

Dialogue between Business and the State in the Regions: how to improve the efficiency of entrepreneurship development councils at the local level?

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Summary

In 2018, regional entrepreneurship development councils were established across Belarus. These agencies had been designed to facilitate the promotion of the engagement between business and the state at the regional level. However, as the findings of this study demonstrate, the operation of councils has come to be imbued with a series of issues, including:

- Level of competence and interest of executive committees (personal factor);
- Lack of a standard statute for regional entrepreneurship development councils;
- Passiveness of business;
- Current decision-making practice without the involvement of local players;
- Insufficient development of business associations in the regions.

Building on the range of problems highlighted in the study, recommendations are provided aimed at standardizing the operation of councils, increasing the level of the involvement of business and the business community, as well as reducing the weight of the personal factor and the negative impact of the regional authorities on the work of councils.

Research methodology

Goal

To determine the most acceptable option for improving the operation of regional entrepreneurship development councils in the Republic of Belarus, to generate mechanisms for its practical implementation.

Objectives

- To determine the level of legislative regulation for the operation of regional entrepreneurship development councils;
- To identify the current status of regional entrepreneurship development councils;
- To formulate the specific features, tendencies, and characteristics of the operation of regional entrepreneurship development councils;
- To identify challenges to the operation of entrepreneurship development councils at the national (republican) level;
- To provide recommendations to improve the efficiency of regional entrepreneurship development councils.

The following **approaches and methods** were employed to conduct the study:

1. Analysis of the applicable national legislation

The examination of the national legislation made it possible to determine the degree of regulation of the operation of regional entrepreneurship development councils, as well as to make the list of the legal conditions for the operation of these agencies.

2. Quantitative analysis of the composition of regional entrepreneurship development councils (statistical methods)

The use of this method enabled us to determine the level of representation of various entities in the composition of councils, the possibility for councils to achieve their respective goals and fulfill objectives set for these agencies, as well as the degree of the implementation of Instruction of the President of the Republic of Belarus No. 3 of February 8, 2018.

3. Qualitative analysis (method of extreme values)

In order to obtain data on the composition of business in entrepreneurship development councils, the content of the statutes (goals and objectives of their operation) and information on the operation of these agencies (issues addressed at meetings and outlined in the minutes), the study scrutinized the activity of two councils in each of the regions. To form the sample, the method of extreme values was used — the councils with the highest and lowest involvement of business were picked, for which the following information was available: data on the composition of the council, the text of the statute, and minutes of the council's meetings. This information made it possible to demonstrate in additional detail the peculiarities of the operation of regional councils and draw a conclusion about the ability of these institutions to support and promote entrepreneurship in the regions.

4. Case-study

To obtain more detailed information about the situation and data on the range of issues within the framework of the engagement between business and the state (including through entrepreneurship development councils), the case-study method was used. The Viciebsk Region was picked as the target. The following was explored in the course of the study:

- Economic statistics;
- Mechanisms of financial and organizational support for entrepreneurship;
- Level of public awareness of the activities of entrepreneurship development councils;
- Document flow of the Association of Employers and Entrepreneurs of the Viciebsk Region (with respect to the engagement with the public authorities);
- Opinion of the local business community and government employees (expert interviews).

The study became a source of information about the role and importance of entrepreneurship in the Viciebsk Region, the status of public-private dialogue, as well as the operation of entrepreneurship development councils. The availability of relevant data made it possible to further specify the findings and clarify the range of issues addressed.

1. Introduction

One of the highlights of the dialogue between business and the state in Belarus in 2018 was the establishment of regional entrepreneurship development councils (hereinafter referred to as “councils”). This process was catalyzed by the Protocol of Instructions of the President of the Republic of Belarus No. 3 of February 8, 2018. According to the document, regional executive committees and the Minsk city executive committee were instructed to ensure the operation (and, where necessary, the establishment) of regional and district councils for the promotion of entrepreneurship.

The creation of councils had two objectives: on the one hand, to decentralize the dialogue between business and the state, and on the other hand, to contribute to the resolution of problems that business encounters at the regional level. If we analyze the process of public-private engagement, we will note that a significant portion of the processes associated with the promotion of interests of business and resolution of its problems occurs in Minsk. It is here that major business unions and associations are located, as well as public advisory councils with ministries.

In the regions, conversely, the opposite situation is observed — in fact, there are no platforms for dialogue and, with some minor exceptions, there are no efficiently operating organizations to assert the interests of business. De facto, the only agency, whose functions included, *inter alia*, the improvement of the business environment, was the economic departments at local executive committees. However, in most cases, they perceived these tasks as an additional burden.

As a result, whereas large regional businesses could “reach out” to Minsk to present their positions and interests, smaller businesses (which prevail in the regions) remained virtually unheard, and their positions were unaccounted for. The introduction of the system of regional entrepreneurship development councils was expected to change this situation.

According to the original plan of the authorities, the establishment of such agencies should have contributed to discussions of concerns and the adoption of appropriate measures to address them on a regular basis.¹ In his interview to the Belarus 1 TV Channel Aliaksandr Turčyn, first deputy prime minister and chairman of the Entrepreneurship Development Council under the President, said: “*The protocol signed by the President contains an instruction to establish entrepreneurship development councils in each region and in each district. If not online, then every other day we need to monitor what problems businessmen face in the course of the implementation of Decree No. 7. Ongoing dialogue between the authorities and business is what really matters.*” According to him, the establishment of entrepreneurship development councils will serve as a serious impetus to business development and will remove a significant number of obstacles: “*I hope that these councils will not be a mere formality. They will include representatives of big businesses and individual entrepreneurs.*”²

Given that the operation of councils is aimed at resolving the problems of regional business “locally”, it is important to determine what kind of problems are relevant for business and whether it is possible to address them at the regional level at all.

According to the analytical survey of the Institute for Privatization and Management (IPM) “Status of Small and Medium-Sized Private Business in Belarus in 2018”³, the general strategic problems that business currently faces include:

¹ <http://ced.by/ru/publication/~shownews/2018-08-01-msp>

² <https://www.belta.by/economics/view/sovety-po-razvitiju-predprinimatelstva-pojavjatsja-v-kazhdoj-oblasti-belarusi-289026-2018/>

³ <http://www.research.by/webroot/delivery/files/sr2018r02.pdf>

1. High tax rates — 54.8%;
2. Volatile legislation (including tax legislation) — 50.9%;
3. High interest rates — 45.2%;
4. Burdensome administrative procedures (licenses, certification, inspections, etc.) — 43.3%;
5. Unequal terms for operation in comparison with state enterprises — 36.9%.

The list of problems that can be addressed at the level of regional entrepreneurship development councils depends on the competence of the local governments and self-governments. The functionality of these agencies is enshrined in two legislative acts: the Constitution of the Republic of Belarus and the Law “On Local Governance and Self-Governance.” According to these documents, executive committees and councils of deputies at the district (rajon) and region (voblasts) levels have the following authorities concerning the conduct of entrepreneurial activity:

1) Local councils of deputies.

According to Article 121 of the Constitution, the exclusive competence of local councils of deputies includes:

- Approval of economic and social development programmes, local budgets, and reports on their implementation;
- Establishment of local taxes and dues in accordance with the applicable law;
- Determination — within the limits established by the applicable law — of procedures for the management and disposal of communal property.⁴

The Law “On Local Governance and Self-Governance in the Republic of Belarus” envisages the following set of functions⁵:

- Approval of various state programmes (and action plans for their implementation), including programmes for the promotion and support of small and medium businesses. De facto, this paragraph details the provisions of the Constitution;
- Facilitation of the development of industrial and farm production, services, small and medium enterprises, and private farm enterprises;
- Provision of state support for legal entities and individual entrepreneurs individually by making changes to the period for the payment of taxes and penalties fully payable to local budgets, allocation of budget funds from local budgets, exemption from transfers to budgets of incomes received from the assignment of communal property on the terms identical to those determined by the President of the Republic of Belarus (applies exclusively to the competence of the councils of deputies at the level of the regions).

2) Local executive committees (district level)⁶:

- form and submit for approval to the respective Councils regional packages of arrangements ensuring the implementation of state programmes envisaging financing from local budgets (executive committees of the region and basic levels);
- approve operational conditions for organizations whose property is in communal ownership, coordinate operational conditions for other organizations and individual

⁴ Constitution of the Republic of Belarus

⁵ Law of the Republic of Belarus dated January 4, 2010 No. 108-Z (as amended on 09.01.2018) “On Local Governance and Self-Governance in the Republic of Belarus”, Articles 16 and 17.

⁶ Law of the Republic of Belarus dated January 4, 2010 No. 108-Z (as amended on 09.01.2018) “On Local Governance and Self-Governance in the Republic of Belarus”, Article 41.

entrepreneurs operating within the respective area, unless otherwise provided for by the applicable legislation;

- make provisions aimed at the development of industrial and farm production, services, small and medium-sized enterprises, and private farm enterprises;
- provide support — within the scope of state programmes — for legal entities and individual entrepreneurs offering consumer services to the population at specialized consumer services facilities in rural areas, as well as in settlements that do not have specialized consumer services facilities;
- make decisions with respect to the provision of land plots for use, lease, lifetime inheritable possession, their transfer into ownership, as well as with respect to the withdrawal of land plots (except for city/town executive committees (towns of district jurisdiction));
- make decision regarding the placement of construction projects within relevant areas;
- perform monitoring and supervision activities.

3) Local executive committees (regional level)⁷:

- perform state registration and liquidation (termination of activities) of economic entities;
- issue special permits (licenses) for certain types of activities;
- provide expert evaluation of business plans of investment projects implemented within the respective administrative and territorial unit;
- set prices (tariffs), markups (discounts) for goods (operations, services);
- submit proposals to the relevant state authorities to hold liable organizations located within the respective area, their officials and other citizens, to reimburse for damages caused by their decisions, actions (inaction) to interests of citizens, the local economy, environment, in case they fail to comply with decisions of the council and/or the executive committee of the region adopted within their respective authorities, or other applicable legislative acts.

Taking this into account, the following issues may fragmentarily be addressed at the level of regional entrepreneurship development councils:

- 1) Issues associated with local taxes and dues⁸ — this partially corresponds to problem 1 indicated in the IPM's analytical survey.
- 2) Issues related to lease relationships, operational conditions, location of construction projects and state control.

Therefore, within the framework of regional entrepreneurship development councils it is possible to consider and resolve only a portion of the problems of regional business. At the same time, the successful resolution of these issues at the level of district and regional entrepreneurship development councils directly depends on the efficiency of respective executive committees working on the same matters.

In one of his interviews to BelTA News Agency, Aliaksandr Turčyn noted: “*The track record of the Republican Entrepreneurship Development Council shows that we have a lot of appeals coming from the regions. And we have to deal with those addresses from Minsk, although most of them should be tackled at the local level. We hope that when we form regional and district councils,*

⁷ Law of the Republic of Belarus dated January 4, 2010 No. 108-Z (as amended on 09.01.2018) “On Local Governance and Self-Governance in the Republic of Belarus”, Article 42.

⁸ Licenses are issued by local executive committees on a very narrow range of issues, and administrative procedures are conducted in accordance with the standards established by the republican authorities.

these issues will be addressed there, without reaching the level of the republican council, the government, or the Presidential Administration.”⁹

Therefore, the capabilities of regional entrepreneurship development councils to effectively address the problems of local business are by default limited by the applicable Belarusian legislation. Nevertheless, if the evolution of councils contributes to decentralization of the two above-mentioned issues alone, this will still have a significant positive impact on the promotion of the engagement between business and the state at the local level.

Furthermore, an important dimension of the operation of councils is their development as channels for transmitting opinions, positions, and unsettled problems of business to the republican level.

Have these ideas been successfully implemented, what sort of problems do councils have to deal with today, and how to improve their efficiency? This study is designed to provide answers to these questions. In order to formulate them, the compositions of all of the established councils and the nature of their operation were examined within the scope of the study, alongside in-depth research into the interaction between business and the state conducted in the Viciebsk Region.

2. STATUS QUO. Quantitative Analysis

In order to identify the level of representation of business, the state, business associations, as well as other participants in regional councils, the study analyzed their compositions.

According to the text of the instruction on the establishment of councils and statements made by Aliaksandr Turčyn, entrepreneurship development councils should include both representatives of local executive committees and businesses of various levels (individual entrepreneurs, SMEs and big entrepreneurs).

The analysis demonstrated significant discrepancies in the process of the creation of councils — regarding the number of members, composition, and legal framework. For example, in some districts, councils consisting only of business representatives were established, whereas in some districts, government representatives prevailed. Additionally, the confusion in the legal framework for establishing councils is notable — some district executive committees created these agencies referring to Resolution of the Council of Ministers No. 247, which regulates exclusively the creation of public advisory councils with ministries and regional executive committees.

Presented below is are data for the composition of councils in each region, information about heads of councils, average values, as well as peculiarities of the establishment and operation of councils.

Entrepreneurship development councils in the Brest Region

Agency	Head of council	Number of participants	State servants	Private business	State companies	Business unions	Other
BREST REGION							
Brest Region Executive Committee	Entrepreneur	22	0 (0%) ¹⁰	21 (95.55%)	0	1 (4.55%)	0

⁹ <https://www.belta.by/economics/view/v-belarusi-aktivizirujut-sozdanie-v-regionah-sovetov-po-razvitiju-predprinimatelstva-294369-2018/>

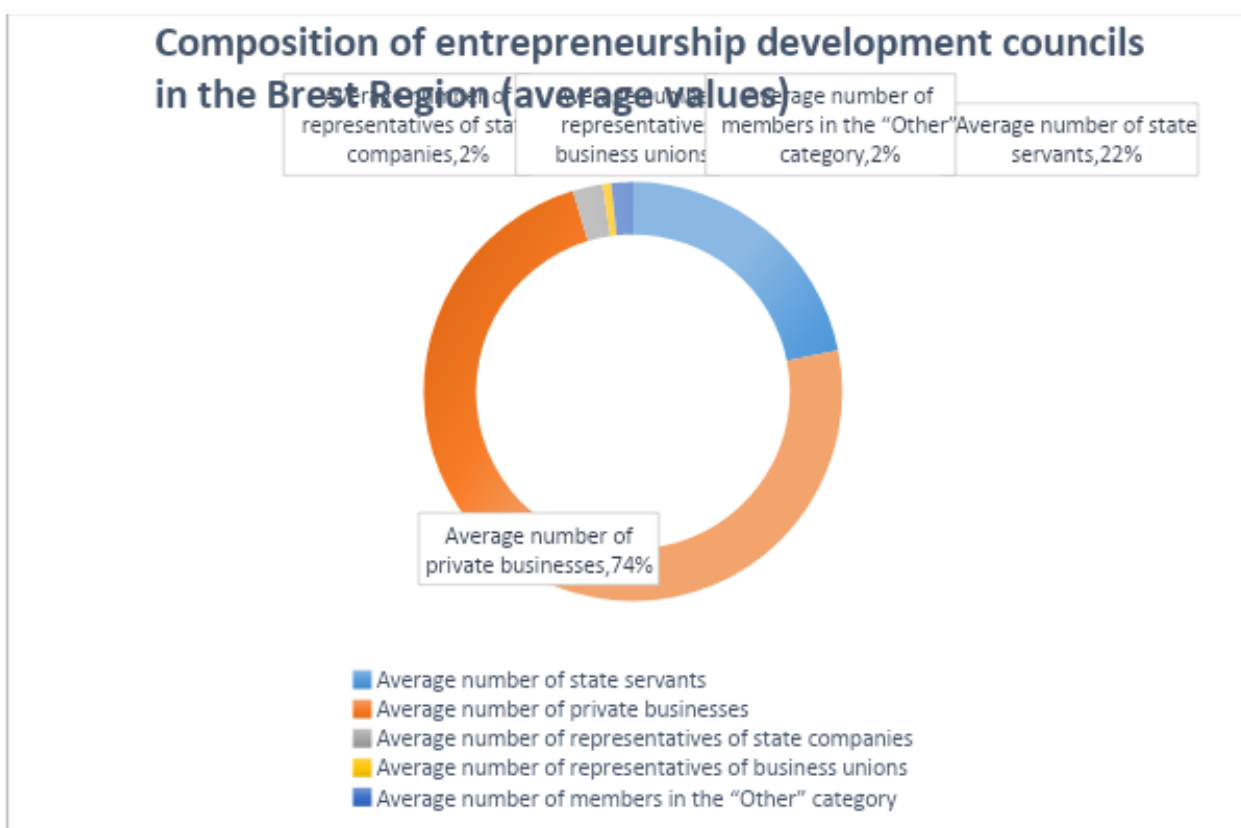
¹⁰ Number of persons and percentage of the total number of participants

Brest	Chairman of a business union	29	11 (37.9%)	17 (58.6%)	1 (3.5%)	0	0
Baranavičy City Executive Committee	Entrepreneur	15	3 (20%)	11 (73.3%)	1 (6.7%)	0	0
Pinsk City Executive Committee	Entrepreneur	18	4 (22.2%)	14 (77.8%)	0	0	0
Baranavičy District Executive Committee	Entrepreneur	16	4 (25%)	12 (75%)	0	0	0
Biaroza District Executive Committee	Entrepreneur	14	2 (14.3%)	11 (78.6%)	0	0	1 (7.1%)
Brest District Executive Committee	Director of a limited liability company	15	8 (53.33%)	3 (20%)	0	1 (6.6%)	3 (20%)
Hancevičy District Executive Committee	Director of a limited liability company	18	6 (33.3%)	12 (66.7%)	0	0	0
Drahičyn District Executive Committee	Director of a limited liability company	9	0	9 (100%)	0	0	0
Žabinka District Executive Committee	Entrepreneur	12	5 (41.6%)	7 (58.3%)	0	0	0
Ivanava District Executive Committee	Chairman of a production cooperative	12	0	12 (100%)	0	0	0
Ivacevičy District Executive Committee	Entrepreneur	16	3 (18.75%)	12 (75%)	1 (6.25%)	0	0
Kamianiec District Executive Committee	Director of a limited liability company	14	3 (21.4%)	9 (64.3%)	2 (14.3%)	0	0
Kobryn District Executive Committee	Head of a peasant farm enterprise	9	0	9 (100%)	0	0	0
Luniniec District Executive Committee	Director of a limited liability company	16	4 (25%)	12 (75%)	0	0	0
Liachavičy District Executive Committee	Director of a limited liability company	15	6 (40%)	8 (53.3%)	1 (6.7%)	0	0
Malaryta District Executive Committee	Director of private unitary enterprise	9	0	9 (100%)	0	0	0
Pinsk District Executive Committee	Director of a closed joint-stock company	12	0	12 (100%)	0	0	0
Pružany District Executive Committee	Director of private unitary enterprise	13	5 (38.5%)	7 (53.8%)	1 (7.7%)	0	0
Stolin District Executive Committee	Entrepreneur	18	2 (11.1%)	15 (83.3%)	0	0	1 (5.6%)

Heads of councils (representation)

Average council compositions in the Brest Region, by representatives

Total	302
Average number of members	15.1
Average number of state servants	3.30
Average number of private businesses	11.10
Average number of representatives of state companies	0.35
Average number of representatives of business unions	0.10
Average number of members in the “Other” category	0.25



Specific features of the establishment and operation of councils in the Brest Region

In most cases, the composition of entrepreneurship development councils corresponds to the idea of a discussion platform to address the issues and challenges faced by businesses at the local level. Nevertheless, the following peculiarities are apparent:

- 1) At the Brest District council, state servants prevail – eight out of 15 persons. Only three persons represent private business.

2) In five councils (Pinsk, Malaryta, Kobryn, Ivanava, and Drahičyn) councils are formed exclusively by representatives of private business. This distortion prevents the councils from effectively resolving issues, since there are no representatives of the state having requisite authorities.

3) Management of the councils is formed in compliance with Instructions of the Council of Ministers of the Republic of Belarus dated March 23, 2018 No. 11/535-86/3402r and dated March 29, 2019 No. 11/3684r¹¹

Entrepreneurship development councils in the Viciebsk Region

Agency	Head of council	Number of participants	State servants	Private business	State companies	Business unions	Other
VICIEBSK REGION							
Viciebsk Region Executive Committee	Entrepreneur	19	8	9	1	1	0
Viciebsk City Executive Committee	Deputy chairman of the city executive committee	19	8 (42.1%)	9 (47.4%)	1 (5.3%)	1 (5.3%)	0
Navapolack City Executive Committee	Deputy chairman of the city executive committee	11	2 (18.2%)	7 (63.6%)	2 (18.2%)	0	0
Biešenkovičy District Executive Committee	Deputy chairman of the district executive committee	17	10 (58.8%)	4 (23.5%)	2 (11.8%)	0	1 (5.9%)
Braslaŭ District Executive Committee	Deputy chairman of the district executive committee	8	3 (37.5%)	5 (62.5%)	0	0	0
Vierchniedzvinsk District Executive Committee	Deputy chairman of the district executive committee	15	4 (26.7%)	9 (60%)	2 (13.3%)	0	0
Hlybokaje District Executive Committee	Director of a limited liability company	20	2 (10%)	18 (90%)	0	0	0
Haradok District Executive Committee	Deputy chairman of the district executive committee	18	12 (66.7%)	3 (16.7%)	2 (11.1%)	0	1 (5.6%)
Dokšyey District Executive Committee	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dubroŭna District Executive Committee	Deputy chairman of the district executive committee	8	5 (62.5%)	2 (25%)	1 (12.5%)	0	0
Liepiel District Executive Committee	n/a	n/a	n/a	n/a	n/a	n/a	n/a

¹¹ The chairman of an entrepreneurship development council shall represent private business

Livozna District Executive Committee	Director of a private trade unitary enterprise	8	2 (25%)	6 (75%)	0	0	0
Miory District Executive Committee	Director of a private unitary enterprise	5	0	5 (100%)	0	0	0
Orša District Executive Committee	Director of an open joint-stock company	14	4 (28.57%)	7 (50%)	2 (14.28%)	0	1 (7.1%)
Polack District Executive Committee	Director of a joint open joint-stock company	18	3 (16.7%)	12 (66.7%)	2 (11.1%)	1 (5.6%)	0
Pastavy District Executive Committee	Director of a private trade unitary enterprise	10	1 (10%)	9 (90%)	0	0	0
Rasony District Executive Committee	Deputy chairman of the district executive committee	5	1 (20%)	4 (80%)	0	0	0
Sianno District Executive Committee	Entrepreneur	18	5 (27.77%)	11 (61.11%)	2 (11.11%)	0	0
Taločyn District Executive Committee	Deputy chairman of the district executive committee	8	3	5	0	0	0
Ušačy District Executive Committee	Deputy chairman of the district executive committee	18	11 (61.1%)	5 (27.8%)	2 (11.1%)	0	0
Čašniki District Executive Committee	Deputy chairman of the district executive committee	12	3 (25 %)	9 (75 %)	0	0	0
Šarkoŭščyna District Executive Committee	Deputy chairman of the district executive committee	14	6 (42.9%)	7 (50%)	0	0	1 (7.1%)
Šumilina District Executive Committee	Deputy chairman of the district executive committee	14	6 (42.9%)	5 (35.71%)	2 (14.28%)	0	1 (7.1%)

Heads of councils (representation)

Representatives of business — 8

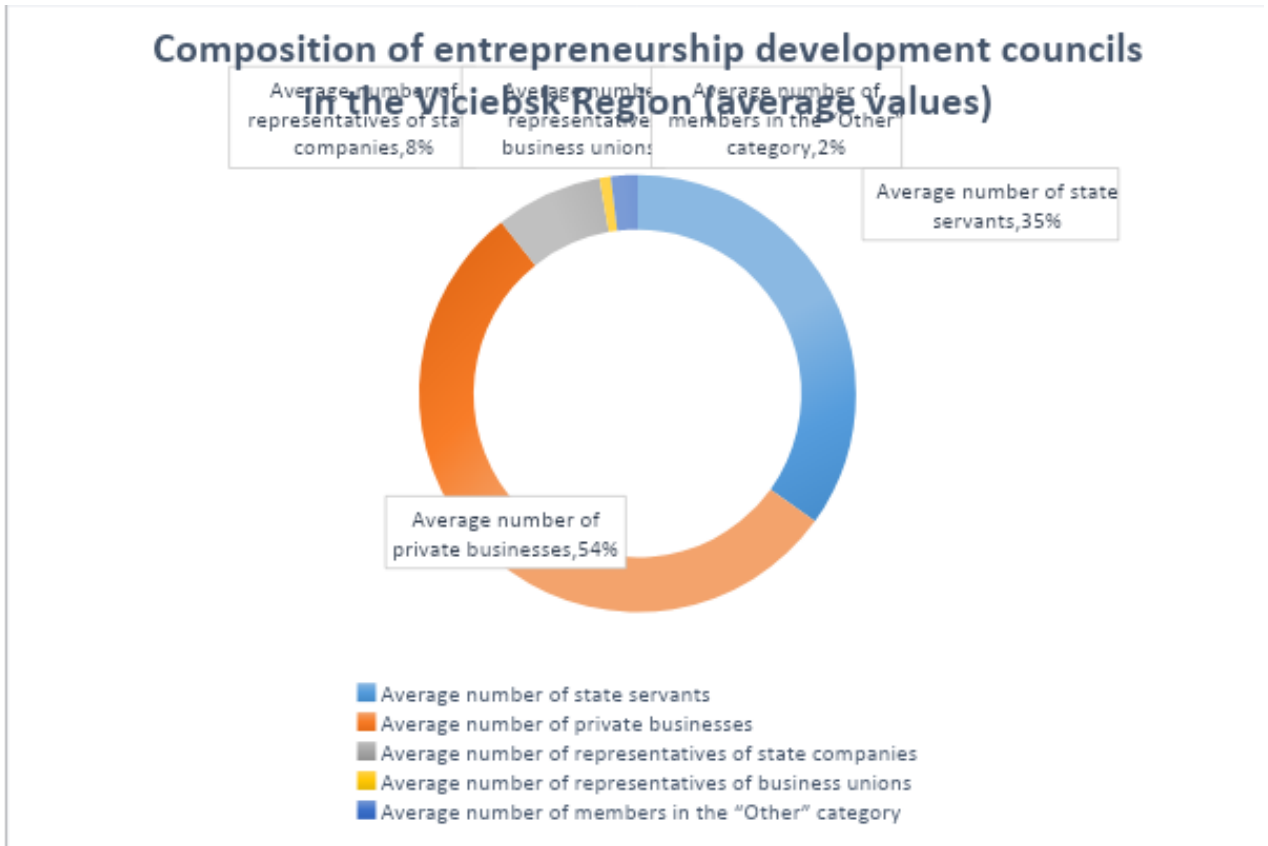
Representatives of the state authorities — 14

Average council compositions in the Viciebsk Region, by representatives

Total

288

Average number of members	13.26
Average number of state servants	4.63
Average number of private businesses	7.21
Average number of representatives of state companies	1.05
Average number of representatives of business unions	0.11
Average number of members in the “Other” category	0.26



Specific features of the establishment and operation of councils in the Viciebsk Region

- 1) In five entrepreneurship development councils of the Viciebsk Region (Biešenkovičy, Haradok, Dubroūna, Ušačy and Œumilina) state servants prevail.
- 2) No information is available about the composition of the Dokšyčy and Liepiel entrepreneurship development councils.
- 3) According to the Statute of the Vierchniedzvinsk entrepreneurship development council, the council operates for legal entities of *all* forms of ownership and individual entrepreneurs in entrepreneurship promotion and support. Therefore, the authority of this agency is also expanded to address the problems of state enterprises, which is an exception.
- 4) The legal basis for the establishment of the Haradok entrepreneurship development council is Resolution of the Council of Ministers No. 247 “On the establishment of public advisory councils.”

5) In the Polack District, the council receives its organizational and informational support from the Polack unitary utility enterprise “Entrepreneurship Support Center.”

6) Management of 14 councils fails to comply with Instructions of the Council of Ministers of the Republic of Belarus dated March 23, 2018 No. 11/535-86/3402r and dated March 29, 2019 No. 11/3684r.

Entrepreneurship development councils in the Homiel Region

Agency	Head of council	Number of participants	State servants	Private business	State companies	Business unions	Other
HOMIEL REGION							
Homiel Region Executive Committee	Deputy chairman of the region executive committee	22	8 (36.4%)	9 (40.9%)	0	2 (9.1%)	3 (13.6%)
Homiel City Executive Committee	Chairman of the executive committee	18	11 (61.1%)	6 (33.3%)	0	1 (5.6%)	0
Brahin District Executive Committee	Deputy chairman of the district executive committee	23	16 (69.6%)	5 (21.7%)	1 (4.3%)	0	1 (4.3%)
Buda-Kašaliova District Executive Committee	Deputy chairman of the district executive committee	14	8 (57.1%)	5 (35.7%)	1 (7.1%)	0	0
Vietka District Executive Committee	Deputy chairman of the district executive committee	10	8 (80%)	2 (20%)	0	0	0
Homiel District Executive Committee	Deputy chairman of the district executive committee	9	7 (77.8%)	2 (22.2%)	0	0	
Dobruš District Executive Committee	Deputy chairman of the district executive committee	13	8 (61.5%)	3 (23.1%)	1 (7.7%)	0	1 (7.7%)
Jelsk District Executive Committee	Deputy chairman of the district executive committee	13	11 (84.6%)	1 (7.7%)	0 (7.7%)	0	1 (7.7%)
Žytkavičy District Executive Committee	Chairman of the district executive committee	12	8 (66.7%)	3 (25%)	0	0	1 (8.3%)
Žlobin District Executive Committee	n/a	15	10 (66.7%)	5 (33.3%)	0	0	0
Kalinkavičy District Executive Committee	Head of the economics department at the district executive committee	18	12 (66.7%)	3 (16.7%)	1 (5.6%)		2 (11.1%)
Karma District Executive Committee	Chairman of the district executive committee	10	9 (90%)	1 (10%)	0	0	0

Lielčycy District Executive Committee	Deputy chairman of the district executive committee	16	11 (68.75%)	3 (18.75%)	1 (6.25%)	0	1 (6.25%)
Lojeŭ District Executive Committee	Deputy chairman of the district executive committee	13	7 (53.8%)	5 (38.5%)	1 (7.7%)	0	0
Mazyr District Executive Committee	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Naroŭlia District Executive Committee	Deputy chairman of the district executive committee	15	12 (80%)	2 (13.3%)	0	0	1 (6.7%)
Akciabrski District Executive Committee	n/a	8	5 (62.5%)	2 (25)	0	0	1 (12.5%)
Pietrykaŭ District Executive Committee	Chairman of the district executive committee	19	11 (57.9%)	4 (21.1%)	3 (15.8%)	0	1 (5.3%)
Rečyca District Executive Committee	Deputy chairman of the district executive committee	18	14 (77.8%)	2 (11.1%)	1 (5.6%)	0	1 (5.6%)
Rahačoŭ District Executive Committee	Chairman of the district executive committee	20	16 (80%)	3 (15%)	1 (5%)	0	0
Svietlahorsk District Executive Committee	n/a	21	12 (57.1%)	6 (28.6%)	2 (9.5%)	0	1 (4.8%)
Chojniki District Executive Committee	Deputy chairman of the district executive committee	13	9 (69.2%)	2 (15.4%)	2 (15.4%)	0	0
Čečersk District Executive Committee	Chairman of the district executive committee	16	11 (68.8%)	5 (31.3%)	0	0	0

Heads of councils (representation)

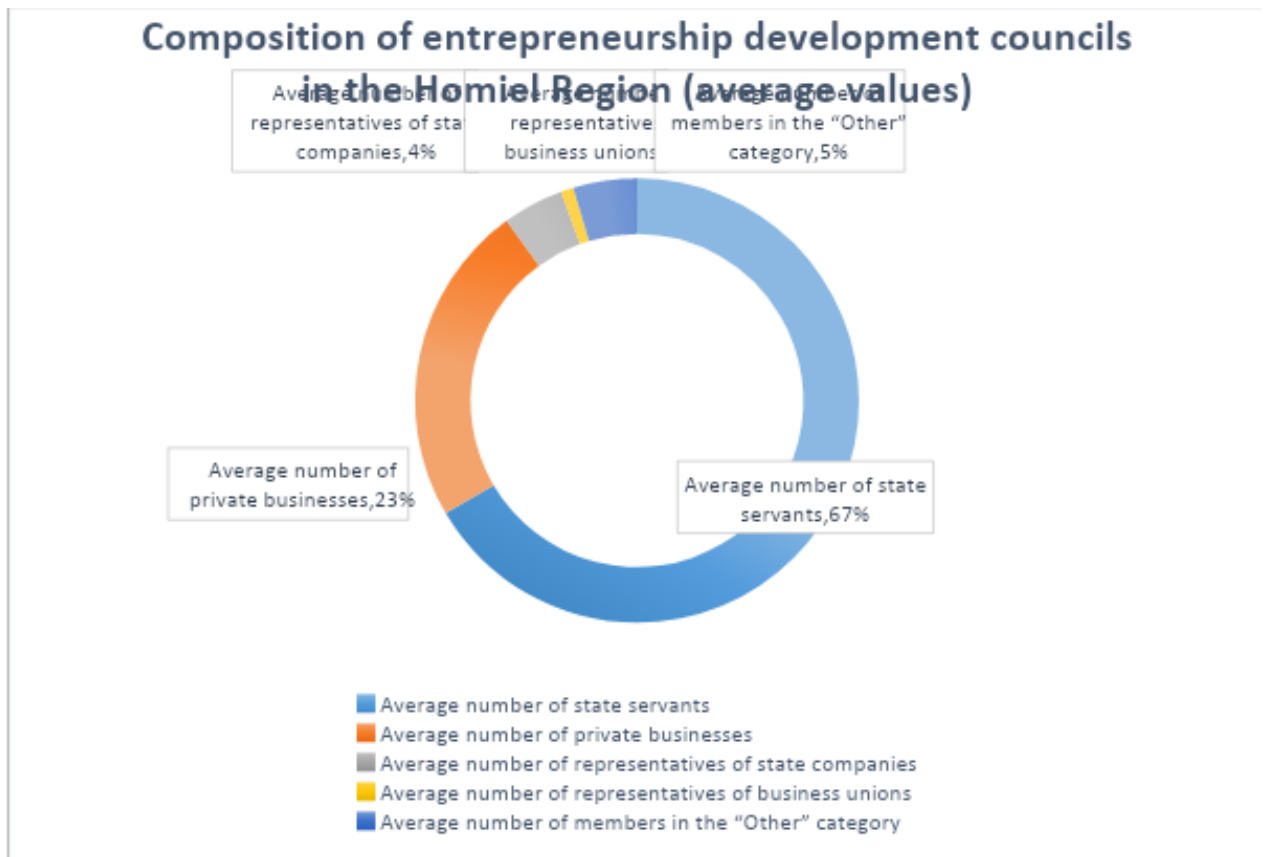
Representatives of business — 0

Representatives of the state authorities — 19

Average council compositions in the Homiel Region, by representatives

Total	336
Average number of members	15.27
Average number of state servants	10.18
Average number of private businesses	3.59
Average number of representatives of state companies	0.68

Average number of representatives of business unions 0.14
 Average number of members in the “Other” category 0.71



Specific features of the establishment and operation of councils in the Homiel Region

- 1) State servants prevail in most of the entrepreneurship development councils. According to the average values, state servants account for 67% of all council members.
- 2) Business prevails only in the Homiel Region entrepreneurship development council; the state prevails in the others.
- 3) In some district councils, representatives of the region executive committee are included in councils. One example is the Jelsk council.
- 4) The Rahačoŭ entrepreneurship development council includes, apart from representatives of the executive committee and business (three persons, while as of October 1, 2018, there were 1,252 entrepreneurs and 235 small and medium-sized businesses in the district), representatives of the district office of the interior, inter-district office of the Homiel Region KGB bureau, Žlobin inter-regional state control committee, and utility unitary enterprise Rahačoŭ Property Management Center.
- 5) Management of 19 (but supposedly all) councils fails to comply with Instructions of the Council of Ministers of the Republic of Belarus dated March 23, 2018 No. 11/535-86/3402r and dated March 29, 2019 No. 11/3684r.

Entrepreneurship development councils in the Hrodna Region

Agency	Head of council	Number of participants	State servants	Private businesses	State companies	Business unions	Other
HRODNA REGION							
Hrodna Region Executive Committee	Chairman of the Region Executive Committee	n/a	n/a	n/a	n/a	n/a	n/a
Hrodna City Executive Committee	Chairman of the executive committee	18	4 (22.2%)	14 (77.9%)	0	0	0
Bierastavica District Executive Committee	Chairman of the executive committee	13	5 (38.5%)	7 (53.8%)	0	0	1 (7.7%)
Valkavysk District Executive Committee	Chairman of the executive committee	17	5 (29.4%)	10 (58.8%)	1 (5.9%)	0	1 (5.9%)
Voranava District Executive Committee	Chairman of the executive committee	16	5 (31.3%)	9 (56.3%)	2 (12.5%)	0	0
Hrodna District Executive Committee	Chairman of the executive committee	26	4 (15.4%)	22 (84.6%)	0	0	0
Dziatlava District Executive Committee	Chairman of the executive committee	18	4 (22.2%)	12 (66.7%)	2 (11.1%)	0	0
Zelva District Executive Committee	Chairman of the executive committee	15	3 (20%)	12 (80%)	0	0	0
Iūje District Executive Committee	Chairman of the executive committee	12	4 (33.3%)	8 (66.7%)	0	0	0
Kareličy District Executive Committee	Chairman of the executive committee	12	3 (25%)	11 (91.7%)	0	0	0
Lida District Executive Committee	Director of a joint limited liability company	22	4 (18.2%)	15 (68.2%)	1 (4.5%)	0	2 (9.1%)
Masty District Executive Committee	Chairman of the executive committee	18	6 (33.3%)	11 (61.1%)	1 (5.6%)	0	0
Navahrudak District Executive Committee	Chairman of the executive committee	27	4 (14.8%)	23 (85.2%)	0	0	0
Astraviec District Executive Committee	Head of a peasant farm enterprise	11	2 (18.2%)	9 (81.8%)	0	0	0
Ašmiany District Executive Committee	Chairman of the executive committee	18	7 (38.9%)	10 (55.6%)	0	0	1 (5.6%)
Svislač District Executive Committee	Chairman of the executive committee	20	3 (15%)	14 (70%)	1 (5%)	0	2 (10%)
Slonim District Executive Committee	Chairman of the executive committee	23	5 (21.7%)	18 (78.3%)	0	0	0

Smarhon District Executive Committee	Chairman of the executive committee	20	4 (20%)	16 (80%)	0	0	0
Ščučyn District Executive Committee	Chairman of the executive committee	13	5 (38.5%)	7 (53.8%)	0	0	1 (7.7%)

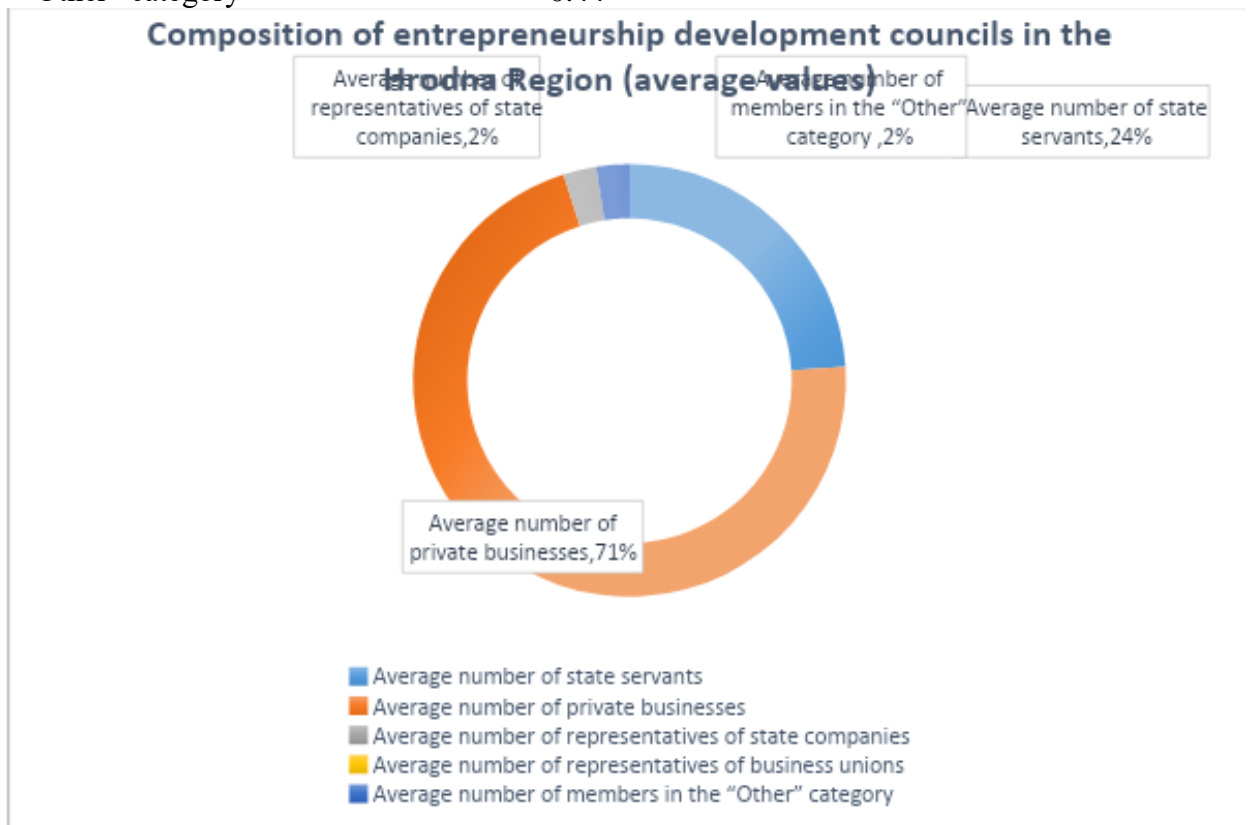
Heads of councils (representation)

Representatives of business — 2

Representatives of the state authorities — 15

Average council compositions in the Hrodna Region, by representatives

Total	319
Average number of members	17.72
Average number of state servants	4.28
Average number of private businesses	12.67
Average number of representatives of state companies	0.44
Average number of representatives of business unions	0
Average number of members in the “Other” category	0.44



Specific features of the establishment and operation of councils in the Hrodna Region

1) According to available data, Hrodna Region councils do not include representatives of business unions and associations.

2) Business prevails in all of the councils.

3) Information about entrepreneur development councils in the Hrodna Region is presented in the best possible way.

4) Management of 15 (but supposedly all) councils fails to comply with Instructions of the Council of Ministers of the Republic of Belarus dated March 23, 2018 No. 11/535-86/3402r and dated March 29, 2019 No. 11/3684r.

Entrepreneurship development councils in the Minsk Region

Agency	Head of council	Number of participants	State servants	Private business	State companies	Business unions	Other
MINSK REGION							
Minsk Region Executive Committee	General director of a joint limited liability company	n/a	n/a	n/a	n/a	n/a	n/a
Žodzina City Executive Committee (public advisory council)	Deputy Chairman of the Executive Committee	18	6 (33.3%)	9 (50%)	1 (5.6%)	0	2 (11.1%)
Biaroza District Executive Committee	Director of private trade unitary enterprise	9	1 (11.1%)	8 (88.9%)	0	0	0
Barysau District Executive Committee	Director of a private trade unitary enterprise	21	18 (85.7%)	1 (4.8%)	1 (4.8%)	0	1 (4.8%)
Viliejka District Executive Committee	Director of a limited liability company	17	1 (5.9%)	15 (88.2)	0	0	1 (5.9%)
Valožyn District Executive Committee	Director of a private production and trade unitary enterprise	25	7 (28%)	17 (68%)	0	0	1 (4%)
Dziaržynsk District Executive Committee	Deputy director of a private trade unitary enterprise	8	0	8 (100%)	0	0	0
Kleck District Executive Committee	Director of a limited liability company	15	2 (13.3%)	13 (86.7%)	0	0	0
Kopyl District Executive Committee	Entrepreneur	11	0	11 (100%)	0	0	0
Krupki District Executive Committee	Founder of a limited liability company	6	0	6 (100%)	0	0	0
Lahojsk District Executive Committee	General director of a limited liability company	16	7 (43.75%)	8 (50%)	0	0	1 (6.25%)
Liuban District Executive Committee (note the public advisory council)	Director of a private trade and service unitary enterprise	9	4 (44.4%)	5 (55.6%)	0	0	0
Minsk District Executive Committee	General director of a closed joint-stock company	2	1 (50%)	1 (50%)	0	0	0

Maladziečna District Executive Committee	General director of a closed joint-stock company	18	1 (5.6%)	14 (77.8%)	1 (5.6%)	1 (5.6%)	1 (5.6%)
Miadziel District Executive Committee, 2011	Director of a limited liability company	9	0	9 (100%)	0	0	0
Niasviž District Executive Committee	Founder of a limited liability company	9	1 (11.1%)	7 (77.8%)	0	0	1 (11.1%)
Puchavičy District Executive Committee	Deputy director of a limited liability company	20	10 (50%)	9 (45%)	0	0	1 (5%)
Sluck District Executive Committee	Director of a limited liability company	21	1 (4.8%)	20 (95.2%)	0	0	0
Smaliavičy District Executive Committee	Head of a peasant and farm enterprise	13	1 (7.7%)	12 (92.3%)	0	0	0
Salihorsk District Executive Committee	Director of a limited liability company	17	5 (29.4%)	11 (64.7%)	0	0	1 (5.9%)
Saryja Darohi District Executive Committee	Director of a unitary production enterprise	8	2 (25%)	6 (75%)	0	0	0
Stoŭbcy District Executive Committee		8	1 (12.5%)	7 (87.5%)	0	0	0
Uzda District Executive Committee	Founder of a limited liability company	7	0	7 (100%)	0	0	0
Červien District Executive Committee	Head of a peasant farm enterprise	10	1 (10%)	9 (90%)	0	0	0

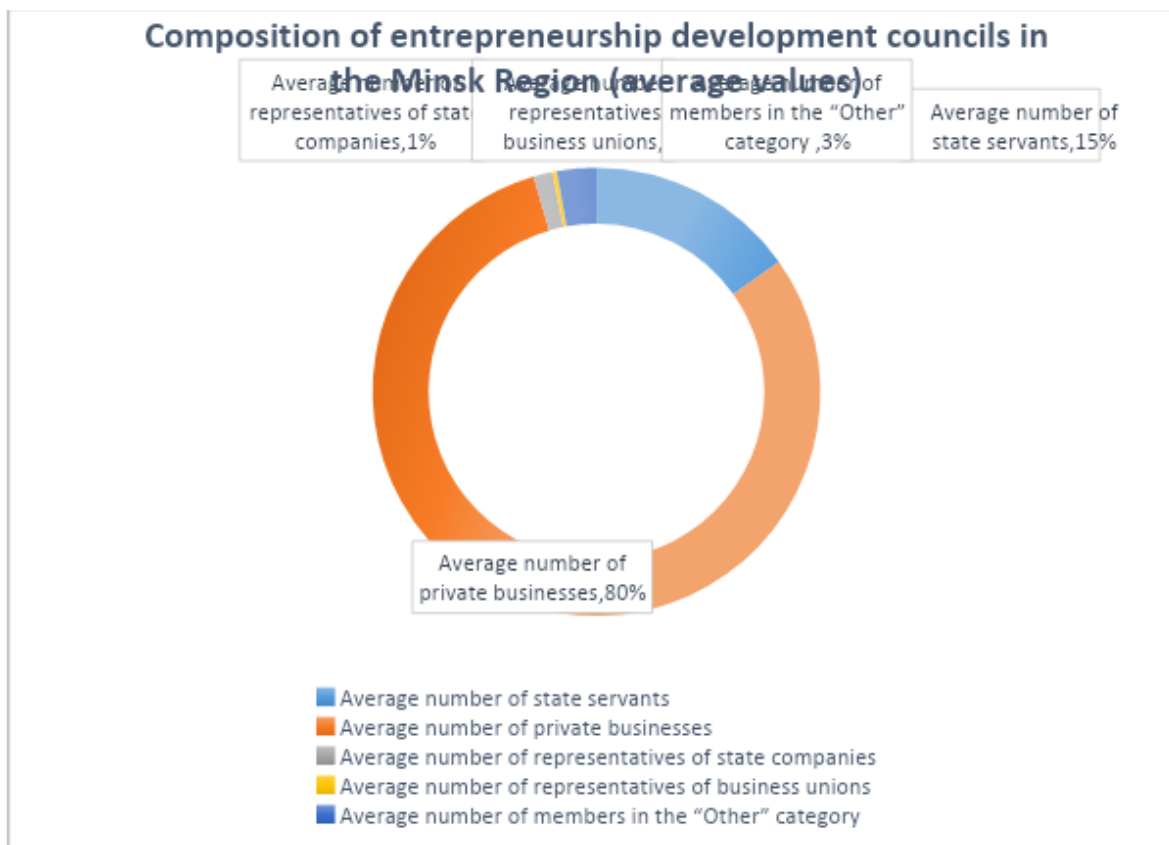
Heads of councils (representation)

Representatives of business — 24

Representatives of the state authorities — 0

Average council compositions in the Minsk Region, by representatives

Total	284
Average number of members	12.35
Average number of state servants	1.87
Average number of private businesses	9.91
Average number of representatives of state companies	0.17
Average number of representatives of business unions	0.04
Average number of members in the “Other” category	0.35



Specific features of the establishment and operation of councils in the Minsk Region

- 1) The Minsk District entrepreneurship development council includes only two members.
- 2) State servants prevail in the Barysau District entrepreneurship development council.
- 3) Five councils (Uzda, Miadziel, Dziaržynsk, Kopyl, Krupki) only include representatives of businesses.
- 4) Minsk region entrepreneurship development council does not disclose data on its composition.
- 5) Management of the councils is formed in compliance with Instructions of the Council of Ministers of the Republic of Belarus dated March 23, 2018 No. 11/535-86/3402r and dated March 29, 2019 No. 11/3684r.

Entrepreneurship development councils in the Mahilioŭ Region

MAHILIOŬ REGION							
Agency	Head of council	Number of participants	State servants	Private businesses	State companies	Business unions	Other
Mahilioŭ Region Executive Committee	General director of an association	24	1 (4.2%)	17 (70.8%)	0	4 (16.7%)	2 (8.3%)
Mahilioŭ City Executive Committee	General director of a limited liability company	9	0	8 (88.9%)	1 (11.1%)	0	0

Škloŭ District Executive Committee	Entrepreneur	8	1 (12.5%)	7 (87.5%)	0	0	0
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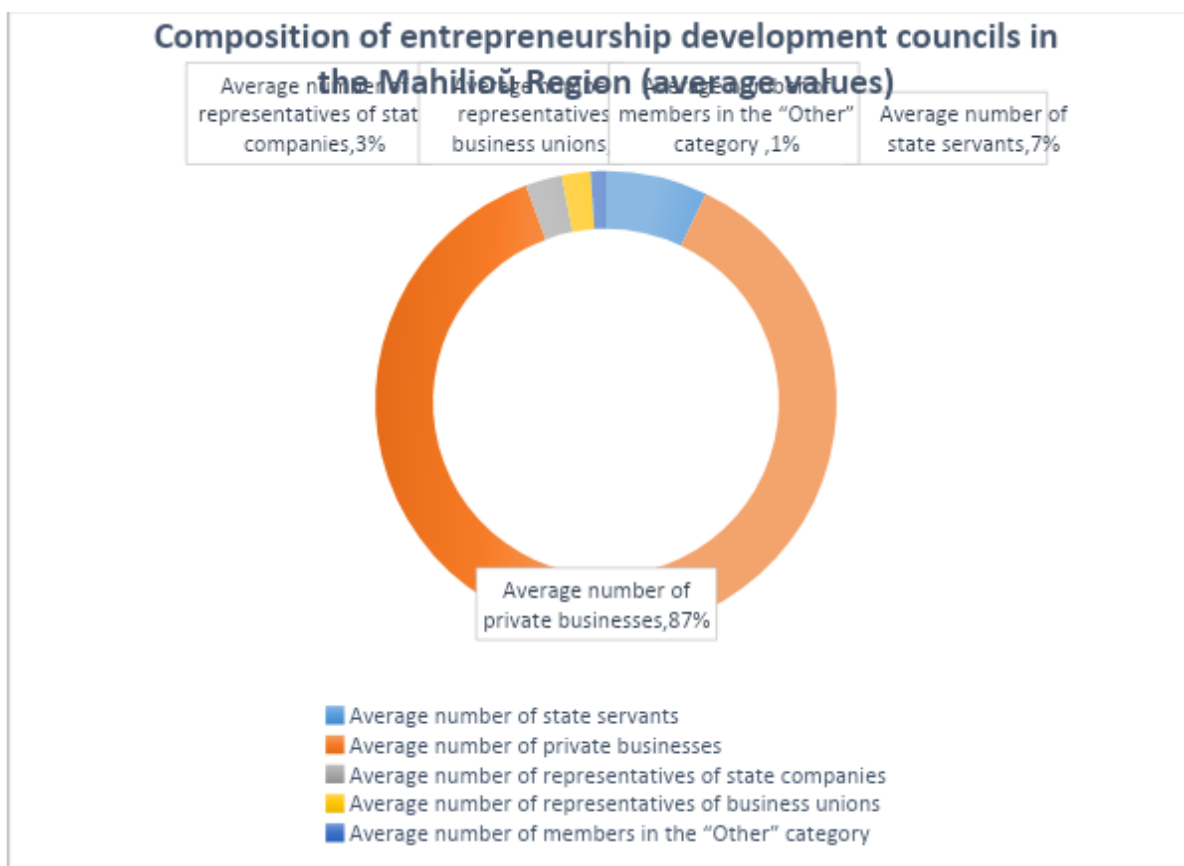
Heads of councils (representation)

Representatives of business — 19

Representatives of the state authorities — 3

Average council compositions in the Mahilioŭ Region, by representatives

Total	197
Average number of members	9.38
Average number of state servants	0.67
Average number of private businesses	8.19
Average number of representatives of state companies	0.24
Average number of representatives of business unions	0.19
Average number of members in the “Other” category	0.10



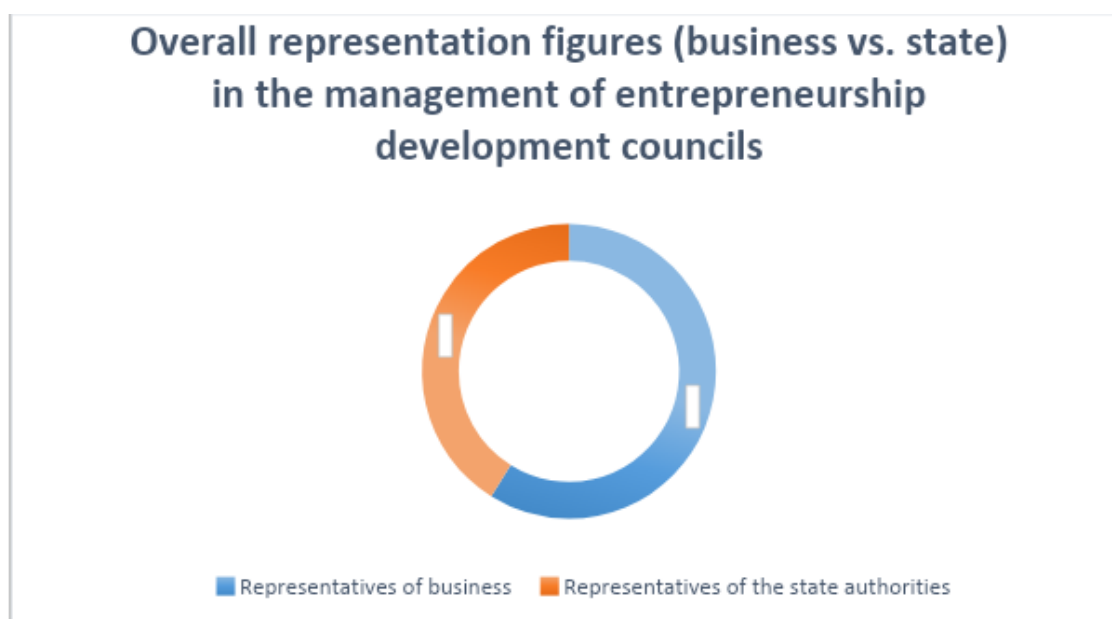
Specific features of the establishment and operation of councils in the Mahilioŭ Region

- 1) Entrepreneurship development councils in the Mahilioŭ Region have highest numbers of representatives of business as against other regions — 87%.
- 2) Entrepreneurship development councils are characterized by the highest participation of business unions and associations compared with other regions — 2%.
- 3) Entrepreneurship development councils in the Čerykaŭ and Kruhlaŭje Districts do not provide information about their compositions.
- 4) Nine entrepreneurship development councils (Čavusy, Mscislaŭ, Klimavičy, Horki, Babrujsk (city and district), Bychaŭ, Bialyničy, Mahilioŭ) include exclusively representatives of business.
- 5) Management of tree councils fails to comply with Instructions of the Council of Ministers of the Republic of Belarus dated March 23, 2018 No. 11/535-86/3402r and dated March 29, 2019 No. 11/3684r.

Overall representation figures (business vs. state) in the management of entrepreneurship development councils.

Representatives of business — 73 persons

Representatives of the state authorities — 51 persons



2.1. STATUS QUO. Qualitative analysis

In order to get an insight into the quality component of the operation of regional entrepreneurship development council, the study analyzed the activities of two district councils in each of the regions. The councils were picked according to the criterion of the highest and lowest level of business representation in the composition of these agencies (provided that all of the requisite information was available: the composition of the council, its statute, and minutes of its meetings). This method has revealed the most “extreme” situations in each of the regions, rather than averaged data.

This information made it possible to manifest in more detail the peculiarities of the operation of regional councils and draw a conclusion about the capability of these agencies to support and foster entrepreneurship in the regions. The analysis of the operation of councils was performed based on the following criteria:

- representation of businesses of various forms of incorporation in the council;
- contents of the Regulation on the Council (goals and tasks of its operation);
- information about the work of the council (issues considered at meetings and outlined in the minutes).

Information available on the official website of the respective district executive committee was used for the analysis. Where any of the requisite data was missing, the next council with the highest or lowest representation of business in its composition was used for the analysis.

1. Brest Region

Lowest level of business representation

The entrepreneurship development council at the Pružany District Executive Committee — 53.8% (seven persons).

Composition of the council: one private unitary construction enterprise, two entrepreneurs, one additional liability company, one limited liability company, two private enterprises.

Statute

The **goal of the council** is to objectively review and discuss regulatory legal acts developed by the Pružany District Executive Committee, which may have a significant impact on the terms and conditions for entrepreneurial activity, as well as to discuss challenges and develop measures to ensure favorable conditions for the promotion of small and medium businesses.

The **objectives of the council** are to facilitate the state policy aimed at supporting and fostering entrepreneurship; to work out arrangements to create favorable conditions for the development of small and medium enterprises.

Operation of the council: The following issues were addressed at meetings of the council:

1. Minutes of the meeting of May 28, 2018:

- On restricted sales of alcoholic beverages;
- On the list of sites in the Pružany District where individuals who do not engage in entrepreneurial activity may sell products;
- On setting lease rates applicable to surface water facilities provided for fish farming;

- On the list of the most significant types of business activities for the Pružany District.
2. *Minutes of the meeting of July 25, 2018:*
- On amendments to the resolution of the Pružany District Executive Committee dated August 23, 2013 No. 1497 and dated November 28, 2016 No. 2457;
 - On the purchase and installation of clocks.
3. *Minutes of the meeting of December 11, 2018:*
- On amendments to the resolution of the Pružany District Executive Committee dated February 20, 2015 No. 361. As a result of the discussion, areas were determined, where pig breeding was prohibited. The draft resolution proposed to extend the boundaries of the areas, where pig breeding was prohibited for individuals in private farm holdings, peasant (farm) enterprises, and for individual entrepreneurs, to 5 kilometers;
 - On the preparation and celebration of Christmas and New Year-2019, including retail services for the local population before and during the festivities.

Highest level of business representation

The entrepreneurship development council at the **Ivanava District Executive Committee** is an example of the highest level of business representation in the region — 100% (12 persons).

Composition of the council: two limited liability companies, one open joint-stock company, six unitary companies, two peasant (farm) enterprises, one production cooperative.

Statute

The **goal of the council** is to work out recommendations to ensure the development and comprehensive state support for privately-owned business entities with a view to facilitating structural reorganization of the economy, and fostering competition.

The **objectives of the council** are to prepare proposals to improve the efficiency of regulatory legal acts on encouragement and development of business; improve and coordinate the operation of state agencies, public associations of businessmen concerning the development and support for business; identify priority dimensions for the development of business and its support, etc. In total, there are more than eight objectives, which almost completely coincide with those of the Entrepreneurship Development Council under the President of the Republic of Belarus.

Operation of the council:

1. Minutes of the meeting of March 30, 2018:

- The meeting focused on the implementation of regulatory legal acts aimed at improving the business climate;
- Preferential lending to small business in accordance with Decree of the President of the Republic of Belarus dated May 21, 2009 No. 255 “On some arrangements of state support for small business”.

2. Minutes of the meeting of April 27, 2018:

- Approval of the draft resolution of the Ivanava District Executive Committee “On limiting the timeframe for the sale of alcoholic beverages” was considered.

3. Minutes of the meeting of May 22, 2018:

- “On the annulment of some resolutions of the Ivanava District Executive Committee”;
- “On the approval of the Instruction on the procedure for the annual district review — the competition for the best organization of labor protection in organizations of the Ivanava District”;

- “On the establishment of the cadastral value of land and amendments to resolutions of the Ivanava District Executive Committee dated December 8, 2010 No. 1281 and dated March 20, 2012 No. 259.

4. Minutes of the meeting of June 26, 2018:

- Council members participated in the session of the Ivanava District Council of Deputies “On retail services available to the rural population of Ivanava District and new approaches related to the liberalization of trade activities.”

5. Minutes of the meeting of July 6, 2018:

- Approval of the draft resolution of the Ivanava District Executive Committee “On the identification of areas, where pig breeding is prohibited” was considered;
- On the inclusion in the council of D.A. Tokarčuk, director of Banking Services Center No. 112 at Branch 121 of Belarusbank JSC.

Brief summary of the region

Quite notable are the differences in the content of the statutes of the two above councils: the goals and objectives of these two agencies operating in the same area are different. The members of the councils represent legal entities of various forms of incorporation.

The basis of the statutes of the said councils is the regulation on the Entrepreneurship Development Council adopted by Decree of the President of the Republic of Belarus dated October 10, 2017 No. 370 “On the Entrepreneurship Development Council.”

The matters addressed at meetings of the councils somewhat diverge from what is declared in the statutes of these agencies. For example, the purpose of an entrepreneurship development council is to draft proposals for regulatory legal acts. However, judging by the minutes, in most cases, meetings address draft regulatory legal acts of the district, rather than make regulatory proposals. In general, the minutes of the Pružany and Ivanava District Councils are similar when it comes to issues addressed, for example, on limiting the time for the retail of alcoholic beverages.

Number of meetings of the councils in 2018:

Entrepreneurship development council at the Pružany District Executive Committee — three meetings.

Entrepreneurship development council at the Ivanava District Executive Committee — five meetings.

2. Viciebsk Region

Lowest level of business representation

The entrepreneurship development council at the **Haradok District Executive Committee** has the smallest representation of business — 16.6% (three persons).

Composition of business in the council: one individual entrepreneur, one unitary service enterprise, and one joint limited liability company.

Statute

The **goal of the council** is to objectively review and discuss, within the limits of the competence of the district executive committee established by the applicable legislation, challenges faced by

legal entities and individuals in the course of their entrepreneurial activities, as well as to ensure the engagement of local executive bodies with business entities and public associations that assert the interests of entrepreneurs in the Haradok District.

Objectives of the council:

- to prepare proposals with respect to the legal regulation of entrepreneurial activity;
- to ensure effective engagement between the district executive committee and representatives of other state bodies, public associations and business entities;
- to discuss, within the limits of the competence of the district executive committee established by the applicable legislation, challenges faced by legal entities and individuals in the course of their entrepreneurial activities;
- to elaborate measures to ensure a favorable environment for the development of SMEs, promotion of infrastructure to support SMEs; to identify priority areas for the development of entrepreneurship in the Haradok District and state support measures;
- to protect the rights and legitimate interests of entrepreneurs, improve the system of accounting and generalization of opinions of business entities; effectively use financial resources aimed at the development and support of entrepreneurship, including attracted foreign investments;
- to develop proposals for the prompt elimination of legal, organizational and economic obstacles to the establishment and development of business entities; assess the status and identify promising areas for the development of entrepreneurship in the Haradok District.

Operation of the council:

1. Minutes of the meeting of June 26, 2018:

- Promotion of entrepreneurship in the district and assistance in self-employment were addressed.

2. Minutes of the meeting of September 29, 2018:

- Consideration of proposals to reform the business climate set out in the National Business Platform of Belarus-2018;
- Consideration of the draft Decree of the President of the Republic of Belarus “On Licensing”;
- Implementation of paragraph 4 of Decree of the President of the Republic of Belarus dated September 22, 2017 No. 345 “On the promotion of trade, public catering, and consumer services.”

Highest level of business representation

The district having all the requisite information for analysis on its website is the **Ljozna District** with business representation rate of 75 % (six persons).

Composition of business in the council: three individual entrepreneurs, one private trade unitary enterprise, two private production and trade enterprises.

Statute

The **goal of the council** is to work out recommendations for comprehensive state support and promotion of privately-owned business entities with a view to facilitating competitive relations, and also to coordinate their activity in the sphere of support and development of entrepreneurship.

Objectives of the council:

- to prepare proposals for determining priority areas for entrepreneurship development in the Ljozna District and its support;
- to improve the system of taxation of business entities; create favorable conditions in the district for attracting domestic and foreign investments;
- to effectively use financial resources allocated for the development and support of entrepreneurship, including attracted foreign investments; protect rights and legitimate interests of entrepreneurs, improve the system of generalization and consideration of opinions of business entities;
- to promote in the media the best practices of foreign and domestic entrepreneurship; participate in the development of investment, innovation and other district entrepreneurship development and support programmes; facilitate the participation of economic entities in the competitive selection for taking and fulfilling government orders;
- to participate in the organization of competitions, auctions, exhibitions, fairs of products (work, services) of business entities in the district, region, country and other countries;
- to consider and develop on a timely basis proposals to eliminate legal, administrative, economic, organizational and other obstacles to the emergence and development of entrepreneurship, improvement of the system of training and further training of personnel for entrepreneurship;
- to examine and analyze experience in the promotion of foreign and domestic entrepreneurship and development of proposals for its dissemination and practical implementation;
- to participate in the establishment of organizational, informational, scientific and technical systems of facilitation and support for entrepreneurship.

Operation of the council:

1. Minutes of the meeting of May 25, 2018:

- On the promotion of small and medium-sized enterprises in the Ljozna District;
- On the implementation of the provisions of Decree of the President of the Republic of Belarus dated November 23, 2017 No. 7 “On the development of entrepreneurship” and the principles of engagement between government agencies and small businesses in the new environment;
- On unused real estate owned by the Ljozna District and subject to involvement in economic activities, including entities located in rural settlements of the district that are subject to the provision of Decree of the President of the Republic of Belarus dated September 22, 2017 No. 345 “On the promotion of trade, public catering, and consumer services.”

2. Minutes of the meeting of September 14, 2018:

- On the implementation of Decree of the President of the Republic of Belarus No. 337 of September 19, 2017 “On the regulation of activities of individuals”;
- The procedure and framework for providing state financial support to small businesses.

3. Minutes of the meeting of October 23, 2018:

- On the terms and conditions of lending to business entities of the Ljozna District;
- Export activities of economic entities in the Ljozna Region.

Brief summary of the region

The composition of the councils in the two districts is quite different. The goals and objectives of the councils reflected in their respective statutes are different as well. The statute of the council at the Haradok District Executive Committee was developed based on the standard provision on the

Public Advisory Council (Resolution of the Council of Ministers of the Republic of Belarus dated March 20, 2012 No. 247).

Issues addressed at the sessions of the councils are discussed mostly for informational purposes and hardly follow the objectives set forth in the statutes of the two monitored councils.

On the website of the Haradok District Executive Committee, the section is entitled “Entrepreneurship Development Council”, whereas instruction of the chairman of the Haradok District Executive Committee dated April 23, 2018 No. 87r approved the provision on the Public Advisory (Expert) Council for Entrepreneurship Development at the Haradok District Executive Committee, which is a perceptible and significant conceptual discrepancy.

Number of meetings of the councils in 2018:

Entrepreneurship development council at the Haradok District Executive Committee — two meetings.

Entrepreneurship development council at the Ljozna District Executive Committee — three meetings.

3. Homiel Region

Lowest level of business representation

The entrepreneurship development council at the **Jelsk District Executive Committee** is an example of the lowest level of business representation — 7.7% (one person).

Composition of business in the council: one private trade unitary enterprise.

Statute

The **goal of the council** is to objectively review and discuss draft regulatory documents under development, as well as to consider, within the scope of the competences established by the applicable legislation, challenging issues arising for legal entities and individuals in the course of their entrepreneurial activity.

Operation of the council:

1. Minutes of the meeting of June 15, 2018:

- On the implementation of projects pursued by small and medium-sized businesses on the basis of acquired state property located in the district and included in the list of 2018;
- On the fulfillment of tasks related to the number of newly established enterprises, including in the manufacturing sector;
- On meeting the target for the number of citizens employed in newly created jobs at new industries and enterprises established in 2018;
- On meeting the targets of the regional action plan for the implementation of the State Programme “Small and Medium Entrepreneurship in the Republic of Belarus” for 2016-2020.”

2. Minutes of the meeting of September 14, 2018:

- On the provision of non-repayable grants for the organization of small business entities: individual entrepreneurs, peasant (farm) enterprises in 2017-2018;
- On the use of allocated land plots by farms in the district;
- On the activities of enterprises registered in the manufacturing industry in the territory of the region in 2018.

Highest level of business representation

The entrepreneurship development council at the **Lojeŭ District Executive Committee** comprises the largest number of businesses — 38.5% (five persons).

Composition of business in the council: two private trade unitary enterprises, one peasant farm enterprise, one limited liability company, and one enterprise without the indication of its form of incorporation.

Statute

The **goal of the council** is to objectively review and discuss draft regulatory documents under development, as well as to consider, within the scope of the competences established by the applicable legislation, challenging issues arising for legal entities and individuals in the course of their entrepreneurial activity.

Objectives of the council — to work on the development of entrepreneurship and organization of new industries, development of proposals to address challenging issues related to the promotion of small and medium-sized businesses; to consider draft decisions of the Lojeŭ District Executive Committee and the Lojeŭ District Council of Deputies adopted with respect to small business entities; to inform about the National Competition “Entrepreneur of the Year”, the competition of investment projects of small businesses applying for state financial support within the framework of Decree of the President of the Republic of Belarus dated May 21, 2009 No. 255 “On certain arrangements for state support for small business.”

Operation of the council:

1. Minutes of the meeting of January 17, 2018:

- The main aspects of the implementation of the newly adopted legal acts (Decree of the President of the Republic of Belarus dated November 23, 2017 No. 7 “On the development of entrepreneurship”; Decree of the President of the Republic of Belarus dated September 22, 2017 No. 345 “On the promotion of trade, public catering, and consumer services.” etc.);
- On the procedure and deadline for the provision of statistical reporting forms in 2018.

2. Minutes of the meeting of May 16, 2018:

- Organizational policies of the council’s activities.

3. Minutes of the meeting of June 20, 2018:

- On the sale of unused real estate located in the Lojeŭ District of the Homiel region;
- Challenging legal issues, which are often encountered by retail and public catering businesses, as well as service providers when making business contracts;
- Challenges arising in supplies of products of meat-packing enterprises of the Management Company of the Holding Homiel Meat and Dairy Company JSC to the district’s retail network.

4. Minutes of the meeting of August 27, 2018:

- On the status and development prospects of small and medium-sized businesses in the Lojeŭ District;
- Challenges arising in the course of entrepreneurial activities in the Lojeŭ District.

5. Minutes of the meeting of December 4, 2018:

- Main amendments to the legislation on retail, current issues in the operation of trade enterprises;
- On investment projects proposed for implementation in the Lojeŭ District, lists of land plots, real estate entities offered for sale at auctions, including with the initial selling price set at one basic unit.

Brief summary of the region

The objectives of the councils are similar and are aimed at reviewing draft regulations and challenges to business. Issues reflected in the minutes are mostly for informational purposes: changes in the legislation and notifications of changes in the operating conditions, for example, the submission of statistical reports.

Number of meetings of the councils in 2018:

The entrepreneurship development council at the Jelsk District Executive Committee — three meetings.

The entrepreneurship development council at the Lojeŭ District Executive Committee — five meetings.

4. Hrodna Region

Lowest level of business representation

The entrepreneurship development council at the Bierastavica District Executive Committee comprises the smallest representation of business — 53.8% (seven persons).

Composition of business in the council: three entrepreneurs, four private trade unitary enterprises.

Statute

The **goal of the council** is to work out recommendations for comprehensive state support and promotion of privately-owned business entities with a view to facilitating competitive relations, and also in order to coordinate the activity of the local executive and administrative bodies, as well as public associations of entrepreneurs in the sphere of support and development of entrepreneurship.

The **objectives of the council** are to prepare proposals to improve and coordinate the activity of public administration bodies, local executive and administrative bodies, public associations of businessmen in support and development of business; identify priority dimensions for the development of business and its support; improve the system of taxation of business entities; establish a favorable framework in the Bierastavica District to facilitate the attraction of domestic and foreign investments, etc. There are more than eight objectives in total.

Operation of the council:

1. Minutes of the meeting of January 16, 2018:

- On the application of the norms of Decree of the President of the Republic of Belarus dated September 22, 2017 No. 345 “On the promotion of trade, public catering, and consumer services.”

2. Minutes of the meeting of February 1, 2018:

- On the adopted regulatory documents contributing to the improvement of the business climate in the Republic of Belarus;
- On the implementation of the provisions of Decree of the President of the Republic of Belarus dated November 23, 2017 No. 7 “On the development of entrepreneurship”;
- On the presentation of the investment catalogue of the Bierastavica District.

3. Minutes of the meeting of September 21, 2018:

- On compliance of business entities with Resolution of the Council of Ministers of the Republic of Belarus dated December 28, 2017 No. 1022 “On establishing the amount of minimum monthly wage”;
- On the activity of organizations registered in the territory of the Bierastavica District, which registered losses in the first half of 2018 and prospects of their breakeven operation.

Highest level of business representation

The entrepreneurship development council at the Navahrudak District Executive Committee comprises the largest number of businesses — 85.2% (23 persons).

Composition of business in the council: seven limited liability companies, five private trade and production unitary enterprises, one individual entrepreneur, two private trade unitary enterprises, one private medical unitary enterprise, two private transport unitary enterprises, one additional liability company, one private construction unitary enterprise, one private service unitary enterprise, one private production unitary enterprise, one peasant farm enterprise.

Statute

The **goal of the council** is to work out recommendations for comprehensive state support and promotion of privately-owned business entities with a view to facilitating competitive relations, and also to coordinate their activity in the sphere of support and development of entrepreneurship.

The **objectives of the council** are to prepare proposals for determining priority areas for entrepreneurship development and its support; to improve the system of taxation of business entities; to create favorable conditions in the district for attracting domestic and foreign investments; to effectively use financial resources allocated for the development and support of entrepreneurship, including attracted foreign investments; to protect rights and legitimate interests of entrepreneurs, improve the system of generalization and consideration of opinions of business entities; to promote in the media the best practices of foreign and domestic entrepreneurship, etc.

Operation of the council:

1. Minutes of the meeting of March 27, 2018:

- Discussion of the draft decision of the Hrodna Region Council of Deputies “On the single tax imposed on individual entrepreneurs and other individuals”;
- Discussion of fire safety requirements applicable to the maintenance and operation of capital construction (buildings, structures), isolated premises and other entities belonging to business entities;
- Discussion of sanitary and epidemiological requirements applied to the maintenance and operation of capital construction (buildings, structures), isolated premises and other entities belonging to business entities;
- Discussion of environmental requirements applied to the maintenance and operation of capital construction (buildings, structures), isolated premises and other entities belonging to business entities.

2. Minutes of the meeting of June 22, 2018:

- On the implementation of the provisions of Decree of the President of the Republic of Belarus dated November 23, 2017 No. 7 “On the development of entrepreneurship” and the principles of engagement between government agencies and small businesses;
- On unused real estate owned by the district and subject to involvement in economic activities, including entities located in rural settlements of the district that are subject to the provision of Decree of the President of the Republic of Belarus dated September 22, 2017 No. 345 “On the promotion of trade, public catering, and consumer services” and vacant plots offered for entrepreneurial activities.

3. *Minutes of the meeting of September 20, 2018¹²:*

- On the development of small and medium-sized enterprises in the Navahrudak District and challenges arising in the process of entrepreneurial activity (six issues were considered, raised by the members of the council within the framework of the round table).

4. *Minutes of the meeting of September 26, 2018:*

- On activities of business entities in road transportation of passengers and cargoes;
- On challenges for small and medium-sized businesses engaged in international road freight transport.

Brief summary of the region

The composition of the councils is very diverse (according to the criterion of the form of incorporation), especially the council of the Navahrudak District.

The goals and objectives of the statutes are similar.

Issues considered and reflected in the minutes are for the most part notification in their nature; however, a number of peculiarities can be singled out. One of the meetings of the Bierastavica District council — based on its minutes — shows a sort of blamestorming by the executive committee with respect to private enterprises, which reported losses in the first six months of 2018. Such situations look more like adverse practices of economic departments of district executive committees than a proper function of entrepreneurship development councils.

The opposite can be observed in the entrepreneurship development council of the Navahrudak District. On September 26, 2018, a session of the public advisory council of the Hrodna Regional Executive Committee was held. The minutes of that visiting session were quite notable for the fact that the issues voiced by the business community were indeed adopted for further consideration with an indication of deadlines and responsible persons, whereas the proposals of the business community were actually directed to concerned ministries for making amendments to the relevant draft regulations.

Number of meetings of the councils in 2018: Entrepreneurship development council at the Bierastavica District Executive Committee — three meetings.
Entrepreneurship development council at the Navahrudak District Executive Committee — four meetings.

5. Minsk Region

Lowest level of business representation

¹² Visiting session of the public advisory council of the Hrodna Region Executive Committee. All of the issues on the agenda were reviewed, and deadlines and responsible persons were identified. For certain issues, letters of proposal were drafted for the national authorities

The data on the entrepreneurship development council at the Salihorsk District Executive Committee meets all the applicable requirements: availability of information on the composition of the council, minutes of its meetings and the text of its statute. The share of business in its composition is 64.7% (11 persons).

Composition of business in the council: three limited liability companies, three entrepreneurs, one peasant farm enterprise, one private commercial unitary enterprise, one private services unitary enterprise, one unitary production enterprise, one private production and trade unitary enterprise.

Statute

The **goal of the council** is to provide expert, informational and advisory support to legal entities of all forms of ownership and individual entrepreneurs with a view to facilitating the development and support of entrepreneurship, creation of new jobs, and fostering competitive relations.

The **objective of the council** is to promote the state policy aimed at supporting and developing entrepreneurship in the Salihorsk District.

Operation of the council:

1. Minutes of the meeting of January 16, 2018:

- Opening address by O.G. Paskrobka, chairman of the District Executive Committee;
- On the results of the participation in the enlarged meeting of the Entrepreneurship Development Council with the participation of President of the Republic of Belarus A.G. Lukashenka;
- Clarification of norms of Decree of the President of the Republic of Belarus dated November 23, 2017 No. 7 “On the development of entrepreneurship” in the supervised activities;
- Discussion of the issues raised at the meeting.

2. Minutes of the meeting of April 4, 2018:

- On the coordination of the mark-up factor to the lease rate for retail areas in Akciabrski Market (40 Akciabrskaja Street, Salihorsk).¹³

3. Minutes of the meeting of September 27, 2018:

- Consideration of the list of priority areas and proposals for reforming the business climate included in the National Business Platform of Belarus – 2018 “From Opportunities to Reality”;
- On the bill of the Republic of Belarus “On Amendments to the Tax Code of the Republic of Belarus”;
- On the establishment of a business support centre at the Scientific and Production Association Passat LLC.

Highest level of business representation

Representation of business in the entrepreneurship development council at the **Uzda District Executive Committee** is 100% (seven people).

Composition of business in the council: four limited liability companies, one additional liability company, one entrepreneur, one private production and trade unitary enterprise.

¹³ Eventually voted for a decreasing factor

Statute

The **goal of the council** is to provide expert, informational and advisory support to legal entities of all forms of ownership and individual entrepreneurs with a view to facilitating the development and support for entrepreneurship, creation of new jobs, and fostering competitive relations.

The **objective of the council** is to promote the state policy aimed at supporting and developing entrepreneurship in the Uzda District.

Operation of the council:

1. Minutes of the meeting of June 22, 2018:

- Review of the procedure for the inclusion of capital construction (buildings, structures) and its parts in the list of unused (inefficiently used) capital construction (buildings, structures) and its parts located in the territory of the Uzda District, to which an increased tax rate is applied, along with the procedure for excluding capital construction (buildings, structures) and its parts from the list.

2. Minutes of the meeting of September 6, 2018:

- Consideration of the list of priority areas and proposals for reforming the business climate included in the National Business Platform of Belarus – 2018 “From Opportunities to Reality”.

3. Minutes of the meeting of December 10, 2018:

- Consideration of Resolution of the Ministry of Antimonopoly Regulation and Trade of the Republic of Belarus dated October 19, 2018 No. 80 “On Amending Resolution of the Ministry of Antimonopoly Regulation and Trade of the Republic of Belarus dated October 2, 2017 No. 52 “On the Establishment of Minimum Prices of Alcoholic Products with Alcohol Content of Over 28%”;
- Challenges faced by business entities in the retail of light industry goods.

Brief summary of the region

In the Minsk Region, the councils under consideration are not those “extreme” when it comes to business representation, because in extreme cases, there is not enough information on the respective website. Therefore, four “extreme” districts were skipped to reach those with ample information available.

The compositions of the councils in the two districts are similar. Notably, there is a variety of organizational and legal forms of the participants in the councils under consideration.

The goals and objectives of the councils are identical. At the same time, according to the text of the statutes, the councils in these districts play the role of consulting associations for legal entities of all forms of ownership and individual entrepreneurs.

The list of issues considered at the sessions of the councils is rather diverse: ranging from notifying members of the council of new mechanisms of the regulation of entrepreneurial activity and the provisions of the National Business Platform of Belarus – 2018, to the approval of draft regulations.

Number of meetings of the councils in 2018:

Entrepreneurship development council at the Salihorsk District Executive Committee — three meetings

Entrepreneurship development council at the Uzda District Executive Committee — three meetings.

6. Mahilioŭ Region

Lowest level of business representation

The entrepreneurship development council at the **Kasciukovičy District Executive Committee** has the lowest share of business — 68.8% (11 persons).

Composition of business in the council: one individual entrepreneur, five private trade unitary enterprises, three limited liability companies, one joint limited liability company, one peasant farm enterprise.

Statute

The objective of the council is to work out recommendations for comprehensive state support and promotion of small and medium-sized businesses with a view to promoting the role and contribution of entrepreneurship in the district and ensuring high economic efficiency based on the maximized use of private initiative.

The **objectives of the council** are to prepare proposals concerning the improvement and coordination of the activity of local executive and administrative bodies, public associations of entrepreneurs in the development and support of entrepreneurship; determination of priority directions for the development and support of entrepreneurship; improvement in the system of taxation of business entities; creation of a favorable framework for the attraction of domestic and foreign investments; effective use of financial resources channeled for the development of the region; protection of the rights and legitimate interests of entrepreneurs, improvement in the system of generalization and consideration of the opinions of business entities, promotion in the media of the best practices of foreign and domestic entrepreneurs, etc.

Operation of the council

1. Minutes of the meeting of February 8, 2018:

- Review of Decree of the President of the Republic of Belarus dated November 23, 2017 No. 7 “On the development of entrepreneurship”;
- Review of general fire safety requirements and sanitary and epidemiological requirements for the maintenance and operation of capital construction (buildings, structures), isolated premises and other facilities owned by economic entities, determined by Decree of the President of the Republic of Belarus dated November 23, 2017 No. 7 “On the development of entrepreneurship.”

2. Minutes of the meeting of February 12, 2018:

- Meeting with business entities focusing on retail concerning upcoming public festivities and events (Maslenitsa festival, Elections to local Councils of Deputies, Day of Defenders of the Fatherland), which highlighted methodological recommendations of the Ministry of Antimonopoly Regulation and Trade of the Republic of Belarus on the procedure for the operation of entities during the organization of retail in accordance with Decree of the President of the Republic of Belarus dated November 23, 2017 No. 7 “On the development of entrepreneurship.”

3. Minutes of the meeting of March 6, 2018:

- Meeting with the representatives of the entrepreneurship development council to participate in a videoconference (March 6, 2018 at 11:00 a.m.) and consider proposals

regarding the implementation of the instruction of Government of the Republic of Belarus dated January 23, 2018 No. 11/225-67/1012r on the improvement of the operation of public advisory (expert) councils;

- Identification of problems that need to be resolved at the district level.

4. Minutes of the meeting of May 15, 2018:

- On the National Competition “Entrepreneur of the Year”, held in accordance with Resolution of the Council of Ministers of the Republic of Belarus dated 17 March 2016 No. 207;
- Proposals for possible candidates to participate in the competition;
- Explanation with respect to performance indicators to coordinate applications for the participation in the competition.

5. Minutes of the meeting of July 27, 2018:

Meeting with representatives of the entrepreneurship development council attended by Chairman of the Economy Committee of the Mahilioŭ Regional Executive Committee R.B. Strachar, Deputy Chairman of the Economy Committee of the Mahilioŭ Regional Executive Committee P.L. Marynienka, Chairman of the Kasciukovičy District Executive Committee D.V. Malašenka, where the following issues are considered:

- on state financial support of business entities;
- on challenges faced by business entities in carrying out their activities.

6. Minutes of the meeting of September 10, 2018:

Consideration of proposals to reform the business climate contained in the National Business Platform of Belarus – 2018, as set forth in Letter of the Ministry of Economy of the Republic of Belarus dated August 23, 2018 No. 16-03-03/7251.

7. Minutes of the meeting of November 9, 2018:

Meeting with the representatives of the entrepreneurship development council to identify and discuss challenges to entrepreneurship development and prepare applications for the participation in the events held from November 12 to 18, 2018 as part of the World Entrepreneurship Week:

- in the interregional forum “Cooperation of business and science: progress, problems, prospects”;
- business matchmaking session, etc.
- explanations on the preparation and completion of applications for participation on the website of the Belarusian Fund for Financial Support to Entrepreneurs.
- organization of participation in the events organized by the region’s business entities.

Highest level of business representation

The entrepreneurship development council at the **Bialyničy District Executive Committee** has the largest share of businesses — 100% (seven persons).

Composition of business in the council: three individual entrepreneurs, two limited liability companies, two private trade unitary enterprises.

Statute

The **goal of the council** is to work out recommendations to ensure the development and comprehensive state support for privately-owned business entities.

The **objectives of the council** are to prepare proposals concerning the improvement and coordination of the activity of local executive and administrative bodies, public associations of entrepreneurs in the development and support of entrepreneurship; determination of priority

directions for the development and support of entrepreneurship; creation of a favorable framework for the attraction of domestic and foreign investments in the Bialyniçy district; protection of rights and legitimate interests of entrepreneurs, improvement of the system of generalization and consideration of the opinions of business entities; promotion in the media of the best practices of foreign and domestic entrepreneurs; improvement in the taxation system for business entities, regulatory acts (including those technical) concerning the encouragement of business activities; participation in the development of state regional, investment, innovation and other development programmes to ensure the development and promotion of entrepreneurship, etc.

Operation of the council:

1. Minutes of the meeting of April 27, 2018:

- On the development of small and medium enterprises in the Bialyniçy District;
- Budget revenues from private sector organizations and their share in the budget;
- Creation of new organizations and new jobs through the creation of new industries.

2. Minutes of the meeting of May 15, 2018:

- On the situation in the labor market and employment opportunities in the Bialyniçy District;
- On assistance in the employment of unemployed citizens.

3. Minutes of the meeting of June 27, 2018:

- On the development of small and medium enterprises in Bialyniçy District;
- Budget revenues from private sector organizations and their share in the budget;
- Creation of new organizations and new jobs through the creation of new industries.

4. Minutes of the meeting of November 22, 2018:

- Supply of sawdust to Pelletizer Limited Liability Company for the production of pellets;
- On the making of contracts for the supply of sawdust.

Brief summary of the region

The goals and objectives are very detailed and similar. Also notable is the variety of organizational and legal forms of business council members.

According to the content of the minutes, they are mostly informational. In the Kasciukoviçy District, one of the meetings of the entrepreneurship development council considered retail at public festivities and events (Maslenitsa festival, Elections to local Councils of Deputies, Day of Defenders of the Fatherland).

In the Bialyniçy District, the council meeting served as a marketing campaign. The minutes of November 22, 2018 considered *supplies of sawdust to Pelletizer LLC for the manufacture of pellets and the execution of contracts for its deliveries.*

Number of meetings of the councils in 2018:

Entrepreneurship development council at the Kasciukoviçy District Executive Committee — seven meetings.

Entrepreneurship development council at the Bialyniçy District Executive Committee — four meetings.

3. CASE-STUDY — Viciebsk Region

To obtain a more detailed picture of the situation and data on challenges to the effective engagement between business and the state (including through entrepreneurship development councils), the case-study method was employed. The Viciebsk Region was randomly picked as the target of research. The following was examined by the study:

- economic statistics;
- mechanisms of financial and organizational support for entrepreneurship;
- level of public awareness of the activities of entrepreneurship development councils;
- document flow of the Public Organization “Association of Employers and Entrepreneurs” of the Viciebsk Region (regarding the engagement with the public authorities);
- opinion of the local business community and employees of state agencies (expert interviews).

The study became a source of information about the role and significance of business in the Viciebsk Region, the status of the public-private dialogue, and also the operation of entrepreneurship development councils. The availability of this data contributed to the clarification of the conclusions drawn and range of issues outlined above as a result of the quantitative and qualitative analyses of the operation of entrepreneurship development councils in the Republic of Belarus.

1. Key economic indicators of small and medium-sized businesses in the Viciebsk Region

Number of small and medium-sized enterprises (SMEs)							
	2011	2012	2013	2014	2015	2016	2017
SMEs	8,651	9,118	10,067	10,065	9,058	8,878	8,717
Entrepreneurs	25,440	25,813	27,464	26,481	23,595	21,622	21,389
Average number of employees of micro-, small, and medium-sized enterprises, the number of individual entrepreneurs and hired workers, thousands of persons							
	2011	2012	2013	2014	2015	2016	2017
	158.2	153.6	153.9	147.8	143.4	141.1	140.3
Revenue from sale of products, goods, services, work of small and medium-sized enterprises, billions of Belarusian rubles (2011-2017 – trillions of Belarusian rubles)							
	2011	2012	2013	2014	2015	2016	2017
	23.2	48.7	43.6	55.6	59.2	5.9	7.5

Therefore, in the period from 2011 through 2017, the following changes in the economic performance indicators of SMEs in the Viciebsk Region can be identified:

1. Significant increase (by more than 20%) by 2013, followed by a decrease (almost to the level of 2011) of the number of SMEs.
2. Increase towards 2013, followed by a decrease by a quarter of the number of individual entrepreneurs.
3. Decrease by 11.31% of the number of people employed by SMEs and entrepreneurs.
4. Revenues in the sector of SMEs and entrepreneurs had dropped by two-thirds by 2017.

2. Share of SMEs in the Viciebsk Region’s key economic performance indicators (% of the region’s performance)

Gross Regional Product							
	2011	2012	2013	2014	2015	2016	2017
	17.7	26.0	20.4	19.9	18.1	17.7	17.5
Gross value added							
	17.7	25.9	20.3	19.9	18.4	18.1	17.9
Average number of employees of SMEs, the number of individual entrepreneurs and hired workers							
	28.1	27.9	28.4	27.8	27.9	28.5	29.0
Revenue from sale of products, goods, services, work of SMEs, entrepreneurs							
	25.5	30.2	25.4	28.6	26.6	25.9	28.8

Such economic indicators as gross regional product and gross value added generated by entrepreneurs in the Viciebsk Region are also volatile — they rose in 2012–2013 and then rolled back to the 2011 level. The average number of workers and gross revenues are the two indicators, for which growth is reported from the level of 2011.

In Viciebsk, 3,205 privately-owned legal entities are registered, accounting for 38% of the total number of legal entities in the region (8,717 SMEs in the region):

- Medium-sized organizations — 55 (with the number of employees from 101 to 250 persons);
- Small organizations — 405 (with the number of employees from 16 to 100 persons)
- Micro organizations — 2,745 (with the number of employees up to 15 persons)

Furthermore, there are 7,925 entrepreneurs in the city (21,389 entrepreneurs in the region). MSEs account for about 25% of the total number of persons employed in the city.

The share of tax revenues generated by SMEs of the region reached approximately 22% in 2017 (about BYN 94 million). The share of city budget revenues from SMEs amounts to 24.6%. Therefore, SMEs and entrepreneurs make a significant contribution to the economy of the region and the city. An important negative aspect is the reduction in the number of SMEs and entrepreneurs from the level of 2011 (the year marked by the financial crisis). Given the significance of entrepreneurship, an important economic aspect for the city and the region is the availability of an operational framework, infrastructure, as well as a system to collect information about challenges and effectively address them.

3. SMEs support infrastructure in the Viciebsk Region

There are **eight entrepreneurship support and development centers** in the Viciebsk Region (three in Viciebsk, two in Hlybokaje, one each in Navapolack, Polack, and Orša) and two small business incubators (Viciebsk, Polack).

In order to support the development of entrepreneurship, a network of SMEs support infrastructure entities has been established and is operational in Viciebsk:

- Small business incubator LLC Legal group “Law and Order”;
- Communal advisory unitary enterprise “Viciebsk Regional Marketing Center”;
- Additional Liability Company “Viciebsk Business Center”;

- Limited Liability Company “Viciebsk Business Partner.”

Additionally, the public organization “Association of Employers and Entrepreneurs” and the Viciebsk Regional Union of Employers operate in Viciebsk.

PO “Association of Employers and Entrepreneurs”

Public Organization “Association of Employers and Entrepreneurs” of the Viciebsk Region is an association of owners, heads of private enterprises and individual entrepreneurs interested in the development of entrepreneurship and promotion of economic freedom in the Republic of Belarus. The Association was established in 1994.

The Association brings together more than 150 members operating in different segments of modern business.

The objectives of the Association¹⁴:

- To promote the legal, social, and public framework for the sustainable development of entrepreneurship;
- To develop corporate solidarity, professionalism, and economic activity, traditions of legal successful business;
- To create a positive image of the entrepreneur.

Viciebsk Regional Union of Employers

A non-profit association of employers and industrialists. The Union was founded in November 1999. It has **more than 320 members**.

The Viciebsk Regional Union of Employers was established by business entities (enterprises, companies, entrepreneurs, etc.) in order to coordinate their activities, represent and protect their common interests.¹⁵

The infrastructure for the engagement between business and the state is well-developed, and so are instruments to support and develop entrepreneurship. The availability of entrepreneurship promotion centers in all major cities, as well as a network of business incubators is quite notable. Furthermore, importantly, two large business unions are operational. This attests to the availability of the requisite toolkit for the interaction between business and the state. Therefore, it can be assumed that the existence of challenges in public-private dialogue is associated not with the absence/shortage of tools, but with the quality of their use.

4. Information on the activity of entrepreneurship development councils in the Viciebsk Region

Viciebsk

The entrepreneurship development council at the **Viciebsk City Executive Committee** includes 18 members, among them eight representatives of the state authorities, one representative of a communal enterprise, seven representatives of business, one representative of a business association. The council is headed by the first deputy chairman of the City Executive Committee.

Composition: two limited liability companies, two closed joint-stock companies, three additional liability companies, one private enterprise.

¹⁴ <http://anp-vitebsk.by/ru/o-associacii>

¹⁵ <http://www.vosn.vitebsk.by/index.php/dokumenty/ustav>

Statute:

Operation of the council: On April 14, the Viciebsk City Executive Committee held a meeting of the entrepreneurship development council. It was decided to intensify its operation — meetings of the council were to be held monthly during the first ten days of the month (in fact, meetings are held once a quarter). The Viciebsk business community will be informed about the results of the analysis of challenges to entrepreneurship development in the city via the media.

Since April, the entrepreneurship development council at the Viciebsk City Executive Committee has convened on a monthly basis.

Agenda:

1. Report on the results of the socioeconomic development of the city in the first quarter of 2018;
2. Methods to raise awareness of the business community of efforts to promote entrepreneurship;
3. Relevant areas for business development in the city.

Viciebsk Region

The entrepreneurship development council at the **Viciebsk Region Executive Committee** includes 14 members. One of them represents the Viciebsk Regional Union of Employers. The chairman of the council is a representative of business.

Composition: six limited liability companies, one unitary trade and construction enterprise, two private enterprises, one open joint-stock company, one additional liability company, one closed joint-stock company, and one joint limited liability company.

Statute

The goal of the council is to work out recommendations for the development and comprehensive state support of privately-owned business entities with a view to ensuring structural reorganization of the economy, promotion of competitive relations and coordination of activity of public associations of businesses.

The **objectives of the council** are to prepare proposals on the legal regulation of entrepreneurial activity, to determine priority areas for the development and support of entrepreneurship, to protect rights and legitimate interests of entrepreneurs, to improve the system of generalization and consideration of opinions of business entities; to discuss challenges faced by legal entities and individuals in the course of entrepreneurial activity; to consider and develop proposals for the elimination of legal, administrative, and economic obstacles to the creation and development of business entities; **to coordinate the activity of entrepreneurship development councils at city and district executive committees;** to facilitate the encouragement of business activity of specific groups of the population, involvement of business entities in the implementation of the most important projects within the framework of social and economic development of the Viciebsk Region; to participate in the establishment of the organizational, informational, research, and technical systems of promotion and support for entrepreneurship; **to consider appeals by business entities.**

Minutes: not available on the agency's website.

According to the participants, the council did not convene during the year.

The membership of councils under review is close to the average for the region (13 persons). The lack of any information about the minutes of their sessions is noteworthy, as it makes it difficult

to analyze their activities and reduces the transparency of their operation. The work of the Viciebsk council can be analyzed based on the agenda posted on the website of the city executive committee. According to this information, meetings of the council are mostly informational in their nature. Furthermore, the appointment of the deputy chairman of the executive committee as head of the Viciebsk entrepreneurship development council fails to comply with Instructions of the Council of Ministers of the Republic of Belarus dated March 23, 2018 No. 11/535-86/3402r and dated March 29, 2019 No. 11/3684r.

5. Media reports about the operation of councils

The analysis of media reports and information resources made it possible to single out only two news pieces about the operation of entrepreneurship development councils in the region:

1) “An entrepreneurship development council will be established in the Viciebsk Region.” VICIEBSK NEWS. Published on February 12, 2018.

Number of views: 1,479

Content: An entrepreneurship development council will appear in every region of Belarus, Chairman of the Entrepreneurship Development Council Aliaksandr Turčyn told Belarus 1 TV Channel, BelTA reports.

Link to the report: <https://www.belta.by/economics/view/sovety-po-razvitiju-predprinimatelstva-pojavjatsja-v-kazhdoj-oblasti-belarusi-289026-2018/>

2) “Entrepreneurship development council will be established in all Belarusian regions”. VICIEBSK NEWS. Published on May 25, 2018.

Number of views: 5,121

Content: Regional entrepreneurship development councils will be created in all regions of Belarus by the middle of June, said Chairman of the Entrepreneurship Development Council Aliaksandr Turčyn, quoted by BelTA.

Link to the report: <http://vitvesti.by/biznes/sovety-po-razvitiu-predprinimatelstva.html>

In our opinion, this volume of media materials is not enough to properly inform SMEs and individual entrepreneurs about the existence and operation of such an instrument of interaction between the state and business as councils. Besides, it is apparent that the Viciebsk City entrepreneurship development council failed to follow through on its plans to use the media to report the results of its sessions.

6. Document flow of the Public Organization “Association of Employers and Entrepreneurs” of the Viciebsk Region regarding the engagement with the public authorities

Organization	Number of appeals	Nature of appeals (number)		
		Notifications	Inquiries	Financing requests
Presidential Executive Office	2	1	1	
Viciebsk Region Executive Committee	38	26	9	3
Ministry of Economy	8	6	2	
Kuniavsky Business Union of Entrepreneurs and Employers	1	1		
Viciebsk Customs Office	1	1		
Viciebsk City Council of Deputies	1	1		
Viciebsk Regional Union of Employers	2	2		
Viciebsk Social Security Fund	1	1		
Viciebsk Area Center of Hygiene and Epidemiology	1	1		
Viciebsk City Executive Committee	13	13		
Tax Ministry’s Inspectorate in the Zheleznodorozhny District of Viciebsk	1	1		
Viciebsk Regional Marketing Center	2	1	1	
Other	1	1		
Belarusian Union of Entrepreneurs	1	1		
Minsk City Union of Entrepreneurs and Employers	2	2		
Sadružnasc Trade Union	2	2		
Republican Confederation of Entrepreneurship	16	7	9	
Entrepreneurship Development Council	1		1	
Council of Ministers	1	1		
State Control Committee	1	1		
Ministry of Health	1	1		
Total	97	71	23	3

Brief description of appeals:

Viciebsk Region Executive Committee

Throughout 2018, the Viciebsk Region Executive Committee addressed most appeals (compared with other organizations) to the Association of Employers and Entrepreneurs of the Viciebsk Region. The number of appeals totaled 38, including 26 notifications, nine requests for proposals/comments/expertise, as well as three requests for financing. The majority of notifications contain data on various exhibitions and seminars, as well as information on the meetings of the public advisory (expert) council and the entrepreneurship development council. Of all the appeals of this type, in our opinion, two letters are especially indicative. One of them contains information (with explanations) about the establishment of the entrepreneurship development council in Viciebsk, while the other one contains detailed comments regarding the norms of Decree of the President of the Republic of Belarus dated November 23, 2017 No. 7 “On the development of entrepreneurship.”

As for the inquiries by the Viciebsk Region Executive Committee, they were focused on the following:

- Setting single tax rates;
- Providing information on completed activities;
- Priority dimensions of the National Business Platform;
- Co-financing in partnership with business of educational process, research and infrastructure of educational institutions (at the request of the Ministry of Education);
- Improvement of public procurement mechanisms;
- Setting new tariffs for bath and shower services;
- Preparation of proposals for the training of specialists at educational institutions.

Proposals addressed to businesses seeking to have their financing of activities were also received in the context of the European Games, as well as the trip of the local sports club to China to attend a competition.

Also notably, a significant portion of appeals was forwarded by the Viciebsk Region Executive Committee, whereas the original senders were the national administrative bodies (ministries and agencies).

Republican Confederation of Entrepreneurship

In the total number of appeals, the RCE ranks second with 16 appeals. This number was almost equally divided by the types of addresses. Out of the 16 appeals, nine were requests for comments and proposals regarding draft regulatory legal acts, which were submitted for approval to the RCE. For example, proposals were collected concerning draft Decree No. 450 “On the licensing of certain types of activities.” There was also a request for proposals in the action plan to combat corruption, which was drafted by the General Prosecutor’s Office. Notifications contained data on business events in the Republic of Belarus, fulfillment of the provisions of Decree No. 7, and invitations to events.

An interesting feature of these appeals, especially in the context of the coordination of draft regulatory legal acts, is that the drafts were not sent directly to the Association of Employers and Entrepreneurs of the Viciebsk Region or via the regional executive committee. The documents were submitted at the initiative of the RCE itself.

Viciebsk City Executive Committee

The Viciebsk City Executive Committee submitted 13 appeals. All of them were notifications concerning the organization of the operation of the entrepreneurship development council at the City Executive Committee. One of the appeals was related to the dissemination of information about the methodological recommendations of the Ministry of Architecture and Construction. A

working meeting centered on the Decree of the President of the Republic of Belarus No. 7 was also held.

Ministry of Economy

In 2018, the Ministry of Economy addressed eight appeals to the Association of Employers and Entrepreneurs of the Viciebsk Region. They include two inquiries and six letters of information. The inquiries were sent by the Department for Entrepreneurship of the Ministry and concerned the following issues:

- Participation of representatives of the association in a study concerning the improvement of administrative procedures;
- Provision of information on the posting on the website of the Eurasian Economic Union of draft resolutions of the Eurasian Economic Commission and invitations to discuss them.

Most of the notifications concerned the work of the public advisory council (results of its operation and an invitation to be involved). In addition, the Ministry of Economy informed the Union about the meeting of the joint Spanish-Belarusian Commission.

Other authorities

The Presidential Executive Office, the Viciebsk Regional Union of Employers, the Viciebsk Regional Marketing Centre, the Minsk City Union of Entrepreneurs and Employers, and the Sadružnasc Trade Union each sent two appeals.

The National Center for Legislation and Legal Studies was collecting information on the application of Chapter 35 of the Tax Code of the Republic of Belarus “Unified tax on individual entrepreneurs and other individuals.” The Viciebsk Regional Marketing Centre was collecting proposals ahead of a session of the Council of Exporters of the Ministry of Foreign Affairs of the Republic of Belarus. The Sadružnasc Trade Union forwarded the response of the Ministry of Housing and Public Utilities and a letter with proposals to cancel a type of licenses. The Viciebsk Regional Union of Employers sent an invitation to an event.

The other 12 organizations, which sent one appeal each, addressed invitations to events and notices of legislative amendments.

One of the most interesting letters was received from an entrepreneur, who mentioned administrative reviews of private medical institutions on the basis of Order of the Ministry of Health of the Republic of Belarus dated October 21, 2003 No. 165 “On the approval of the rules for external and internal maintenance of health institutions of the Republic of Belarus.” The letter noted that no such visits had been authorized previously. In this regard, an inquiry was sent to the State Control Committee (SCC) and the Council of Ministers. The answer from the SCC reads that a relevant inspection was carried out and it was recommended that the State Institution “Viciebsk Area Center of Hygiene and Epidemiology” should stop the reviews. The Council of Ministers forwarded the appeal to the Ministry of Health, which informed about an update of the provisions of the Instruction following a discussion at the Public Advisory Council of the Ministry of Health and based on provisions of Decree No. 7 and Decree No. 376 dated October 16, 2017. In addition, “Viciebsk Area Center of Hygiene and Epidemiology” withdrew its letter about the organization of reviews.

Results of the interviews:

As part of the Viciebsk Region case study, a series of unstructured expert interviews were conducted focusing on the operation of entrepreneurship development councils. The purpose of those interviews was to define the range of problems addressed by these organizations as

exemplified by one region. The interviews were conducted with representatives of business and the business community, as well as local government officials. The total number of participants in the expert interviews was six persons.

In the course of the interviews, the participants were asked questions related to the operation of entrepreneurship development councils in the Viciebsk Region, the level of trust in these institutions, their capacity to resolve local issues, and some other questions.

The interviews made it possible to identify the following peculiarities and challenging aspects in the operation of entrepreneurship development councils in the Viciebsk Region:

1. The impulse nature of their operation. This is manifested in the lack of stability and consistency in the work of these agencies. The work of the councils has a distinctly “wavy” pattern — it is intensified only when it is necessary to discuss the issues imposed by the capital city, for example, the discussion of arrangements associated with the implementation of Decree No. 7 “On the development of entrepreneurship.” In the absence of such issues, the intensity of the councils’ activity is significantly reduced. Therefore, it is possible to note a marked influence of the national, not local bodies of state administration, on the initiation and operation of the councils.

2. A major impact of the personal factor. The interviewees noted the dependence of the regional entrepreneurship development councils’ efficiency on the position of the leadership of respective local government bodies responsible for the operation of such councils. Where local civil servants are interested in the development of such a dialogue platform, there will be positive changes in the operation of the councils. As a result, a change of the responsible official leads to changes (both negative and positive) in the work of these agencies. The influence of the personal factor is not limited in any way.

3. There is also a challenge of competences and level of work of the local authorities. It is all about the capability of business, including through discussions within the framework of regional councils, to resolve current problems. According to the interviewees, only a small portion of regional problems faced by business can be resolved at the local level. This is due to both the current level of authority of local government agencies and the existing practice of imposing previously adopted decisions on the regions in a top-down fashion. In addition, some interviewees noted that a number of issues can be resolved more effectively in Minsk than in Viciebsk, as local government officials do not want to use new unconventional methods to address challenging issues.

4. The feedback mechanisms in the work of the councils remain undefined. According to the interviewees, the councils are lacking legal capacity to resolve problems. There are no respective mechanisms — not those designed for discussion, but those for resolving issues. *De jure*, a decision taken at a session of the council has no legal effect. This factor reduces the interest and trust of business in the operation of these institutions.

5. The low activity and lack of interest of business in being part of the operation of the councils brings about difficulties in manning these agencies and adversely affects the representation of the participants’ opinions.

6. The interviewees noted that local government agencies were interested in obtaining a ready-made solution to a problem (expertise), rather than the opinion of a business regarding the issue under consideration.

7. Overall, all of the interviewees voiced the importance of the operation of entrepreneurship development councils and the need to further improve their work. In their opinion, in order to effectively promote the engagement between business and the state, councils should combine both the functions of a dialogue platform and mechanisms to take the challenges of regional business to the national level.

4. Conclusions

The multi-layer analysis of the operation of regional entrepreneurship development councils conducted within the framework of the study made it possible to draw the following conclusions:

4.1 The partial implementation of instructions by the president and the Council of Ministers concerning regional entrepreneurship development councils in terms of the establishment and operation of district and regional councils should be noted. These organizations were created in all district and region centers of the country, and the composition and statutes regulating their activity were formed and developed.

4.2 The operation of regional entrepreneurship development councils is very chaotic and to some extent reactionary. This is manifested in the following aspects:

- Lack of a common vision of the goals and objectives of their operation. The analysis of the statutes of a number of district entrepreneurship development councils has proved (the extreme cases in each of the regions) that the goals and objectives of councils differ not only by regions, but also within a single region. The confusion in the definition of the goals of these agencies is conspicuous. In some cases, a council operates to address problems faced by enterprises of all forms of ownership (and this is an entrepreneurship development council *sic!*): in some districts, councils have been equated with advisory agencies, and in others they operate for the development of recommendations. The minutes of the sessions of the said councils attest to the fact that their operation fails to comply even with these objectives, though.
- In 41% of cases, the head of a council is either the deputy chairman or the chairman of the respective executive committee. The majority of such cases are in the Viciebsk and Homiel Regions. This situation is a direct violation of Instructions of the Council of Ministers of the Republic of Belarus dated March 23, 2018 No. 11/535-86/3402r and dated March 29, 2019 No. 11/3684r.
- Lack of a unified approach to the makeup of a council. In the Homiel Region, the majority of council members are civil servants, while in the Hrodna and Mahilioŭ Regions, there are councils formed exclusively by business representatives. In these cases, one cannot speak about councils as discussion platforms for addressing local problems of business, because where number of officials prevails, the interests of the state will prevail, and if only business is included, there is no “opponent” to have a proper dialogue. Besides, there is a significant difference in the membership of existing councils. For example, the council of the Minsk District only includes two persons, the council of the Miory District consists of five persons, whereas the council of the Navahrudak District includes 27 member, and of the Valožyn District, 25 member.

Probably, these aspects are both a consequence of low executive discipline locally and the lack of elaboration of requirements/instructions for the establishment of councils.

4.3 The formalistic nature of the work of a significant proportion of entrepreneurship development councils should also be highlighted. In most cases, meetings are arranged for the sake of making notifications (on the application of the norms of Decree No. 7 “On the development of entrepreneurship” or the implementation of the requirement to employ citizens and increase the

average wage). Such a situation indicates that local officials do not see and do not understand the value and necessity of the operation of entrepreneurship development councils.

4.4 The efforts of the national authorities aimed at centralizing the decision-making system reduce the level of trust and interest of all stakeholders in the work of entrepreneurship development councils. The most striking example of excessive centralization is the situation with the establishment of a markup factor applicable to the land tax rate in 2018. As a result of the imposition of the factor, the tax burden on businesses has increased quite substantially. According to the Belarusian legislation, local taxes and dues (which include the land tax) are established and approved by local governments and self-governance bodies. The survey revealed that regional businesses attempted to address the problem of markup factors at the local level, including through reviews at entrepreneurship development councils. However, it turned out that such a decision was made at the level of the national administrative bodies and then presented to the region in a top-down manner. This situation contributes to the increasingly established opinion of the local business and business community that their problems can only be addressed at the national level.

4.5 Low level of involvement of business community organizations in the operation of councils. For example, in the Hrodna Region, business unions and associations are not included in any of the entrepreneurship development councils, whereas in other regions, the engagement of business associations is minimal and does not exceed 2% (Mahilioŭ Region). On the one hand, this may indicate the underdevelopment of business community organizations in the regions, on the other hand — the reluctance of the local authorities to include these organizations in councils (in each regional city, at least one business union is registered). Non-involvement of business associations considerably narrows the representation of business in entrepreneurship development councils, which, in turn, limits the range of issues that they consider.

4.6 The prevalence of letters of information and notifications in messages addressed to local business community organizations by republican administrative authorities neutralizes the positive role and significance of regional entrepreneurship development councils. As the case study of the Viciebsk Region showed, ministries and agencies send notifications and letters of information to business unions, whereas a much smaller portion of messages are requests for proposals (usually highly specialized). One consequence is that local businesses and business community organizations get an idea about the lack of interest at the national level of public administration in proposals made by regional business. This opinion also affects entrepreneurship development councils, causing distrust and lack of interest among businesses in being involved in these organizations.

4.7. Entrepreneurship development councils are completely dependent on local executive bodies when it comes to the “transmission” of their information and aspirations. As a result, challenging issues, especially those local, are neither resolved, nor referred to the bodies responsible for the elaboration and making of decisions.

4.8 The work of councils is for the most part informational in its nature. Meetings of councils are held to inform their members about amendments to the applicable legislation. Real problems of business at the local level are hardly ever addressed. A council will become an effective agency only in a combination of certain factors. One example is the situation at the Navahrudak District entrepreneurship development council (visiting session of the regional public advisory council).

4.9 Non-permanent nature of the operation of local executive bodies in their engagement with entrepreneurs. In the course of the interviews with entrepreneurs in Viciebsk, it was noted that the work of state authorities with business, including councils, is only intensified in the wake of the adoption of global documents regulating this sector (for example, Directive No. 4 or Decree No.

7). After that, their interest diminishes or is lost altogether “in instructions concerning the farm sector.”

5. Challenges

The study has identified the following blocks of challenges (figure) and their consequences (bullets).

1. Level of competences and interest of executive committees (personal factor)
 - Lack of unity in the work of regional councils;
 - Formalism in the work of councils;
 - Low efficiency and quality of work of councils as platforms for collecting, solving, and taking problems faced by businesses to a higher level.
2. Absence of a standard statute for regional entrepreneurship development councils
 - Confusion with the goals and objectives of councils;
 - Lack of a unified approach to the makeup of councils;
 - Informational nature of meetings.
3. Low activity of business
 - Complex council makeup procedure;
 - Uniformity of businesses involved in councils;
 - Distortion and lack of information about the problems of local business.
4. Current decision-making practices without the involvement of local players
 - Lack of interest of regional business in resolving problems at the local level, jointly with the local executive committee;
 - Concentration of decision-making at the regional and national levels;
 - Increased number of appeals to the national (republican) administrative bodies.
5. Underdevelopment of business associations in the regions
 - Low level of participation of business community organizations in councils;
 - Low level of representation of council members;
 - Distortion and lack of information about the problems of local business.

Problem 1. Level of competences and interest of executive committees (personal factor)

One of the main problems in the operation of regional entrepreneurship development councils is the peculiarity of the work of local executive bodies. Firstly, the range of problems that businesses encounter and that can be resolved at the regional level is limited by the competence of the respective executive committees. According to the Belarusian legislation, these are issues related to local taxes, lease, etc. Furthermore, this situation is complicated by the top-down process, such as in the case of the land tax, as well as the lack of interest in the work of entrepreneurship development councils amongst employees of the executive committees. De facto, they perceive the work associated with the establishment and operation of councils as an additional, uncharacteristic burden for the executive committees, because previously economic departments were engaged most of all in the collection and transmission of statistics information to higher-level agencies. This problem gives rise to a number of negative consequences. They are connected with both the work of executive committees and the peculiarities of the operation of councils. The results of the interview conducted within the framework of the case-study showed that the nature of the work of executive committees, their functions, and the level of competences of their

employees result in a situation where **many decisions are not taken at the regional level**. As a consequence, local businesses have to reach out to the national level to address their issues by applying directly to concerned ministries and agencies.

The quantitative and qualitative analyses of the operation of established regional entrepreneurship development councils revealed the **lack of consistency in the work of regional councils**. There is a marked difference in the composition, management, goals and objectives of these entities, which negatively affects their work and perception as a system of tools for engagement between business and the state. In a number of cases, the goals and objectives set by the statute, the composition and management do not correspond to the initial concept of building a discussion platform for addressing challenges and problems of regional business. Furthermore, there is **formalism in the work of councils** — the contents of the reviewed minutes indicate the prevalence of either purely informational issues on the agenda, or issues that do not relate to the problems of business. The result is the **low efficiency and quality of the work of councils as platforms designed to collect, resolve and take problems faced by businesses to a higher level**.

Problem 2. Absence of a standard statute for regional entrepreneurship development councils

Another problem highlighted by the study is the lack of a standard statute for regional entrepreneurship development councils. As a result, executive committees independently developed statutes governing the work of councils. As a rule, the statutes of the Entrepreneurship Development Council and public advisory councils were borrowed as the basis. The effect of this duality is the **creation of organizations having different goals and objectives**, with their purposes varying not only from one region to another, but also from one district to another.

For example, in the Viciebsk Region, public advisory councils for the development of entrepreneurship have been established. The lack of a uniform statute also led to the emergence of significant **differences in the approach to their makeup**. In the Homiel Region, representatives of the state dominate in the membership of councils, whereas in a number of councils in the Minsk, Mahilioŭ, and Brest Regions, there are councils comprising exclusively representatives of business. Both situations indicate deviations from the original idea to establish regional councils for the development of entrepreneurship. One of the reasons for the **informational nature of sessions in a number of councils** is the absence of a standard statute that would include requirements applied to the contents and rules of procedure at sessions.

Problem 3. Low activity of business

We believe an important problem affecting the efficiency of entrepreneurship development councils is the low level of business activity when it comes to its involvement in entrepreneurship development councils. This situation not only reduces the representation of opinions and proposals considered at the sessions of councils, but also constitutes a risk for the operation of such an entity. A lack of members and/or problems under consideration turns a council's work into mere formality and makes it unfeasible to achieve its established goals and objectives. A manifestation of this problem is the difficulty in **making up district and city entrepreneurship development councils**.

The findings of the case-study, alongside the qualitative and quantitative analyses of the work of councils, show that the inclusion in the membership of a council is initiated by the state (executive committees), rather than business. In addition to this, the **insignificant membership of a number of councils (5-6 persons) and the uniformity of business** represented in the makeup also make it obvious that to make up a council is a challenge. The reasons for this lack of ambition of

businesses to join councils can be both the low level of trust of entrepreneurs in councils and the lack of information about the operation and objectives of entrepreneurship development councils. A negative result of this situation is the **lack of data on the real problems of the business community in the regions**. To date, the main source of such information is the economic departments of the executive committees, but as they transmit data up to the national level, some of the information may be lost or distorted in order to idealize the situation in a district or a region. Businesses have no other independent channels for transmitting information to the national level.

Problem 4. Current decision-making practices without the involvement of local players

The study of the document flow of the Association of Employers and Entrepreneurs of the Viciebsk Region showed that the national (republican) authorities as good as exclude local business associations and unions from the communication process. In 2018, the Ministry of Economy (the national agency that most actively communicated with the association throughout 2018) sent eight appeals to the Association of Employers and Entrepreneurs of the Viciebsk Region. Those included two inquiries and six letters of information. At the same time, requests concerning innovations for business were received by the Association from the Republican Confederation of Entrepreneurship, which, for its part, received them from ministries and agencies.

Moreover, as shown by the study “Advisory and consultative entities in the Republic of Belarus: how can business and the state hear each other?” conducted by the Liberal Club in 2018, representatives of regional business and the association are also poorly represented in the membership of public advisory councils established at ministries and agencies.

As a result, local business unions and associations are ousted from the decision-making process, which causes regional business to lose interest in **resolving problems locally and leads to an increase in the number of appeals addressed to national administrative bodies**.

Problem 5. Underdevelopment of business associations in the regions

The findings of the study showed that business unions and associations are virtually uninvolved in the work of regional entrepreneurship development councils. One of the reasons for this is the underdevelopment of unions and associations outside Minsk. At the district and regional levels, there are no branch/industry associations of entrepreneurs, whereas at the district level, unions and associations do not operate. The development of associations established in regional centers is irregular, and when it comes to regional representative offices of national associations, they are not created at all. At the same time, some business associations are not included in entrepreneurship development councils without any reason, for example, in the Hrodna Region. Therefore, the regional level is currently missing an important component necessary for the effective operation of entrepreneurship development councils. Business associations are not only a source of information and expertise, but also allow increasing the level of representation of councils.

6. Recommendations

Consequently, in order to effectively address these issues, recommendations have been worked out to handle the following:

- Ensuring the operation of councils as platforms to deal with problems encountered by local business and channels for promoting the interests and proposals of the regional business community;

- Scaling down formalism in the work of councils;
- Increasing the level of involvement of business in the operation of councils.

The proposed recommendations are interdependent and interrelated and comprise the following blocks:

1. Functionality
2. System of councils
3. Membership
4. Operation of councils
5. External engagement

6.1 Functionality

In order to ensure the effective operation of regional entrepreneurship development councils, it is necessary to unify the functionality of these agencies. This implies the standardization of their goals, objectives and rights, which constitutes sufficient grounds for working out a standard statute for councils. This document, as soon as it has been developed, will allow determining the place and role of councils in the system of engagement between the state and business, streamlining and systematizing their work. A standard statute will identify the range of objectives, obligations, the legal effect of a council's decisions, and the procedure for its operation.

The core provisions of such a standard statute are:

- Goals and objectives;
- Rights of the council and its members.

The goal of a local entrepreneurship development council should set a target for its operation — for which the council has been created and works. The findings of the study show two aspects that should be included in the goal of a regional council.

The first aspect is the consideration and resolution of problems encountered by business at the local level. This implies that the members of a council representing the business community together with representatives of a respective state authority have an opportunity to discuss current problems and, where there is sufficient authority, primarily that of the executive committee or agencies of the district, to handle the current situation. This approach will bring down the burden of the review of business's appeals by the Entrepreneurship Development Council under the President of the Republic of Belarus and draw the attention of local authorities to problems at hand.

The second aspect is aimed primarily at representing the interests of the regional business community. This means that the members of a council, including local businesses, will be able to participate in the preparation of regulatory legal acts at both the local and national levels in terms of indicating their interests, sharing their opinions and, where necessary, expertise. The analysis of the operation of councils indicated a discrepancy between the declared "high" goals and objectives of a council and the "low/mundane" issues addressed in reality. It is necessary to envisage the possibility for organizing — within the framework of district or city councils — a process to collect opinions of businesses with respect to issues that are addressed at the regional or national (republican) levels.

In his regard, we propose the following version of the goal of a standard regional entrepreneurship development council: *the Entrepreneurship Development Council (hereinafter the Council) is a permanent organizational and advisory body at the local executive and administrative body,*

established to resolve local problems associated with the environment for entrepreneurial activity and represent the interests of local business at the regional or national level.

In order to achieve this goal, we believe it necessary to **empower** regional entrepreneurship development councils as follows:

- To review appeals of business entities;
- To review proposals made by the Entrepreneurship Development Council under the President of the Republic of Belarus;
- To prepare proposals to address the problems of businesses that cannot be resolved locally;
- To review economic and social development programmes, local budgets and reports on their implementation;
- To review draft decisions of an executive committee, which have a significant impact on the conduct of business.

This mandate corresponds to the goal of the establishment and operation of local entrepreneurship development councils — to effectively address challenges to business at the local level and receive/forward information about issues that need to be handled at a higher level.

In order to exercise these authorities, we suggest that regional councils should have the following **rights**:

- To submit proposals to regional and republican councils;
- To submit proposals with a view to improving regulatory legal acts and drafts under consideration to the state authority (organization) under which the Council is created;
- To request from the state authorities and organizations, as well as from business entities and associations thereof (unions, associations) information and materials requisite to fulfill the assigned objectives;
- To invite, in accordance with the established procedure, representatives of the state authorities and organizations, business entities and associations thereof (unions, associations), independent experts and consultants to participate in sessions of the council;
- To create permanent and temporary working groups, teams, and commissions to address the objectives of the council and to involve specialists of respective organizations in their work in coordination with their managers;
- The council may have other rights based on respective areas of activities.

6.2 System of local entrepreneurship development councils

Currently, we can diagnose the off-system autonomous nature of the work of regional entrepreneurship development councils. This is manifested in the absence of an established format for the interaction between councils of various levels and the lack of systemic subordination of district councils to those regional and of those regional to the republican council.

Currently, the Presidential Council can *de facto* submit an appeal originally addressed to it downwards, to local councils, for their review, but *de jure* the system of subordination and engagement is nonexistent. In order to form such a system, it is necessary to work out amendments to Decree dated October 10, 2017 No. 370 “On the Entrepreneurship Development Council” aimed at consolidating the system of entrepreneurship development councils. One example is clause 4 of the Resolution of the Council of Ministers of the Republic of Belarus “On certain issues of the Ministry of Natural Resources and Environmental Protection of the Republic of Belarus”, which approves the system and structure of the ministry:

- 4.1. territorial bodies of the Ministry of Natural Resources, according to Annex 1;*
4.2. state organizations subordinated to the Ministry of Natural Resources according to the list approved by the Council of Ministers of the Republic of Belarus.

As for the Presidential Council, this provision may read as follows:

The system of the Entrepreneurship Development Council includes local entrepreneurship development councils at region, Minsk city, district and city (cities of regional subordination) executive committees.

The implementation of this recommendation will contribute primarily to the creation of a channel independent of the local authorities to promote the interests of businesses and take its problems to a higher level and, secondly, to the reduction of the level of dependence of councils upon the competences of executive committees and the degree of interest of their leadership (personal factor) in the development and operation of entrepreneurship development councils. The Entrepreneurship Development Council under the President of the Republic of Belarus will set tasks and coordinate the activity of regional councils.

6.3 Makeup of a council

The problem of the makeup of councils is characteristic of not only local entrepreneurship development councils, but also of public advisory councils and other consultative and advisory agencies established with the state authorities. Currently, the conditions for joining a council are not enshrined in any regulatory act. In our opinion, an executive committee could use the same criteria for a business to join the respective council as it applies to prospective participants in the national competition “Entrepreneur of the Year” — no debts to the budget, no fines and penalties, date of registration of a company, etc.

These are some of the objective criteria that do not highlight the negative characteristics of a business. Besides, we believe it necessary to ensure a representative composition of the council based on the main types of economic activities pursued in the region. For example, 80% of entrepreneurs in the region are engaged in retail and 20% in manufacturing — therefore, members of the council should be represented in the same proportions.

Furthermore, taking into account certain goals of the council, it should include representatives of the executive committee as well. Their number should not have an adverse impact on the work of the council, though, and interests of the state should not prevail over those of business. Their number might as well be limited to one third of the total membership. In addition, they shall be responsible for keeping the minutes.

Regional councils should include chairmen of district councils, while maintaining the representation of civil servants of the respective regional executive committee: not more than a third of the total number of participants and with the same minutes-keeping responsibilities.

6.4 Operation of councils

To ensure the stable operation of the system of entrepreneurship development councils we believe it necessary to regulate and detail work of these agencies and to establish uniform requirements applied to timeframes for holding their sessions, to their statutes, and transparency of their activity.

We suggest establishing the following timeframes for having meetings:

- Meetings of district entrepreneurship development councils are to be held at least once a quarter.
- Meetings of regional entrepreneurship development councils are to be held at least once every six months.
- Extraordinary meetings may be held at the request of one of the council members.

These timeframes are proposed given the nature of the work of a council's members, as well as the fact that a council operates on a voluntary basis. The timeframe allows a comprehensive review of possible problems or proposals associated with business activities accumulated over a certain period of time.

In order to achieve the proposed goals and objectives of councils, as well as to reduce the formalism in the work of these organizations, we propose to publish the minutes of the meetings of councils on the website of the relevant executive committees. In addition, in order to make councils better accessible to the business community, we suggest publishing information on the membership and contacts of council members on the websites of executive committees.

6.5 External engagement

An important component of the effective work of entrepreneurship development councils is their engagement with business unions and associations. The involvement of these organizations helps address the following issues:

- Firstly, the level of representation (because unions present a group opinion) of a council's membership will increase. This will make it possible to include in their work a broader range of issues and interests of regional entrepreneurs;
- Secondly, the organizational nature of these structures empowers them to act as a source of information that is crucial for the activity of councils;
- Thirdly, business unions and associations can provide expertise and analytical support for the operation of councils, accumulating their own resources and those of their members. In view of this, we believe it necessary to include (if any) representatives of business associations in councils.

In order to raise the awareness of business of the existence and operation of such an instrument for engagement between business and the state as regional entrepreneurship development councils, we propose that a publicity campaign should be launched, aimed at building the awareness of entrepreneurs. Brief overviews of councils should be published in specialized periodicals (for example, the Nalogovyi vestnik tax bulletin), on the websites of executive committees, and entrepreneurship promotion centers.

