



# Belarus

Population <sup>1</sup>	9,498,264
Area (km <sup>2</sup> ) <sup>1</sup>	207,600
GDP per capita (USD) <sup>1</sup>	5,761.75
TPES (Mtoe) <sup>2</sup>	25.04
Energy intensity (toe/10 <sup>3</sup> 2010 USD) <sup>2</sup>	0.42
CO <sub>2</sub> emissions - energy (MtCO <sub>2</sub> ) <sup>2</sup>	53.10

Sources:

1. The World Bank 2017

2. ©IEA 2018, [www.iea.org/statistics](http://www.iea.org/statistics)

Belarus' overall risk level against the assessed areas is **low**.

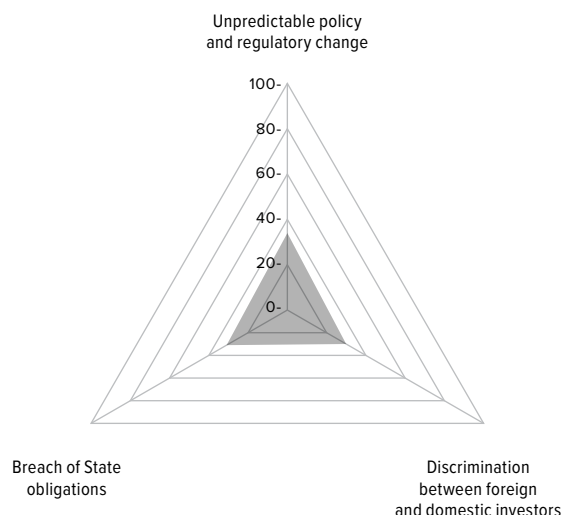
The three EIRA risk areas are on the same level as last year. The risk of *discrimination between foreign and domestic investors* remains the lowest. It is followed by *breach of State obligations* and *unpredictable policy and regulatory change*.

Belarus has a good score on three of the EIRA indicators, and a moderate score on one indicator. *Management of decision-making processes* is the highest-scoring indicator with 72 points. On *regulatory environment and investment conditions* and *rule of law* it has received 69 points each. *Foresight of policy and regulatory change* is at 57.

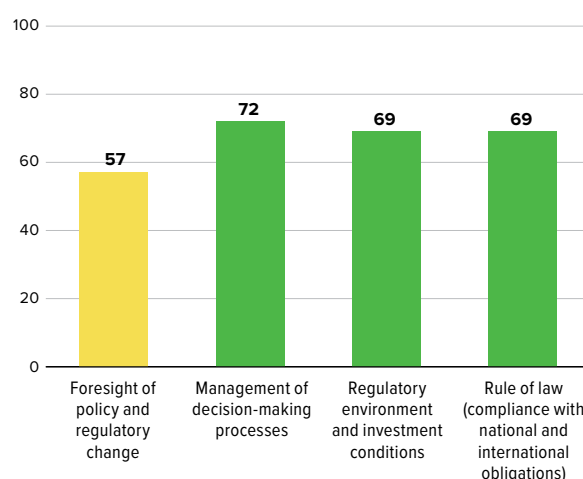
On a more detailed level, Belarus' overall sub-indicator performance is good. *Restrictions on FDI* has the highest score with 100 points. On *management and settlement of investor-State disputes* (85), *transparency* (75), *institutional governance* (69), *communication of vision and policies* (65), *respect for property rights* (53), and *robustness of policy goals and commitments* (48), it has retained the scores from 2018. *Regulatory effectiveness* continues to be the lowest-scoring sub-indicator with 39 points.

While Belarus has the relevant policies and measures in place, there is some potential for improvement. Attention should be given to enhancing the regulatory effectiveness of the country.

## RISK LEVEL



## INDICATOR PERFORMANCE



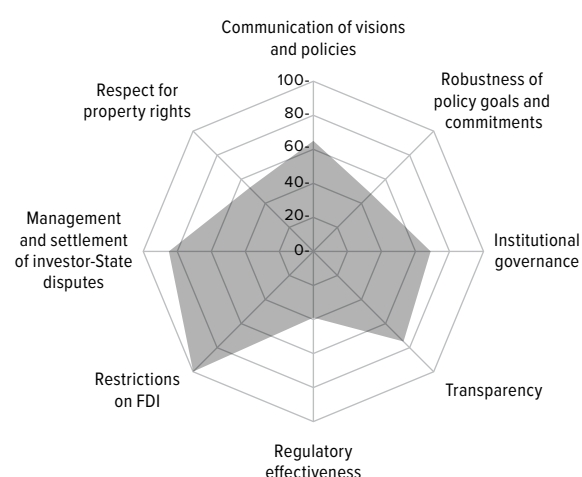
## YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019
Unpredictable policy and regulatory change	34	34
Discrimination between foreign and domestic investors	30	30
Breach of State obligations	31	31

INDICATORS	2018	2019
Foresight of policy and regulatory change	57	57
Management of decision-making processes	72	72
Regulatory environment and investment conditions	69	69
Rule of law	69	69

## SUB-INDICATOR PERFORMANCE



## Foresight of policy and regulatory change

### QUICK FACTS

The principal strategy documents for Belarus are the Concept of Energy Security till 2035 (approved in 2015), the Comprehensive Development Plan for the Electricity Sector until 2025 (approved in 2016), the State Energy Saving Programme for 2016-2020 and the National Strategy for Sustainable Socio-Economic Development for the period up to 2030 (approved in 2017).

The Republic of Belarus ratified the Paris Agreement in 2016 and has submitted its first NDC.

### STRENGTHS

Several strategies and programmes shape the Government's vision on the development of the energy sector. Short-, medium- and long-term targets have been set for the priority areas of energy security, power reliability, renewable energy and energy efficiency. The Government is currently framing new rules to make domestic renewable energy resources more attractive to investors. In line with the Comprehensive Development Plan for the Electricity Sector until 2025, it is expected that in 2019 the first unit of the Belarus Nuclear Power Plant will be commissioned.

The National Academy of Sciences, the Ministry of Economy, the Ministry of Energy, the State Committee for Standardization, the Belarusian State Concern for Oil and Chemistry, regional executive committees and the Minsk City Executive Committee monitor the progress on all indicators related to energy security. They provide annual reports on their work to the National Academy of Sciences of Belarus. The Academy then submits to the Council of Ministers a summary report on the status of the indicators as well as recommendations for improving the performance. The latest report was submitted in February 2019.

### AREAS FOR IMPROVEMENT

Belarus should develop a coherent and long-term investment strategy for the energy sector. It must include a comprehensive vision for sub-sectors with high potential. In particular, the situation of electricity oversupply in the country and the stability of the investment climate for renewable energy should be accounted for.

The adoption of the new draft Law on Electricity has been postponed, after its submission to the Council of Ministers in September 2017. The Government is encouraged to expedite its approval. The Law will create a framework for competitive wholesale and retail markets, facilitate transmission unbundling, determine the role of the regulator in tariff setting and allow large industrial customers to have direct access to the wholesale electricity market.

In light of the country's commitments to reduce carbon intensity, long-term targets should be defined for CO<sub>2</sub> reduction in the energy sector. This is especially crucial since the sector currently accounts for the largest share of emissions.

## Management of decision-making processes

### QUICK FACTS

The Ministry of Energy frames the country's energy policy.

The Ministry of Economy implements the national investment policies and programmes.

The National Agency of Investment and Privatization, established in 2011, acts as an advisory body with a single window for enquiries regarding investment in various sectors, including energy.

The Ministry of Natural Resources and Environmental Protection monitors the implementation of the country's NDC.

### STRENGTHS

A number of ministries and regulatory bodies contribute to the development of energy policies. Policies are prepared through inter-ministerial consultation and coordination. Resolution no. 11/2018 "On the Public Consultative (Expert) Council on Entrepreneurship Development adjunct to the Ministry of Energy" was adopted in April 2018. It establishes the Public Consultative (Expert) Council which is responsible for, among other things, conducting deliberations and collecting comments on new policies, legislation and regulations.

Law no. 130-3/2018 "On Normative Legal Acts" was adopted in July 2018. The Law creates a platform for e-consultation on draft laws and facilitates access to legal information. It also provides for the immediate publication of adopted legislation and regulations. The Government is legally obliged to inform the citizens of these developments through mass media. Most legal information is centralised and accessible online, as well as in print. Information about energy tariffs is available on the website of the Ministry of Energy. The main strategy documents and enacted laws are available in Russian.

### AREAS FOR IMPROVEMENT

Information sharing, consultation and dialogue with a broad set of stakeholders should become a standard practice established through law. Timely notification and consultation on policy objectives will allow interested parties to understand the rationale behind the decisions taken and will reduce the risk of prolonged discussions during the later stages of the policy cycle.

The role of the National Agency of Investment and Privatization can be better defined. Though the Agency advises and coordinates the investment process for potential investors, it does not approve investments. In this regard, its functions as a one-stop shop can be strengthened, and information regarding its services made widely available.

## Regulatory environment and investment conditions

### QUICK FACTS

The Ministry of Energy is responsible for regulating the energy sector.

The Ministry of Antimonopoly Regulation and Trade deals with competition issues across all sectors including energy.

The Law no. 53-3/2013 “On Investments” guarantees fair and equitable treatment to foreign investors.

### STRENGTHS

The role and responsibilities of the Ministry of Energy are stipulated in the Council of Ministers’ Resolution no. 1595/2001 “On approval of the Regulation on the Ministry of Energy of the Republic Belarus”. The regulatory functions of the Ministry include preparation of the tariff policies and the regulation of generation and distribution of electricity, gas, steam and hot water. The Ministry is audited by the State Control Committee of Belarus.

Fair and equitable treatment to foreign investors is guaranteed in the national laws. Generally, there are no restrictions on foreign ownership of energy projects, except where the Government has an exclusive right, such as in the nuclear sub-sector. The website of the National Agency of Investment and Privatization provides an overview of the current and planned energy projects. In 2019, a draft Strategy on Attraction of Foreign Direct Investment up to 2035 was made public for consultations with interested stakeholders. It contains a number of planned activities and expected results in terms of attracting further investment in the country.

### AREAS FOR IMPROVEMENT

Belarus should pursue its efforts to establish an independent energy regulator that sets tariffs, protects consumers’ rights, regulates natural monopolies and creates conditions for competition in the energy market. The autonomy of the regulator will ensure distance from any potential undue influence and will promote public confidence in the regulatory framework. Moreover, to avoid the perception of discretionary choices, the Government may consider clarifying the eligibility criteria it employs in its investment agreements for granting specific privileges to investors. The policies for investment in energy efficiency should be aligned to reduce the energy intensity, especially with the recently adopted lower tariffs for electricity for residential heating and hot water from January 2019 onwards. These lower tariffs were introduced to stimulate the use of electricity.

Belarus should expedite the adoption of the new Strategy on Attraction of Foreign Direct Investment up to 2035, which also pays attention to energy access for investors, power reliability and investment in the energy sector. To further assist investors, the country may also consider developing step-by-step guidelines for investing in the energy sector.

## Rule of law

### QUICK FACTS

Belarus signed the Energy Charter Treaty in 1994.

Access to arbitration is provided for in Law no. 279/1999 “On International Arbitration (Arbital Tribunal) Courts”.

Belarus ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1992.

Belarus ratified the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1960.

Belarus became a member state of the World Intellectual Property Organization in 1970.

### STRENGTHS

Dispute resolution is carried out in an efficient manner. National courts are obliged to deliver their decisions within specified time limits. The enforcement of foreign arbitral awards is guaranteed under domestic law. The Government has enacted the Law no. 58-3/2013 “On Mediation” to promote alternative dispute resolution mechanisms. There have been no retroactive legislative changes in the past years.

Protection of private property is a constitutional right. The Law “On Investments” provides guarantees against the expropriation of foreign investments. Nationalisation or requisitioning of foreign assets is subject to the timely payment of full compensation. The formulation of the term “investment” in most of the country’s BITs is broad and includes movable and intangible property. Regarding the transfer of technology in the energy sector there are no legal restrictions.

### AREAS FOR IMPROVEMENT

As mentioned in 2018, Belarus should consider establishing an investment ombudsman to resolve conflicts between foreign investors and public authorities. This will enable the parties to reach a swift settlement instead of engaging in protracted judicial or arbitral proceedings. The draft Strategy on Attraction of Foreign Direct Investment contains an action plan that also includes prior settlement of disputes related to investment. This can be seen as a step in the right direction.

Domestic laws should include well-defined grounds for expropriation, clauses regarding the process for determining the compensation to be awarded to the investor as well as a timeframe for paying the compensation.