



# Belarus

Population <sup>1</sup>	9,483,499
Area (km <sup>2</sup> ) <sup>1</sup>	207,600
GDP per capita (USD) <sup>1</sup>	6,330.08
TPES (Mtoe) <sup>2</sup>	25.51
Energy intensity (toe/10 <sup>3</sup> 2010 USD) <sup>2</sup>	0.41
CO <sub>2</sub> emissions - energy (MtCO <sub>2</sub> ) <sup>3</sup>	54.07

There is no data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2020

Sources:

1. The World Bank 2018
2. ©IEA, World energy balances, 2020, [www.iea.org/data-and-statistics](http://www.iea.org/data-and-statistics), [webstore.iea.org/key-world-energy-statistics-2019](http://webstore.iea.org/key-world-energy-statistics-2019)
3. ©IEA 2020, CO<sub>2</sub> emissions from fuel combustion, [www.iea.org/data-and-statistics](http://www.iea.org/data-and-statistics), [webstore.iea.org/key-world-energy-statistics-2019](http://webstore.iea.org/key-world-energy-statistics-2019)

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

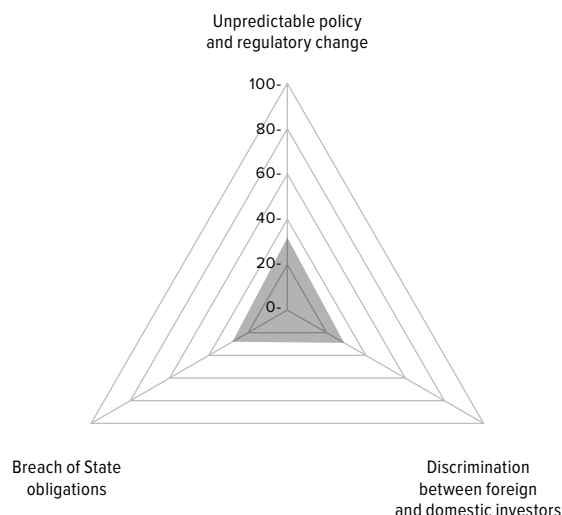
Among the three risks assessed in EIRA, *breach of State obligations* is lower than *discrimination between foreign and domestic investors* and *unpredictable policy and regulatory change*.

Belarus' performance is good on all the EIRA indicators. *Management of decision-making processes* is the highest-scoring indicator with a score of 73. On *rule of law*, it has a score of 72, and on *regulatory environment and investment conditions* 69. It has scored 61 on the indicator *foresight of policy and regulatory change*.

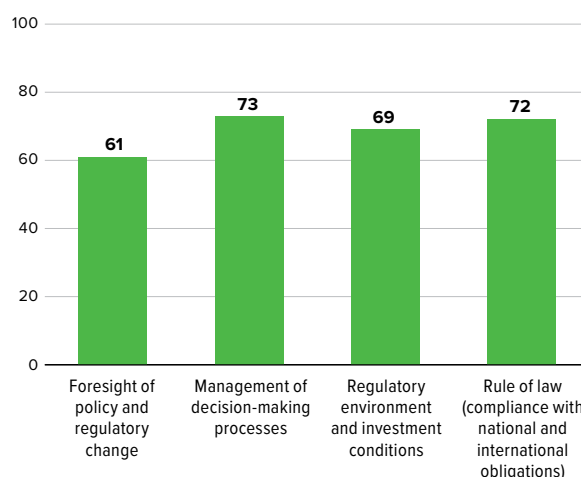
On a more detailed level, Belarus' sub-indicator performance is good. The highest-scoring sub-indicator is *restrictions on FDI* at 100. It is followed by *management and settlement of investor-State disputes*, which has a score of 85. On *transparency*, the country's score has increased from 75 to 77. Its score on the sub-indicator *communication of vision and policies* has also improved by eight points and now stands at 73. It has maintained last years' score on *institutional governance* (69), and there is an increase of five points on *respect for property rights*, which now stands at 58. Its score on *robustness of policy goals and commitments* has improved by a point and is now 49. *Regulatory effectiveness* remains the lowest-scoring sub-indicator at 39.

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

## RISK LEVEL



## INDICATOR PERFORMANCE



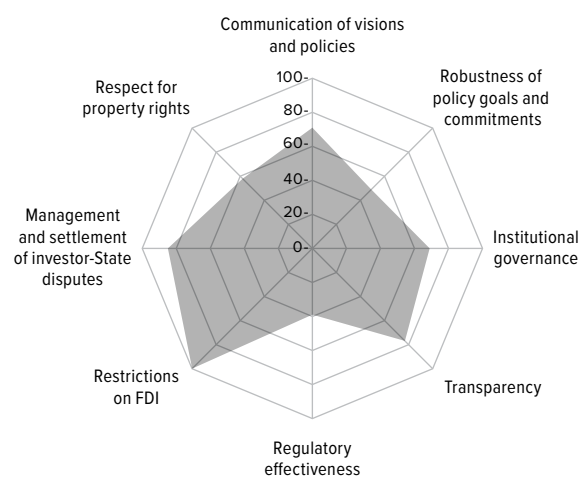
## YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019	2020
Unpredictable policy and regulatory change	34	34	31
Discrimination between foreign and domestic investors	30	30	29
Breach of State obligations	31	31	28

INDICATORS	2018	2019	2020
Foresight of policy and regulatory change	57	57	61
Management of decision-making processes	72	72	73
Regulatory environment and investment conditions	69	69	69
Rule of law	69	69	72

## SUB-INDICATOR PERFORMANCE



## Foresight of policy and regulatory change

### QUICK FACTS

The main energy strategy documents for Belarus are the Concept of Energy Security till 2035, the Comprehensive Development Plan for the Electricity Sector until 2025, and the Concept of Development of Power Generating Capacities and Electricity Grids until 2030.

Belarus deposited the Paris Agreement instrument of acceptance with the United Nations in 2016.

### STRENGTHS

Belarus is taking steps towards strengthening its energy security and developing its electricity export capacity. The construction of the Ostrovets nuclear power plant is close to completion. The country is also diversifying its energy mix by increasing the share of low-carbon sources. The new Concept for Development of Generating Capacities and Electricity Grids until 2030 includes specific goals and timelines for increasing electricity production, including from renewable energy sources, and expanding the total peak capacity. Moreover, the Decree on Renewable Energy Sources no. 357/2019 seeks to enhance the State policy on the utilisation of renewable energy resources. The Government's Energy Saving Programme set the target of GDP energy intensity reduction by 1.3% in 2019. However, according to the country's National Statistics Committee, Belarus exceeded this target by recording a GDP energy intensity drop of 2.5% in 2019.

The National Statistical Committee of the Republic of Belarus publishes annual reports on the country's energy balance. Through Decision no. 65/2019, the Council of Ministers approved the procedures for analysing and evaluating the quality of legislation, enforcement practices, and the efficiency of regulations on social relations. The Decision also seeks to identify underlying deficiencies in social regulations, and it prescribes measures for their improvement and effective implementation.

### AREAS FOR IMPROVEMENT

Belarus is likely to face an electricity surplus after the Ostrovets nuclear power plant becomes operational. Therefore, the Government is encouraged to cooperate and negotiate with prospective buyers, within the Eurasian Economic Union and beyond, who can ensure the successful implementation of the country's energy export plans.

The energy sector would benefit from improvements to the country's policy monitoring mechanism. While the National Academy of Science sets indicators for benchmarking the Government's progress on the national energy priorities, it should also make its monitoring reports publically available.

## Management of decision-making processes

### QUICK FACTS

The Ministry of Energy is responsible for developing and implementing the national energy policies.

The Ministry of Economy is in charge of implementing the investment policies and programmes.

Coordination among State institutions is regulated by the Council of Ministers Resolution no. 193/2009.

### STRENGTHS

The Government has initiated reforms to improve the country's economic performance. It is currently developing a Roadmap for Structural Reforms, with support from the World Bank, which is likely to be adopted in 2020. In March 2020, the Ministry of Economy invited stakeholders to provide comments on the draft National Strategy for Sustainable Development until 2035. There is also a draft Resolution, undergoing public debate, on the establishment of a new Foreign Investment Council that will have greater responsibilities than its predecessor. The President of Belarus has approved the 2020 annual plan for preparing draft legislation. The plan anticipates changes to 34 legal acts, including amendments to the banking sector, investment, and consumer protection legislation.

Most legal and regulatory acts are accessible online in Russian. For 2019 and 2020, the decisions of the Council of Ministers, Presidential Decrees, policies, and the current electricity tariffs are available on the websites of the Council of Ministers of Belarus, the Ministry of Energy and the Ministry of Economy. The online information portal, Legal Forum of Belarus, serves as a platform for exchanging opinions on draft laws and regulations. In 2020, the draft resolution on the approval of the Strategy for Attraction of Foreign Direct Investments until 2025 was uploaded on the Legal Forum of Belarus to obtain the feedback of stakeholders.

### AREAS FOR IMPROVEMENT

Information sharing and public engagement on legislative and regulatory decisions should be institutionalised and made obligatory. Regular and timely consultation with the public will improve the perception of transparency in the country, allow interested parties to understand the rationale behind the decisions taken, and reduce the risk of prolonged discussions during the later stages of the policy cycle.

The mandate of the National Agency of Investment and Privatization can be expanded, beyond its current advisory role, to include granting project approvals. The Agency may identify energy as a separate field and group energy projects on its website accordingly.

## Regulatory environment and investment conditions

### QUICK FACTS

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

Law no. 53-Z/2013 On Investments stipulates that there are no restrictions on the transfer of investment-related capital, payments and profits.

### STRENGTHS

The Protocol dated 29 May 2019 on Amendment to the Treaty on the Eurasian Economic Union (EAEU), among others, defines the principles for the formation, functioning and development of a common electricity market. The main principles of this market will be ensuring equality among the Member States, respecting the balance of the economic interests between power producers and users, prioritising the implementation of market mechanisms, and giving unrestricted access to the services of natural monopolies. The Government of Belarus is gradually reducing tariff subsidies for energy and heating to make the activities more economically viable. In 2016, VAT was added to the electricity tariffs to make them more market-oriented and cover a more significant portion of the consumers' total real costs. There has been a slight but steady growth in the volume of newly installed renewable generating capacities resulting from recent changes to the sector's regulatory framework.

Belarus has a robust legal and regulatory framework for attracting FDI. According to the National Statistical Committee, foreign investment inflow has been relatively stable in recent years, at around USD 10 billion in 2019. The recently adopted Law no. 153-Z/2018 (the Tax Code) simplifies the tax administration and provides investors with various incentives, including tax exemptions. Law no. 134-Z/2018 expands the list of sector and projects that can be implemented based on the PPP principle. Law no. 226-Z/2003 supports the removal of currency restrictions and foreign exchange controls for foreign investors.

### AREAS FOR IMPROVEMENT

Belarus should consider establishing an independent regulatory agency which will create competitive market conditions and protect consumers. The regulatory body should have a separate budget comprising fees paid by regulated entities. Its board could have a fixed-term appointment, renewable only once.

The Government should complement the Draft Strategy on Attraction of Direct Foreign Investments until 2025 with an action plan, which contains specific measures and timelines for reaching the goals outlined in the Strategy. The proposed action plan should list the annual activities of the Government so that the progress made each year, towards achieving the objectives of the Strategy, can be adequately assessed.

## Rule of law

### QUICK FACTS

Belarus signed the Energy Charter Treaty in 1994.

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

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

### STRENGTHS

Law no. 58-Z/2013 On Mediation applies to a wide range of activities, including those of an entrepreneurial or other commercial/economic nature. Aggrieved parties may opt for mediation either before submitting the dispute to a domestic court or when it is sub judice. Resolution no. 18/2014 of the Plenum of Belarus' Supreme Court states that foreign judgements will be recognised and enforced if this is provided for in an international agreement, or established through reciprocity. Law no. 134-Z/2018 introduces amendments to the PPP Law. It stipulates that disputes between public and private partners should be resolved through negotiations unless there is another approach outlined in the legislation. If an international treaty or a PPP agreement provides for a different dispute resolution procedure, the provisions of a treaty or agreement will prevail. The amendments also expand guarantees for the private sector, including protection of property and other rights.

Chapter V of the Civil Code no. 218-Z/1998 protects IP rights in the country. Belarus is a contracting party of the WIPO, and it has signed the Paris Convention for the Protection of Industrial Property. Belarus has no provisions in its laws or International Investment Agreements restricting the transfer of technology in the energy sector. In August 2019, Belarus signed a BIT with Uzbekistan. The Treaty includes a detailed clause on the process for determining compensation in the event of expropriation or nationalisation.

### AREAS FOR IMPROVEMENT

The Government must make efforts to expedite the country's WTO accession. Formal Membership to the WTO will reduce constraints for cross-border trade, and transit of various types of energy. Its membership will also help to streamline the negotiations on exports and imports of commodities and final products, including hydrocarbons, refinery products and electricity.

The domestic legislation on property rights should include well-defined grounds to expropriate property, a detailed description of the process for determining the compensation amount, as well as a timeframe for concluding the settlement.

# IMPLEMENTATION STATUS



## Belarus

PROPOSED IN	EIRA AREAS FOR IMPROVEMENT	IMPLEMENTATION STATUS AS OF 1 APRIL 2020
<b>Indicator 1</b>		
2018	Develop a long-term investment plan for the energy sector.	<b>Work ongoing and partially implemented.</b> In 2020, the Government published the Draft Strategy on Attraction of Direct Foreign Investments until 2025 for discussion on the National legal portal and the Ministry of Economy's website. The 2017-2030 National Infrastructure Strategy (NIS), approved in 2017, serves as a guidance document for the business community. At the end of 2019, the Inter-agency Infrastructure Coordination Council held a meeting to align the NIS with the country's other strategic documents.
	Define long-term targets to reduce carbon emissions in the energy sector.	<b>Pending</b>
	Implement institutional reforms to make the monitoring authorities independent of the policy-making bodies.	<b>Pending</b>
2019	Adopt the new Law on Electricity.	<b>Pending</b>
2020	Cooperate with prospective buyers, within the Eurasian Economic Union and beyond, to ensure the successful implementation of the country's energy export plans.	<b>Improvement suggested in 2020.</b> Status will be updated in 2021.
	Develop a well-designed system to monitor the implementation of the national energy priorities.	<b>Improvement suggested in 2020.</b> Status will be updated in 2021.
<b>Indicator 2</b>		
2018	Institutionalise and make it legally mandatory for State authorities to consult stakeholders on legal and regulatory decisions.	<b>Work ongoing and partially implemented.</b> According to Law no. 130-Z "On Normative Legal Acts" of 2018, draft legal acts can be submitted for consultation via the Legal Forum of Belarus website, as well as through Parliamentary hearings. Mandatory public discussion on draft legal acts are required during consultative (expert) meetings. In 2018, the Public Consultative (Expert) Council on Entrepreneurship Development (adjunct to the Ministry of Energy) was established. In 2020, the Council of Ministers submitted for public discussion a draft resolution on the establishment of a Council for Foreign Investment.
	Enhance the role of the National Agency of Investment and Privatization as a one-stop shop.	<b>Pending</b>
<b>Indicator 3</b>		
2018	Establish an independent energy regulator responsible for setting tariffs, protecting consumers' rights, regulating natural monopolies, and creating competitive conditions in the energy market.	<b>Pending</b>
	Clarify the eligibility criteria for availing benefits under investment agreements which grant specific privileges to investors.	<b>Pending</b>
2019	Develop step-by-step guidelines to support foreign companies investing in the energy sector.	<b>Pending</b>
2020	Complement the Draft Strategy on Attraction of Direct Foreign Investments until 2025 with an action plan which contains specific measures and timelines to reach the goals outlined in the Strategy.	<b>Improvement suggested in 2020.</b> Status will be updated in 2021.
<b>Indicator 4</b>		
2018	Consider establishing an investment ombudsman.	<b>Pending</b>
	Amend the domestic laws to include well-defined grounds to expropriate private property, clauses explaining the process to determine the compensation and a timeframe for its payment.	<b>Work ongoing.</b> Domestic legislation still needs to be amended. However, in 2019, Belarus signed a BIT with Uzbekistan which defines the process for determining compensation in the event of expropriation or nationalisation.
	Make efforts to expedite the country's accession to the WTO.	<b>Improvement suggested in 2020.</b> Status will be updated in 2021.