



Belarus

Population ¹	9,483,499
Area (km ²) ¹	207,600
GDP per capita (USD) ¹	6,330.07
TES (Mtoe) ²	26.96
Energy intensity (toe/10 ³ 2015 USD) ²	0.46
CO ₂ emissions - energy (MtCO ₂) ³	57.1

There is no data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2021

Sources:

1. The World Bank 2018
2. ©IEA (2021), World Energy Balances (<https://www.iea.org/data-and-statistics>). All rights reserved.
3. ©IEA (2021), CO₂ Emissions from Fuel Combustion (<https://www.iea.org/data-and-statistics>). All rights reserved.

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

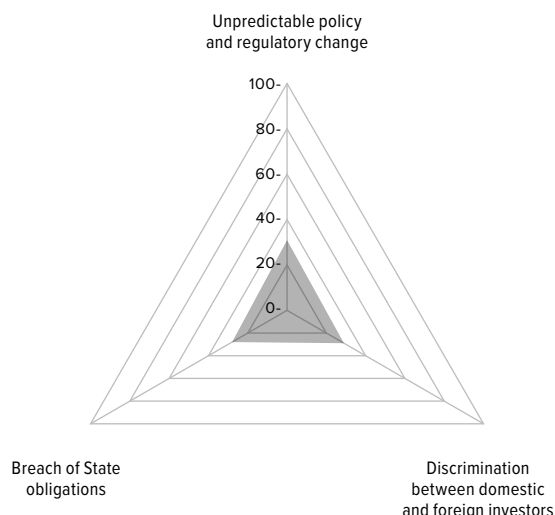
Of the three risks assessed in EIRA, *breach of State obligations* is lower compared to *discrimination between domestic and foreign investors* and *unpredictable policy and regulatory change*.

Belarus' performance is good on all four indicators. On *management of decision-making processes* its score is 73, followed by *rule of law* at 72. Its scores on *regulatory environment and investment conditions* (69) and *foresight of policy and regulatory change* (61) are the same as in EIRA 2020.

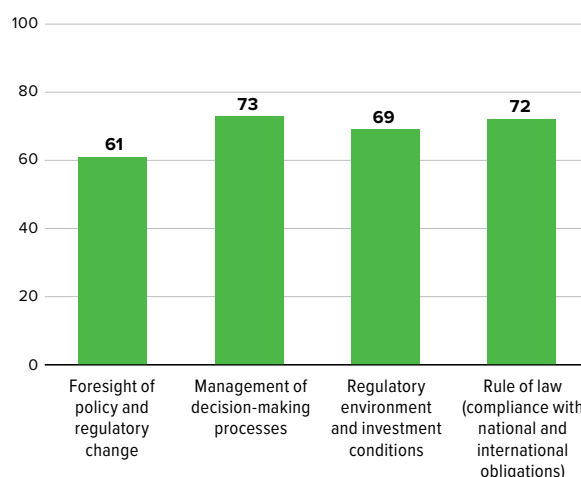
On a more detailed level, Belarus' overall sub-indicator performance is good. The highest-scoring sub-indicator is *restrictions on FDI* at 100, followed by *management and settlement of investor-State disputes* at 85. Its score is good on the sub-indicators *transparency* (78), *communication of vision and policies* (73) and *institutional governance* (69). It has maintained its scores from EIRA 2020 on *respect for property rights* (58). On *robustness of policy goals and commitments* its score has increased by a point, from 49 to 50. *Regulatory effectiveness* is 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 strengthening its regulatory effectiveness.

RISK LEVEL



INDICATOR PERFORMANCE

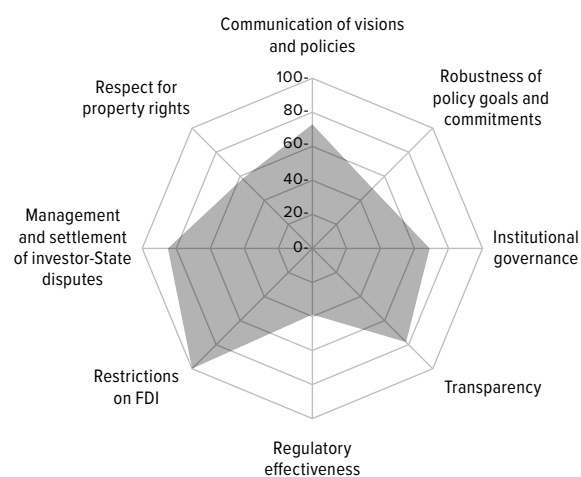


YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019	2020	2021
Unpredictable policy and regulatory change	34	34	31	31
Discrimination between domestic and foreign investors	30	30	29	29
Breach of State obligations	31	31	28	28

INDICATORS	2018	2019	2020	2021
Foresight of policy and regulatory change	57	57	61	61
Management of decision-making processes	72	72	73	73
Regulatory environment and investment conditions	69	69	69	69
Rule of law	69	69	72	72

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

In 2020 and 2021, the Government adopted two State-level and various sectoral programmes on energy and environmental protection for 2021-2025.

Belarus accepted the Paris Agreement in 2016.

STRENGTHS

Belarus is taking steps to strengthen its energy security. On 7 November 2020, it commissioned the first unit of the Ostrovets nuclear power plant with a planned annual production capacity of 18.5 billion kWh. The plant will help decrease the annual consumption of imported natural gas by 4.5 billion cubic metres and reduce the country's GHG emissions by 7 million tonnes. Meanwhile, Belarus' total renewable power generation capacity increased from 47 MW in 2006 to 491 MW in 2020. The Government has also approved new State Programmes to reduce energy intensity and strengthen the power infrastructure from 2021-2025. The State Programme on Energy Saving envisions that by 2026, the energy intensity of GDP will be reduced by 7% compared to the 2020 level. The State Programme on Increasing Electricity Use for Heating, Hot Water and Food Preparation (2021-2025) plans to refurbish 3465 km of the 0.4-10 kV distribution network. The Programme for Complex Modernisation of Gas Sector Production 2021-2025 intends to install 617.9 km of high and medium pressure gas pipelines. The Council of Ministers has also adopted Resolution no. 137/2021 to implement the Paris Agreement. The Resolution approves the procedures for maintaining the State inventory of anthropogenic emissions and absorption by GHG sink removal. It also establishes a national GHG inventory system.

By Resolution no. 758/2020, the Council of Ministers of Belarus approved the Activities Programme of the Government of the Republic of Belarus until 2025, including an action plan containing performance indicators, implementation activities, and timelines. The Resolution outlines mechanisms to monitor and evaluate the Programme's progress annually. The Government agencies responsible for completing the relevant activities must submit annual implementation reports to the Ministry of Economy and provide any requested clarifications before 1 March of each year. By 1 April, the Ministry of Economy must submit to the Council of Ministers a summary of the activities implemented. The Vice Prime Ministers are accountable for controlling the execution of the Government Programme within their areas of responsibility.

AREAS FOR IMPROVEMENT

The Government is encouraged to cooperate and negotiate with prospective electricity buyers within the EAEU and beyond to ensure the successful implementation of the country's energy export plans.

The energy sector's policy monitoring and evaluation will improve if the final assessment reports are publicly available and open for stakeholder feedback.

Management of decision-making processes

QUICK FACTS

The Ministry of Energy develops and implements national energy policies.

Law no. 130-Z/2018 "On Normative Legal Acts" determines the requirements for publishing legal and regulatory acts online and in print.

STRENGTHS

The Government is taking proactive legal and regulatory measures to improve the business climate and digitalise the public sector services. The President of Belarus has approved the 2021 annual plan to prepare 37 draft laws and amendments concerning different economic sectors, such as the securities market, leasing, trunk pipelines, labour regulations, Public-Private Partnerships, improving competition, and fighting corruption. By Decree no. 759/2020, the Government approved 36 State Programmes covering the period 2021-2025 in areas including innovative development, scientific technologies and equipment, protection of the environment, sustainable use of natural resources and energy savings. The State Programme on Digital Development of Belarus for 2021-2025 aims to expand digital services and improve the national information and communication infrastructure and services. It includes an action plan to make the public sector operations more effective by creating a digital inter-agency information exchange interface.

After the 2020 presidential elections, discussions on constitutional reforms are ongoing in the country. A Constitutional Committee has been established through Presidential Decree no. 105/2021. The Committee comprises members of the Constitutional Court, the Council of the Republic of the National Assembly, the State agencies, local governments, the economic sector, civil society and academia. It is responsible for developing the draft Constitutional amendments and ensuring nationwide discussions on these. In addition to the Constitutional reforms, on 14 December 2020, the National Assembly held the regular session of the Sustainable Development Council consisting of State officials as well as members of the Partnership Group on SDG. The Council discussed the country's progress in achieving the SDGs and preparing the National Strategy for Sustainable Development until 2025 and the State Programme for Socio-Economic Development.

AREAS FOR IMPROVEMENT

The Government should increase the minimum time for discussing draft laws with the public from 10 days to at least 25 days.

Regulatory environment and investment conditions

QUICK FACTS

The Council of Ministers regulates the electricity and heating tariffs for residential end-users based on the Ministry of Energy's proposals.

The Ministry of Antimonopoly Regulation and Trade regulates the tariffs for legal entities and individual entrepreneurs.

Law no. 345-Z/2015 "On Public-Private Partnership" safeguards the properties and assets of private investors.

STRENGTHS

The tariffs for electricity, gas and heating increased in 2021 following the approval of Presidential Decree no. 490/2020 "On Setting Tariffs for Housing and Public Utilities for 2021" and the Council of Ministers Resolution no. 795/2020 "On Amendment of Resolution of the Council of Ministers of the Republic of Belarus no. 1166 dated 30 December 2013". The tariff hike is aligned with the Republic of Belarus' Budget and Finance Policy for 2021-2023, which refers to the necessity of increasing the tariffs for housing and public utilities. It also furthers the Government's plan to introduce economically feasible mechanisms to revise tariffs for energy customers due to various external and internal conditions, as outlined in the National Strategy for Sustainable Social-Economic Development until 2030. In the long-term, the new tariffs aim to phase out the cross-subsidisation of utility tariffs.

Law no. 53-Z/2013 "On Investments" guarantees to investors the right to freely transfer investment-related capital, payments and profits outside of the Republic of Belarus after paying all taxes and duties. According to the Ministry of Economy's annual report, foreign investment inflow reached USD 8.7 billion in 2020, out of which USD 6 billion USD or 69.2% was FDI. The Government's Programme until 2025 contains a set of actions to increase investment flow in the country, such as creating a planned system for investment in the engineering, transport and social infrastructure as per the State National Infrastructure Plan 2021-2025. It also gives investors additional guarantees against adverse amendments to the tax legislation. It increases the independence of local governments in determining the priority sectors for investment and establishes a specialised regional organisation for investment facilitation called the Regional Development Centre. Finally, it facilitates the signing of agreements on free trade and investment with specific countries and the ratification of corresponding agreements with Members of the Commonwealth of Independent States.

AREAS FOR IMPROVEMENT

The Government should expedite the finalisation and adoption of the Strategy on Attraction of Direct Foreign Investments. It may also consider developing an action plan to implement this Strategy.

Rule of law

QUICK FACTS

Access to arbitration is provided in Law no. 279-Z/1999 "On International Arbitration Court".

Law no. 58-Z/2013 "On Mediation" regulates the mediation and enforcement of mediated settlement agreements.

STRENGTHS

In the last year, the Government took steps to encourage alternative dispute resolution mechanisms, particularly mediation. On 21 May 2020, the House of Representatives of the National Assembly adopted Law no. 25-Z/2021 "On ratification of the United Nations Convention on International Settlement Agreements Resulting from Mediation" (Singapore Convention). On 10 June 2020, the Council of the Republic (upper house of the National Assembly) endorsed the ratification of the Singapore Convention. This development signals the country's continued commitment to promoting mediation as an alternative method to resolve disputes between investors and the State and will help to improve the enforceability of settlements mediated across borders. The National Assembly also enacted Law no. 89-Z/2021 "On amendments to laws on matters related to mediation", effective from 15 January 2021, to harmonise local legislation with the requirements of the Singapore Convention. The amendments bring in new provisions on the recognition and enforcement of international mediation agreements, and they define the grounds for denying enforcement.

Nationalisation of private property is possible only on the grounds of "social necessity" and on the timely and full payment of compensation equivalent to the property's value and other losses. Domestic laws do not include provisions restricting the transfer of technology in the energy sector. On 18 December 2020, the Council of the Republic of the National Assembly endorsed the ratification of the Agreement on Trademarks, Service Marks and Appellation of Origin of Goods in the EAEU (Law no. 79-Z/2021). Belarus signed and ratified BITs with 66 countries, of which 56 are in force, and eight treaties with investment protection provisions, of which seven are in effect.

AREAS FOR IMPROVEMENT

Belarus should consider amending the domestic legislation on property rights to include well-defined grounds to expropriate property, with a detailed description of the process to determine the compensation amount and the timeline for completing this process.

IMPLEMENTATION STATUS



Belarus

PROPOSED IN	EIRA AREAS FOR IMPROVEMENT	IMPLEMENTATION STATUS AS OF 1 APRIL 2021
Indicator 1		
2018	Develop a long-term investment plan for the energy sector.	Work ongoing. The 2017-2030 National Infrastructure Strategy (NIS), approved in 2017, serves as a guidance document for the business community. In 2020 and 2021, several State Programmes covering the period of 2021-2025 were adopted. The Programmes "On Increasing Electricity Use for Heating, Hot Water and Food Preparation", "On Complex Modernisation of Gas Sector Production" and "On Comfortable Housing and Favourable Environment" contain plans to increase investment in the energy sector.
	Define long-term targets to reduce carbon emissions in the energy sector.	Pending
	Implement institutional reforms to make the policy monitoring authorities independent of the policy-making bodies.	Pending
2019	Adopt the new Law on Electricity.	Pending
2020	Cooperate with prospective buyers, within the EAEU and beyond, to ensure the successful implementation of the country's energy export plans.	Work ongoing. The Belarusian national energy company, Belenergo, is working on various electricity export options.
	Develop a well-designed system to monitor the implementation of the national energy priorities.	Pending
Indicator 2		
2018	Institutionalise and make it legally mandatory for State authorities to consult stakeholders on legal and regulatory decisions.	Work ongoing. According to Law no. 130-Z "On Normative Legal Acts", 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. The Ministry of Energy publishes information on its Public-Consultative (Expert) Council, including the list of members, the meeting minutes and copies of the draft laws and regulations discussed. The Council holds two to three meetings per year.
	Enhance the role of the National Agency of Investment and Privatization as a one-stop shop.	Pending
2021	Increase the timeframe of citizen engagement and consider allowing third parties (those not directly involved in a matter) to give their feedback on important draft laws.	Improvement suggested in 2021. Status will be updated in 2022.
Indicator 3		
2018	Establish an independent energy regulator responsible for setting tariffs, protecting consumers' rights, regulating natural monopolies, and creating competitive conditions in the energy market.	Pending
	Clarify the eligibility criteria for availing benefits and incentives under international investment agreements.	Pending
2019	Develop step-by-step guidelines to support foreign companies investing in the energy sector.	Pending
2020	Complement the Draft Strategy on Attraction of Direct Foreign Investments until 2025 with an action plan and revitalise the discussions with the final aim to approve the document.	Pending
Indicator 4		
2018	Consider establishing an investment ombudsperson to resolve conflicts between investors and State agencies.	Pending
	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.	Work ongoing. In 2019, Belarus signed BITs with Uzbekistan and Hungary that define the process to determine compensation in the event of expropriation or nationalisation.
2020	Make efforts to expedite the country's accession to the WTO.	Pending