – 2020, **Financial Market Development Strategy till 2020:** both documents establish medium-term objectives for the development and reform of the financial market, including on the expansion of the range of institutions and services and on facilitating innovation and competition.

The outcomes of the proposed project will impact the design of the regulatory documents and policies directed towards improving the effectiveness of regulation, reducing regulatory arbitrage and facilitating transition to risk-based off-site supervision of non-credit financial institutions. The project is expected to make a direct contribution to the design of the financial sector development strategy for the next five-year period.

Furthermore, the project results will assist in the development of procedures and mechanisms of interaction among units of the NBRB in exchanging, processing and utilisation of data for evidence-based decision making, and to strategic planning of the expertise and capacity building needs of NBRB, as indicated in the NBRB's Institutional Development Roadmap and Map of the Key Functions of the NBRB.

3.2. Ongoing reforms

The proposed project is in line with the overall strategic emphasis of the economic reform on progressive liberalization of the regulatory framework for the activity of economic entities, and reduction of the administrative and regulatory burden while continuing to provide effective protection of the public interest and the rights of natural and legal persons, promoting competition and stronger orientation of economic entities towards market demand.

3.2.1. Financial market development

The present state of the financial market in Belarus is characterised by low capitalization, narrow range of available financial and investment products. Furthermore, the presence of multiple regulators with insufficient coordination among them creates the risk of being late in responding adequately to market contingencies, emergence of regulatory gaps, and regulatory arbitrage.

In 2018, the volume of primary emission of shares represented 1.29% of the GDP the volume of traded shares amounted to 26.9% of the GDP. Of all securities issued, the majority were corporate bonds, government bonds, and bonds issued by the authorities of local government.

The financial market is dominated by banks both in terms of their share in the total assets and their involvement in the securities market. In 2018, the assets of the banking sector accounted for 78% of the total assets of the financial market. Banks remain the leading issuers of securities (in 2018, commercial banks issued about 58% all corporate bonds), are maintain a high profile in the trading of securities (representing 43% of all professional participants in securities market).

In Belarus, powers of regulation and supervision of different financial market sectors are shared between the National Bank and the Ministry of Finance. The mandate of the latter extends to the activity of the securities market and the insurance sector.

The challenge is to come up with effective arrangements and actions towards aligning banking and non-banking sector regulation in a manner that would facilitate the growth of the non-banking sectors, redress the imbalances in the allocation of financial resources among the sectors of the economy that have build up over years, reduce regulatory arbitrage and strengthen the interest rate policy, including effective management of the interest rate differentials on financial instruments.

3.2.2. Data governance

At the National Bank, nearly all structural units are engaged in different forms of data collection, processing, storage and sharing. Such work is being governed by the internal rules and procedures of these divisions, drafted and approved in a manner prescribed by the applicable regulations. The data is highly heterogeneous (over forty types of data are being generated, excluding data from mandatory reporting). The data is subjected to primary processing (which is centralised and includes format, numerical, logical verification) and loaded into the Information Analysis system and other systems of the NBRB. The Information Analysis system uses pre-established algorithms perform calculations and enters the results in the output forms that follow an established format. The main challenge at present is that it is not possible or feasible for individual structural units to access and work with the data from the system autonomously, or to set up a seamless automated process to enable the data processed or generated by one unit to be used as input data by another one. Due to absence at the National Bank of a uniform methodology for computation of the performance indicators of the banking system and the financial market in general, some indicators that measure identical economic phenomena may have been computed with different algorithms. This creates risks to the accuracy of the information used in the decision making processes.

There is a need for establishing an integrated information environment to enable centralized management of the flows of data obtained from external sources, and to combine internal and external sources of information.

3.2.3. Use of microdata for financial stability

Pursuant to the Presidential decree No. 78 of 23.02.2016 and the Charter of NBRB, the National Bank has a mandate to ensure financial stability, which covers surveillance and macroprudential regulation. Belarus uses an internationally accepted definition of financial stability, which is understood as the ability of the financial system to continue to perform its functions in the face of external and internal factors.

Some key priorities for future action in this area for the NBRB include the strengthening of the system for financial stability surveillance and early intervention, of which the widening of the macroprudential toolbox and better calibration of the macroprudential measures applied are an important component.

At present, financial stability surveillance mainly relies on macro-level data. This makes it difficult to take into adequate consideration the variety of the credit portfolios of financial institutions, or differences in the ability of the clients of these institutions to withstand financial shocks of equal

magnitudes, or in their individual probabilities of default. The use of microdata on enterprises, households and non-financial corporations will enable the design and utilisation of more effective early warning indicators and consider the relevant loss distributions in the stress testing for the financial sector. The main prerequisite to this objective is availability of adequately structured data collected with sufficient regularity and on a uniform basis.

3.2.4. Non-credit financial institutions

Non-credit financial institutions are financial market institutions the primary area of activity of which is not connected with lending on the terms applicable to banks and non-bank credit and finance institutions as specified in the Banking Code. The closest analogy to non-credit financial institutions in the EU countries are the institutions of "shadow banking".

While constituting a small section of the financial system in Belarus, non-credit financial institutions are one of its most dynamic and innovative sectors. They play a leading role in expanding the range of services available in the financial markets and contribute significantly to financial inclusion. At present, the designation of non-credit financial institutions applies to microfinance organisations, leasing and Forex companies.

Rapid expansion of the sector is taking place, due to emergence of new players (such as crowd funding platforms, online borrowing services, lending to clients by mobile operators, etc.), as well as new products and services. The high speed of the change has the potential of creating gaps in the regulation, and of failing to respond in an adequate and timely manner to emergent risks. In future, additional risks may emerge with the development of stronger ties of this sector with banks and other sectors of the financial markets, as is already happening in the EU.

The main challenge for reform in this sector for the NBRB is to develop effective forms of risk-oriented supervision and to achieve greater transparency of the sector to enable timely detection and response to the risks to financial sustainability and consumer right violations without imposing excessive constraints on initiative and innovation.

3.3. Linked activities

The EU cooperates with Belarus in the framework of the European Neighbourhood Policy. The EU assistance to Belarus is directed, mainly, through its country Action Programmes, which are funded annually under the European Neighbourhood Instrument (ENI). Belarus also benefits from regional and multi-country Action Programmes funded under the ENI. The indicative financial allocation for the EU bilateral cooperation with Belarus over 2014-2020 as a whole is EUR0.13 billion to EUR0.16 billion. There are no on-going EU programmes on macroeconomic issues.

The lifting by the EU of most of its sanctions on Belarus has enabled EIB financing to Belarus to be covered by an EU guarantee, and contributed to closer engagement with Belarus of the European Bank of Reconstruction and Development (EBRD). The four-year strategy of the EBRD for Belarus focuses on enhancing the competitiveness of the economy, as well as the sustainability and service quality of public infrastructure.

Of most immediate relevance to the proposed project is the ongoing partnership of Belarus with the World Bank and the International Monetary Fund under the financial market assessment programme (FASP). Some key recommendations contained in the last review report published under the programme in 2016 have already been responded to in the first Twinning project with the NBRB, including with regard to Tier 2 requirements for capital adequacy, macroprudential criteria, internal liquidity adequacy assessment procedures for banks, development of early warning indicators and early intervention in the context of banking supervision, and development of the legal framework to guarantee settlement finality.

The project builds on the results of the first Twinning project that was implemented with the National Bank of Belarus and has been highly assessed by all the stakeholders involved. Specifically, the project will support extension of risk-based supervision practices to the regulation and oversight of non-credit financial institutions. The project facilitates advancement of financial stability surveillance and macroprudential supervision practices developed and formalised in the internal manuals drafted with support from the project and approved by the Board of the NBRB. It also creates an opportunity for testing strategic approaches and solutions on financial consumer protection, as formulated with the assistance of the first Twinning project.

3.4. Applicable *Union Acquis*/standards/norms

The following legal acts of international standard-setting bodies/the European Union have a direct bearing on project implementation:

BCBS and IOSCO texts on supervision and oversight of banking and non-banking sector, and, where relevant, EU legislative framework.

In the context of the proposed project, the most relevant legal acts of the EU will be:

Regulation (EU) 2015/2365 of November 25, 2015 on transparency of securities financing transactions and of reuse: introduce directly applicable norms concerning transparency and reporting of stock market transactions with involvement of shadow banking institutions with the view to decreasing systemic risks to financial stability. Represents a relevant example of translating policy principles into legislation.

Regulation (EU) No 1286/2014: key information documents for packaged retail and insurance-based investment products (PRIIPs): represents an example of translating risk analysis into legislative measures for protecting the rights of individual consumers and of utilising the product-based regulatory approach for reducing regulatory arbitrage.

Also of direct relevance to the project will be the **Basel Committee Standard "Principles for effective risk data aggregation and risk reporting (BCBS 239)"**. It outlines the general principles for collection, processing, storage and use of data, exchanging data among the structural divisions of banks to support decision making on risk management. The standard is of direct relevance to the establishment of a framework for the analysis systemic risks based on microdata, and to the establishment of a data management system in a bank.

The concept of a data management system at NBRB is broadly aligned with these principles. Because this standard has not yet been fully implemented in the banking sector across the EU, the project could contribute to the exchange of central bank experiences and lessons learned from the implementation of this standard.

3.5. Components and results by component

Mandatory Result 1 (Component 1): Data governance system established

Sub-Result 1.1. A framework for effective processes for data collection, processing, storage and access elaborated.

Sub-Result 1.2. Central data reference infrastructure established.

Sub-Result 1.3. Feasibility of using international data exchange formats explored.

Achievement of this cluster of results will help establish an integrated information environment to enable centralized management of the flows of data obtained from external sources, and to combine internal and external sources of information, as a prerequisite to strengthening decision-making processes. The component will benefit in a critical way from the EU experiences and best practices in building the mechanisms and business processes for data governance, and the use of international data exchange formats (e.g. XBRL, SDMX). Given the significance of this component for all of the NBRB structural divisions, coordination of this component with the other components of the project will be critical.

Mandatory result 2 (Component 2): NBRB's capability to provide financial stability surveillance strengthened

Sub-Result 2.1. NBRB's capabilities to utilise household microdata for addressing the banking sector's credit risk exposure from retail lending improved

Sub-Result 2.2. NBRB's capacity to utilise microdata on selected real sector enterprises for addressing the banking sector's credit and fiscal risk exposure from commercial lending strengthened

Sub-Result 2.3. NBRB's capability to use microdata on the real estate sector for addressing the banking sector's systemic risks from real estate lending improved

Sub-Result 2.4. NBRB's capability to develop and implement procedures for computation of financial soundness indicators in conformity with the IMF compilation guide upgraded

This component seeks to strengthen the mechanisms for early detection and response to risks to financial stability and to the soundness of the financial market. Achievement of the mandatory results for this component will be supported by a review of the relevant experiences and best practices of the EU central banks pertaining to the collection, processing and utilisation of microdata, assessment of creditworthiness and solvency with reference to macroprudential regulation and provision of financial stability, including calibration of macroprudential measures.

Mandatory result 3 (Component 3): NBRB's framework and procedures for oversight of non-credit financial institutions augmented

Sub-Result 3.1. The legal framework for effective supervision of non-credit financial institutions upgraded.

Sub-Result 3.2. NBRB's capability to exercise risk and compliance-based supervision of non-credit financial institutions enhanced.

Sub-Result 3.3. NBRB's processes for risk-based planning of supervisory activity for consumer protection and financial soundness upgraded.

This cluster of results assists the NBRB in the development of effective forms of risk-oriented supervision and achievement of a greater transparency of the sector to enable timely detection and response to the risks to financial sustainability and consumer right violations without imposing excessive constraints on initiative and innovation. Of relevance to this component is the experience of the EU with regard to the "shadow banking" sector as closest analogy to non-credit financial institutions in Belarus.

3.6. Means/ input from the MS Partner Administrations

The project will be implemented in the form of a Twinning contract between the Beneficiary Country and the EU Member State(s). The implementation of the project requires one Project Leader (PL) with responsibility for the overall coordination of project activities and one Resident Twinning Adviser (RTA) to manage implementation of project activities, Component Leaders (CL) and pool of short-term experts within the limits of the budget. It is essential that the team has sufficiently broad expertise to cover all areas included in the project description.

Proposals submitted by Member State shall be concise and focused on the strategy and methodology and an indicative timetable underpinning this, the administrative model suggested, the quality of the expertise to be mobilised and clearly show the administrative structure and capacity of the Member State entities. Proposals shall be detailed enough to respond adequately to the Twinning Fiche, but are not expected to contain a fully elaborated project. They shall contain enough detail about the strategy and methodology and indicate the sequencing and mention key activities during the implementation of the project to ensure the achievement of overall and specific objectives and mandatory results/outputs.

The interested Member State(s) shall include in their proposal the CVs of the designated Project Leader (PL) and the Resident Twinning Adviser (RTA), as well as the CVs of the potentially designated Component Leaders (CLs).

The Twinning project will be implemented by close co-operation between the partners aiming to achieve the mandatory results in sustainable manner.

The set of proposed activities will be further developed with the Twinning partners when drafting the initial work plan and successive rolling work plan every three months, keeping in mind that the final list of activities will be decided in cooperation with the Twinning partner. The components are closely inter-linked and need to be sequenced accordingly.

3.6.1 Profile and tasks of the Project Leader

Professional requirements:

- University degree/education in economics, law or related field, or equivalent experience of 8 years;
- At least 3 years of professional experience on the level of senior civil servant or equivalent staff of the MS Central Bank or bank supervisory body;
- Experience in project management;
- A very good command of written and spoken English (level C1);
- Excellent team-working skills;

Tasks:

- Overall coordination, guidance and monitoring of the project;
- Preparation of project progress reports with support of RTA;
- Timely achievement of the project mandatory results;
- Co-chairing of project steering committees;
- Provision of legal and technical advice and analysis whenever needed.

3.6.2. Profile and tasks of the Resident Twinning Adviser

The Resident Twinning Adviser (RTA) will be based in Belarus to provide full-time input and advice to the project for its 24-months duration. S/he will be the main liaison partner for the

beneficiary, will be responsible for the day-to-day management and will support the implementation of the activities. S/he will brief, guide and support the STEs seconded to the project S/he will provide continued guidance and support in the organisation of workshops and roundtable discussions. Requirements:

- University degree/education in economics, law, computer science or related field, or equivalent experience of 8 years;
- At least 3 years of professional experience being civil servant or equivalent staff of the MS central bank or bank supervisory body;
- Experience in project management;
- A very good command of written and spoken English (C1);
- Excellent team-working and team-management skills;
- Excellent stakeholder engagement and networking skills;

Tasks:

- Support and coordinate all Twinning project activities in the Beneficiary Country;
- Manage the day-to-day coordination and implementation of project activities, including Short Term Experts (STEs) activities;
- Provide technical inputs to project activities and implementation, focusing on RTA's area of expertise if appropriate;
- Liaise with in-country Twinning counterparts;
- Liaise with and report to the MS Project Leader;
- Draft ToRs for STEs and coordinate their activities;
- Supervise and monitor project implementation and propose adaptations if required;
- Prepare project reports;
- Organise kick-off and project closure events and activity related workshops, roundtable meetings and training sessions;
- Network with stakeholders of the project in Belarus and in MS;
- Ensure visibility of EU support provided through the Twinning and establish communication strategy.

3.6.3. Profile and tasks of Component Leaders

Component Leader Profile:

- University degree/education in economics, law, computer science or related field, or equivalent experience of 8 years;
 - Minimum 3 years of professional experience in one of the project components
 - Knowledge of relevant best practices, applicable EU law, experience in its implementation of the national law of an EU MS
 - Excellent knowledge of spoken and written English (C1 or better)

Component Leader Tasks:

- Coordinate the planning and implementation of each specific component of the project.
- Contribute to effective monitoring and reporting.
- Provide technical input on each specific component of the project, as required.
- Network and advice qualified short-term experts for the realisation of each component.
- Liaise with the component-counterpart within the SBC Belarus on a regular basis.

For all key personnel, the following is an additional asset:

- A working knowledge of Russian;
- Experience with international projects.

3.6.4. Profile and tasks of the short-term experts

The project will require specialist expertise that will be provided from among a number of STEs who will complement each other in their work. These experts will be suitably qualified and capable of providing the necessary skills and experience to support the achievement of the results described in 3.5 above. The profiles of STE experts indicated below are indicative.

General requirements:

- statistics/data management expertise;
- IT expertise;
- Training and capacity building / Communication expertise;
- University degree in a relevant subject or equivalent professional experience of 8 years in a related area;
- Minimum of 3 years of experience in relevant specialist area in the field of administrative data database development, administrative data quality, microdata, environmental expenditure and environmental tax accounts, SDMX;
- Experience with technical interoperability principles and standards implementation;
- Working experience with data and metadata bases and standards;
- Expert experience of data management and analysis;
- Good command of written and spoken English (C1);

Tasks:

- Provide technical inputs in specific areas of implementing Twinning activities, including:
 - Carrying out needs assessments and compiling and drafting of assessment reports and requirements documents;
 - Drafting of methodological materials, technical documents and work plans, in support of the Component Leaders;
 - Preparation of workshop material and specialist presentations;
 - Assisting and / or facilitating workshops, roundtable meetings and training sessions organisation, as per the terms of reference provided by the RTA prior to each mission;
- Liaise with the RTA, the RTA in-country Twinning counterparts and Belstat Component Leaders;
- Report to the RTA.

4. Budget

The maximum budget will be EUR 1,000,000

5. Implementation Arrangements

5.1. Contracting Authority

The European Union Delegation to Belarus will be responsible for tendering, contracting, payments and financial reporting, and will work in close cooperation with the beneficiary. Any written communication relating to this Contract shall be sent to the following address either per post or electronically:

Mr. Berend De Groot
Head of Cooperation Section
Delegation of the European Union to the Republic of Belarus
34 A/2, Engels Street,
220030 Minsk, Belarus
Tel: +375 17 328 66 13
E-mail address: DELEGATION-BELARUS-CALLS@eeas.europa.eu

5.2. Institutional framework

The project beneficiary is the National Bank of the Republic of Belarus. The implementation will be coordinated and managed by the Project Leader Counterpart. Implementation of individual components will be provided jointly by the structural units of the NBRB with responsibility for each component: Department of Data Management (Component 1), Department of Financial Stability (Component 2), Directorate for the Regulation of Non-credit Financial Institutions (Component 3) with general support of International Cooperation Directorate and Personnel Directorate.

A project Steering Committee will be established to provide overall coordination to the project implementation, quality assurance, and reporting. The Steering Committee shall consist of the PL, RTA, Component Leaders from the EU MS and its counterparts from the Belarus SBC. Also, the representative of the EU Delegation in Belarus will be included in the Steering Committee.

5.3. Counterparts in the Beneficiary administration

5.3.1 Contact person:

Ms. Alesia Bahdanouskaya – Chief Specialist of Bilateral Cooperation Protocol Department, International Cooperation Directorate of the National Bank of the Republic of Belarus

20, Nezavisimosty Ave.
220008 Minsk, Belarus
+375 17 215 35 46
E-mail address: a.bogdanovskaya@nbrb.by

5.3.2 PL counterpart

Specify the name, official position and postal address of its institution, (no contact details of the person)

Project Leader Counterpart Mr. Sergei Kalechits – Deputy Chairman of the Board of the National Bank of the Republic of Belarus

20, Nezavisimosty Ave.
220008 Minsk, Belarus
+375 17 219 22 06
E-mail address: s.kalechic@nbrb.by

5.3.3 RTA counterpart

Specify the name, official position and postal address of its institution, (no contact details of the person)

RTA Counterpart: Mr. Alexei Lesnoi – Head of International Cooperation Directorate of the National Bank of the Republic of Belarus

20, Nezavisimosty Ave.

220008 Minsk, Belarus
+375 17 219 22 14
E-mail address: a.lesnoi@nbrb.by

6. Duration of the project

The execution period is 24 months.

7. Management and reporting

7.1 Language

The official language of the project is English. All formal communications regarding the project, including interim and final reports, shall be produced in the language of the contract.

7.2 Project Steering Committee

A project steering committee (PSC) shall oversee the implementation of the project. The main duties of the PSC include verification of the progress and achievements *via-à-vis* the mandatory results/outputs chain (from mandatory results/outputs per component to impact), ensuring good coordination among the actors, finalising the interim reports and discuss the updated work plan. Other details concerning the establishment and functioning of the PSC are described in the Twinning Manual.

7.3 Reporting

All reports shall have a narrative section and a financial section. They shall include as a minimum the information detailed in section 5.5.2 (interim reports) and 5.5.3 (final report) of the Twinning Manual. Reports need to go beyond activities and inputs. Two types of reports are foreseen in the framework of Twinning: interim quarterly reports and final report. An interim quarterly report shall be presented for discussion at each meeting of the PSC. The narrative part shall primarily take stock of the progress and achievements *via-à-vis* the mandatory results and provide precise recommendations and corrective measures to be decided by in order to ensure the further progress.

8. Sustainability

The mandatory results spelled out for the Twinning will be achieved through activities that have been designed in close cooperation with the beneficiary. They are based on an understanding of the NBRB potential to embrace the support offered, to use it appropriately and to realise the benefits that result from the Twinning for their own staff, stakeholders and users of their services and products.

Through the Twinning activities, the NBRB will be enabled to become more efficient and effective in their way of working. At the same time they will be equipped with capabilities to be flexible and adapt over time to changing (legal) requirements, technology and collaboration models with other stakeholders in the country and internationally – ultimately achieving a benefit on a much larger scale and becoming fit for emerging opportunities in future.

The continuity of reliable and high quality, yet cost- and time-effective work they provide to private and public alike will be enabled through the strong capacity building component in the project. It ensures that current staff at the NBRB and receive tailor-made training regarding methodology and skills development. Study visits and workshops will furthermore provide the opportunity to benefit from lessons learned by other institutions that have undergone similar operational changes.

9. Cross-cutting issues

The Twinning project will implicitly be coherent with a variety of cross-cutting issues. These are:

- Open Access and Data Management – The Twinning will support the development of findable, accessible, interoperable and reusable data.
- Good Governance – The Twinning will improve the administrative capacity that is related to the services of the NBRB at all administrative levels.

10. Conditionality and sequencing

The NBRB will provide strong commitment at all levels, as well as cooperation and coordination with the MS team in order to enable the successful implementation of the project. The NBRB will contribute the following:

- Committing and involving of the NBRB’s staff at all levels, including at the regional offices where applicable;
- Appointing Component Leaders for the implementation of each Mandatory Result;
- Designating a qualified NBRB’s counterpart for each MS expert (i.e. MS Component Leaders and STEs). Counterparts for the PL and the RTA have already been designated (see section 5.2);
- Assigning/employing the necessary personnel responsible for activities connected with the project;
- Providing feedback mechanisms and briefings to the PSC;
- Ensuring coordination between institutions connected with the project and newly formed stakeholder groups;
- Ensuring access to all parties directly involved in the project to all necessary information and documents in accordance with legislation in force.

11. Indicators for performance measurement

Component 1.

- Completion of a review of the EU and international best practices on building effective data governance frameworks in a central bank setting;
- Manual for the NBRB structural units on building a data governance framework at the NBRB drafted, presented and approved by the NBRB Committee for Data Governance and IT Architecture;
- Several models of the central data infrastructure have been developed, tailored to specific subject areas and institutional needs.
- Analytical review of the feasibility of adopting international data exchange formats at the NBRB prepared, presented and approved by the NBRB Committee for Data Governance and IT Infrastructure.

Component 2.

- Analytical report with recommendations on conducting assessment of household debt resilience assessments for calibration of sectoral macroprudential tools presented and approved by the Financial Stability Committee of the NBRB;
- An analytical report with recommendations on the use of microdata on selected real sector enterprises for effective detection and monitoring systemic risks and calibration of the relevant macroprudential tools presented and approved by the Financial Stability Committee of the NBRB;
- An analytical review with recommendations on using microdata on the real estate market, household and enterprise debt resilience for assessing linkages between the real estate market and incorporating these in the existing financial stability surveillance procedures; and

- Internal manual approved on estimation of financial soundness indicators for the sector of non-financial corporations based on the IMF methodology.

Component 3.

- An analytical review has been completed of EU experiences and best practices in off-site supervision, use of early warning and early intervention for the shadow banking and other sectors similar to non-credit financial institutions in Belarus.
- Recommendations on improving the use of off-site supervision tools with regard to non-credit financial institutions has been presented and approved by the Financial Stability Committee/Committee for Supervision of the NBRB.
- An analytical review has been performed of EU experiences and best practices on risk-based prioritisation and planning of supervisory work.
- An internal manual has been produced on the use of mapping tools for assessment and prioritisation of risks to financial consumer protection.
- An internal manual has been produced governing exchange of information between supervisory and consumer protection units with regard to non-credit finance institutions.

12. Facilities available

The beneficiary (the NBRB) commit itself to deliver the following facilities and logistics:

- Adequately equipped office space for the RTA and the RTA assistant(s) for the entire duration of their secondment;
- Supply of office space including access to telephone, internet, printer, photocopier, scanner to MS in-country staff and visiting experts;
- Adequate conditions for the STEs to perform their work while on mission to the Beneficiary Country;
- Suitable venues for the training sessions and meetings that will be held under the Project;
- Transport to local and regional offices as and when needed.

Security related issues will be addressed according to the standards and practices applicable for public institutions in the Republic of Belarus.