

3. Trends in sustainable infrastructure investment in Belarus

This chapter describes sustainable infrastructure planning in Belarus and presents current trends in investment in large-scale infrastructure projects. It compares Belarus's infrastructure plans in the energy, transport, industry and water sectors against its international commitments under the Paris Agreement on climate change and the Sustainable Development Goals (SDGs). The chapter also explores Belarus's strategic documents for long-term economic development, sectoral development and the environment, including those related to climate change mitigation and adaptation. It identifies misalignments between stated goals and observed investment flows and provides recommendations to improve strategic planning for sustainable infrastructure.

State of play: economy, investment and climate change in Belarus

Economy and trade

Table 3.1. Key indicators on Belarus's economy

Population (2019)	9 466 856
Urbanisation rate (2019)	79.0%
Annual population growth (2018)	-0.2%
Surface area	207 600 km ²
GDP (USD, current price, 2018)	63 080 million
GDP per capita (USD, current price, 2019)	6 663
Real GDP growth (year-on-year change, 2019, 2020)	1.2%, -3%
Inflation (average consumer price, y-o-y change, 2020)	5.6%
Exports of goods and services (% of GDP, 2019)	66.4%
Imports of goods and services (% of GDP, 2018)	66.9%
FDI, net inflows (% of GDP, 2019)	2.0%
General government net lending/borrowing (% of GDP, 2019, 2020)	0.6%, -4.6%
Unemployment (% of total labour force, 2019)	4.2%
Remittances (% of GDP, 2019)	2.2%
Transparency, accountability and corruption in the public sector rating	n.a.

Source: World Bank (2021^[1]), *World Development Indicators (database)*, World Bank, <https://datacatalog.worldbank.org/dataset/world-development-indicators>; IMF (2020^[2]), *World Economic Outlook: October 2020*, International Monetary Fund https://www.imf.org/external/datamapper/GGXCNL_NGDP@WEO/OEMDC/ADVEC/WEOWORLD

Economy and demographics

Belarus is a landlocked, upper-middle income country in Eastern Europe. It borders Russia to the northeast, Ukraine to the south and European Union member states Poland, Lithuania and Latvia to the west and northwest. It has the highest GDP per capita in the EU Eastern Partnership (EaP).¹ Like many countries in Eastern Europe, Belarus has a shrinking national population (-6% between 1999 and 2019). Although Belarus's urban population experienced positive growth (+5% between 1999 and 2019) including from net immigration, its rural population has declined dramatically (-31% between 1999 and 2019) (Belstat, 2020^[3]). Current trends are expected to continue. Belarus's population is projected to decrease from 9.4 million in 2019 to 8.6 million by 2050, with the share of individuals aged 65 or older increasing from 15.6% (2020) to 24% (2050) (UNDESA, 2019^[4]).

Following independence in 1991, Belarus's GDP fell from USD 31.2 billion in 1991 (in constant 2010 USD) to USD 20.6 billion in 1995. In real terms, the country's GDP grew rapidly until the late 2010s, increasing over three-fold in size from USD 20.6 billion to USD 63 billion by 2014. The economic downturn in neighbouring Russia beginning in 2014 has had a major impact on Belarus's economy, resulting in a sharp drop in GDP (to USD 59 billion in 2016) from which the country has since recovered (USD 63.2 billion in 2019) (World Bank, 2021^[1]). Due to the ongoing COVID-19 pandemic, Belarus's economy expected to contract by 3% in 2020 and return to positive growth in 2021 (IMF, 2020^[5]).

As of February 2021, Belarus had diagnosed 27 COVID-19 cases per thousand inhabitants, marginally more than in Azerbaijan (22.8) and slightly fewer than neighbouring Ukraine (29.3), while the other three EaP countries have considerably higher confirmed infection rates: Armenia (56.6), Georgia (65.4) and Moldova (40.5). Belarus's death rate (187 deaths per million inhabitants) is the lowest in the Eastern Partnership (Rosier et al., 2020^[6]).² Belarus implemented less stringent containment measures than its neighbours. Although it curtailed international travel and imposed quarantine restrictions on infected

individuals and close contact, Belarus continued to permit mass gatherings and events as well as in-person education (OECD, 2020^[7]).

Some of Belarus's stimulus measures to encourage a swift recovery from the economic downturn could have potentially negative impacts on the environment, while others could align well with its green economy-related goals. For instance, the government postponed the introduction of a tariff on heat and gas supply that was initially planned for 1 May 2020 by one year to avoid overburdening its citizens already facing economic hardship due to the pandemic. The government has also highlighted investments in renewable energy and low-emission technologies as potential ways to stimulate the economy (OECD, 2021^[8]).

Belarus is a service-oriented economy (48.8% of GDP) with a sizeable manufacturing sector (21.3%) and a particularly small industrial and construction sector (1.4%). Agriculture accounts for 6.8% of GDP, less than in neighbouring Ukraine (9%) and Moldova (9.9%) (World Bank, 2021^[1]).

Trade

Belarus, along with Azerbaijan, is one of only two EaP countries that are not members of the World Trade Organisation (WTO). Although its Working Party for eventual accession to the organisation was established in 1993, Belarus is currently an observer country. During its Working Party's 12th meeting in 2019, Belarus reaffirmed its commitment to join the WTO and aimed to do so by the 2020 Ministerial Conference (WTO, 2019^[9]). Due to the COVID-19 pandemic, these plans have been postponed.

Belarus was a founding member of the Eurasian Economic Community and its Customs Union along with Kazakhstan and Russia. The Eurasian Economic Union replaced these regional structures in 2015, with Armenia and Kyrgyzstan joining the Union and its integrated single market. In 1999, before the Eurasian Economic Union's founding, Belarus had already established an integrated single market with Russia through the Union State of Russia and Belarus, which initially included the explicit but as yet unrealised goals of creating a single currency and coordinated foreign and defence policies.

Belarus and the European Union concluded a Partnership and Cooperation Agreement in 1995, but the European Union never ratified it, which makes Belarus the only EaP country without a Partnership and Cooperation Agreement (or a more comprehensive agreement, such as an Association Agreement) in force. The European Union's Eastern Partnership (EaP) is a key initiative for continued cooperation between the EU, its member states and Belarus. Negotiations between the European Union and Belarus have been ongoing since 2016 to define the Partnership Priorities.

Belarus participates in practical cooperation with the Northern Dimension, a joint policy between the European Union, Russia, Norway and Iceland initiated in 1999 and renewed in 2006 focused on economic integration and sustainable development in Northern Europe. Belarus participates in two of the Northern Dimension's four partnerships: on ecology and on transport and logistics. In 2020, Belarus held the chairmanship of the Northern Dimension Partnership on Transport and Logistics (NDPTL), which seeks to encourage market integration through improved transport connectivity. A key initiative is the development of the NDPTL Regional Transport Network, which aims to integrate the Trans-European Transport Network (TEN-T) with the transport networks of Belarus, Norway and Russia across all modes of transport.

Belarus has also been an observer state to the Council of Baltic Sea States since 2009 and has taken part in a number of its initiatives, such as the Baltic Energy Ring, which aims to develop a united energy system for the Baltic region states, as well as projects on environmental protection, radiation safety, health and migration.

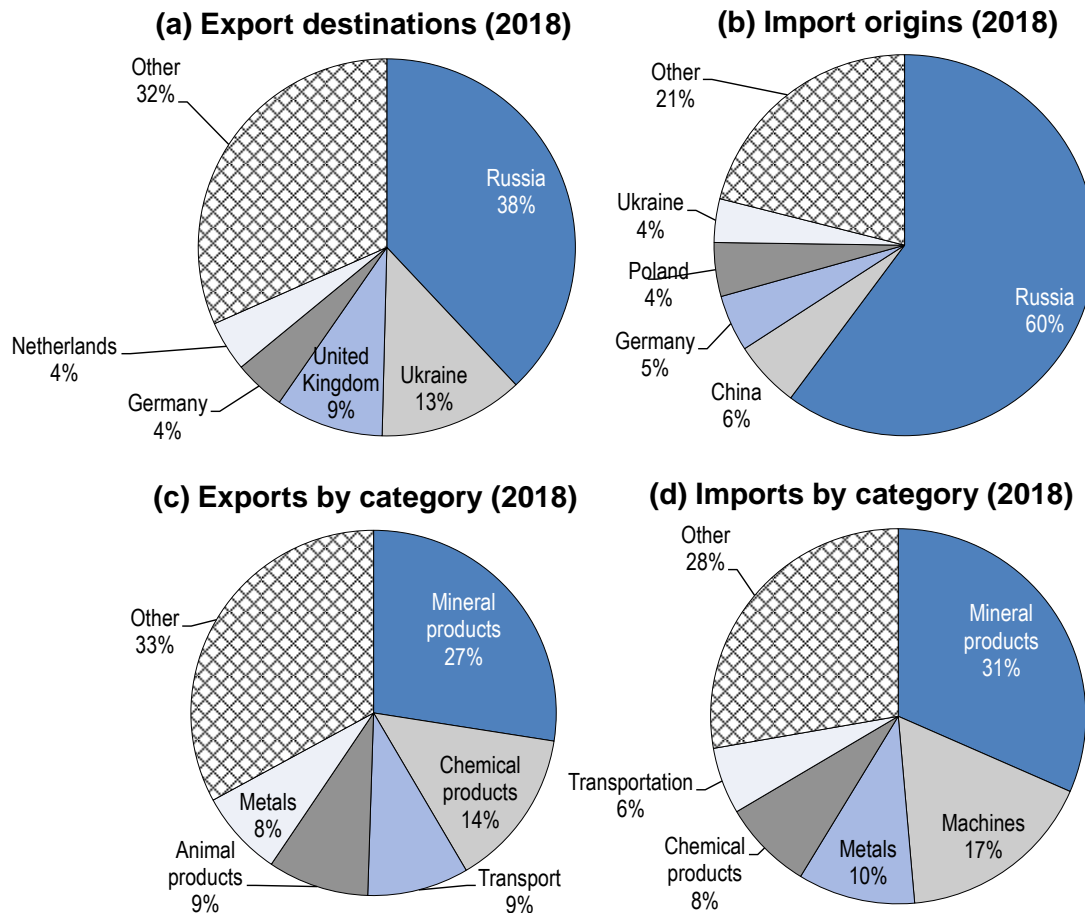
Unlike Georgia, Moldova and Ukraine, Belarus is not a Contracting Party of the European Union's Energy Community, but it applied for Observer status in 2016. No decision on this application has been communicated yet. If granted, this would allow Belarus to attend institutional meetings of the Energy Community with a view for closer collaboration and eventual integration into a pan-European energy

market. Observers, like Armenia, also benefit from policy guidance from the Energy Community Secretariat on potential reforms.

Russia is Belarus's most important trade partner by a wide margin, accounting for 60% of Belarus's imports and 38% of its exports (Figure 3.1(a) and (b)). Belarus's trade relationships with the other members of the Eurasian Economic Union are considerably less consequential, although Kazakhstan is a non-negligible export market (2.4%). In terms of exports, Belarus's most important markets are Ukraine (13%), the United Kingdom (9%) and the European Union (over 19%), particularly Germany (4%), the Netherlands (4%) and neighbouring Poland (4%). While Russia imports a variety of products from Belarus, refined petroleum dominates the mix of Belarusian exports to the United Kingdom, Ukraine and European Union countries. China (2%) and Brazil (2%) are also important export markets, particularly for fertilisers. Belarus sources 6% of its imports from China, 4% from Ukraine, 2% from Turkey and about 14% from the European Union – primarily Germany (5%), Poland (5%) and Lithuania (3%).

Mineral products make up the largest share of Belarus's imports (31%) and exports (27%) (Figure 3.1(c) and (d)). Belarus imports crude petroleum (19% of its imports, exclusively from Russia) and exports refined petroleum (20% of exports). Russia also supplies Belarus with petroleum gas (8% of imports) and refined petroleum (4%). Belarus's other major exports are chemical products (14%), especially fertilisers (8%); transport (9%), especially delivery trucks (5%) and tractors (2%) for the markets of the former Soviet Union; and animal products (9%), especially cheese (2%), almost exclusively for export to Russia. In addition to mineral products, Belarus's major imports are machines (17%), metals (10%), chemical products (8%) and transport (6%), especially cars (2%), mostly from Russia and Germany.

Figure 3.1. Trade of Belarus



Source: Observatory of Economic Complexity (2018_[10]), *Armenia: Exports, Imports and Trade Partners*, Observatory of Economic Complexity, <https://oec.world/en/profile/country/blr>

Investment climate

Belarus actively seeks foreign investment in strategic export-oriented sectors such as pharmaceuticals, nanotechnologies and manufacturing of electrical equipment, ICT technologies, home appliances and vehicles. Actual foreign direct investment (FDI) flows benefit primarily sectors dominated by state-owned enterprises (SOEs) (US Department of State, 2020_[11]). SOEs play an outsized role in the Belarusian economy. According to the National Statistical Office (Belstat), the state sector accounts for just under a third of value added, but its definition of the state sector excludes all joint-stock companies, even when the state is the only shareholder. Other sources, notably the European Bank for Reconstruction and Development, estimate that the state sector accounts for closer to 70% of the Belarusian economy (Papko and Kozarzewski, 2020_[12]). Foreign companies active in Belarus report that selective law enforcement and informal practices continue despite legislation establishing equal treatment for domestic and foreign investors, and the judiciary is not considered to be fully independent (US Department of State, 2020_[11]).

According to its draft *National Strategy for Socioeconomic Development for the period to 2035*, Belarus aims to rank among the top 30 countries in the World Bank's annual Doing Business survey by 2030, compared to its ranking in 2016 of 37th. However, by 2020 Belarus had backslid in the rankings to 49th place, behind Armenia (47th), Azerbaijan (34th), Georgia (7th) and Moldova (48th). Belarus has improved its

score on individual Doing Business indicators in recent years, but its progress has been outpaced by more comprehensive reforms elsewhere. Whereas it took 80 days and 17 procedures on average to open a business in 2004, Belarus had streamlined the process to four procedures taking 8.5 days by 2020. Belarus's tax system is particularly onerous and remains burdensome despite improvements. In 2006, businesses spent 987 hours annually on their taxes, which were collected in 125 payments per year. By 2020, the tax regime required only 7 payments amounting to about 170 hours per year (World Bank, 2020_[13]).

Corruption is a major concern in Belarus. In 2019, the Council of Europe's Group of States against Corruption declared that Belarus had consistently failed to meet its anti-corruption standards and was deemed non-compliant. It noted that corruption appeared particularly rampant in procurement processes for state-run enterprises (OECD, 2020_[14]). According to Transparency International's Corruption Perceptions Index, however, the situation in Belarus has improved markedly over the past decade: Belarus ranked 123rd out of 176 countries in 2012 and 63rd out of 180 in 2020. This places Belarus ahead of most other countries in the Eastern Partnership, including Moldova (115th), Ukraine (117th) and Azerbaijan (129th) (Transparency International, 2019_[15]).

In 2010, Belarus created an investment promotion agency, the National Agency of Investment and Privatisation, to provide essential services to potential investors in Belarus. The agency is charged with several functions including carrying out government investment policy, public-private partnerships and privatisations as well as searching for and attracting foreign investors, improving the image of Belarus abroad as a destination for investment and managing a centralised information portal on investment-related matters. However, the agency juggles too many mandates, including policy-making, treaty negotiations and public concession management, which reduces the overall quality of service delivery. On paper, the agency is also responsible for acting as a "one-stop shop" to access all government services necessary for starting and running a company in Belarus, but it does not offer essential services such as work permits or assistance with utilities. Despite its large number of mandates, the National Agency of Investment and Privatisation has only a small staff of about 30 employees, compared to a median of over 110 employees in OECD investment promotion agencies that are responsible for fewer mandates on average. If functions beyond investment promotion and facilitation were transferred to the purview of the Ministry of Economy, the National Agency of Investment and Privatisation could function more effectively and credibly (OECD, 2020_[14]). Currently reforms to the Agency's functions are under consideration.

The Chinese-Belarus Industrial Park Great Stone, a large-scale manufacturing hub under development near Minsk within the framework of the China-Belarus intergovernmental cooperation agreement signed in 2011, acts as a free economic zone with its own unique investment climate. Any company, regardless of country of capital origin, can act as a resident of the industrial park. To compete for investors in the world market, Belarus has created a favourable investment climate for industrial park residents, as guaranteed by national law as well as special international agreements and obligations. It offers favourable tax conditions and is administered by a dedicated state institution that reports to the Government of Belarus. This institution, through its One Station Investor Services Department, offers comprehensive investor support services. By providing ready-made engineering and transport infrastructure and duty-free access to the Customs Union of the Eurasian Economic Union, the park aims to boost investment into high-value sectors of the Belarusian economy (Great Stone Industrial Park, n.d._[16]).

Inward FDI stocks have increased over the past decade in Belarus, increasing from 10% of GDP in 2007 to 23% in 2019. FDI stocks in Belarus remain below the EU average and its EaP peers, which indicates room for growth (OECD, 2020_[14]).

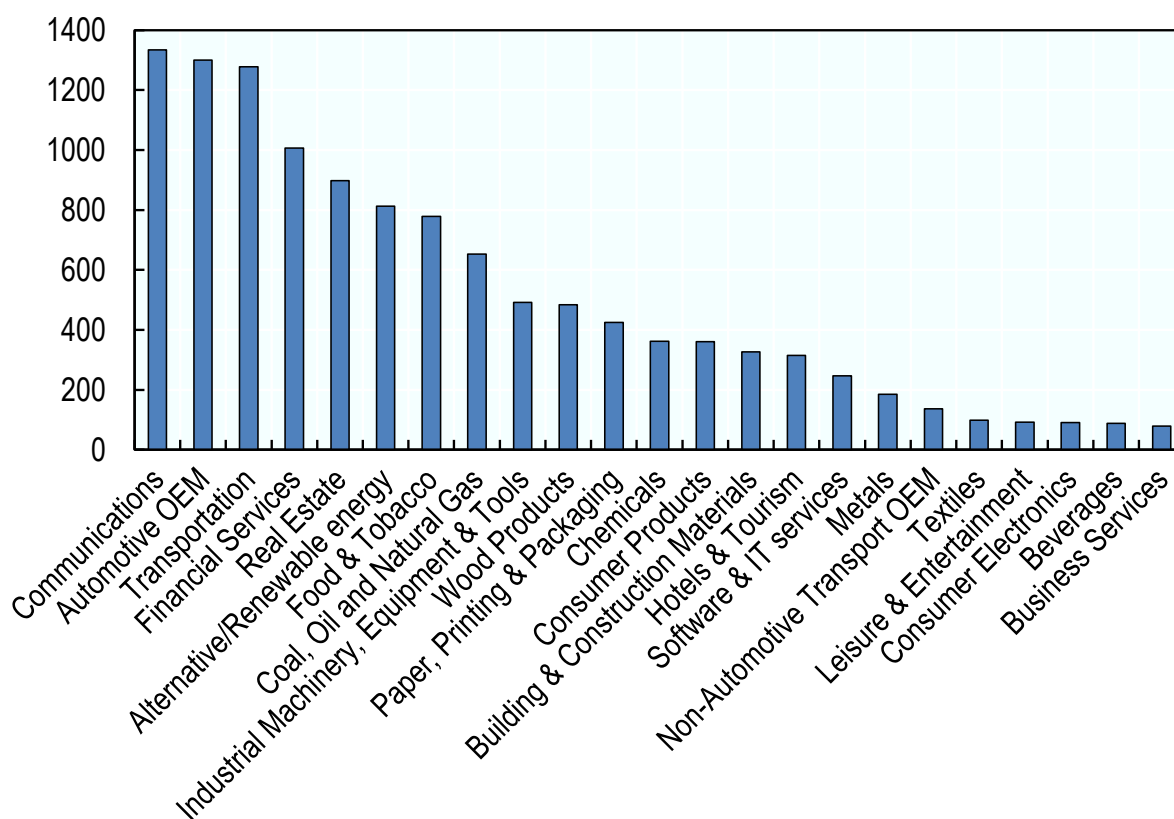
According to the OECD FDI Restrictiveness Index, which measures barriers to foreign direct investment such as foreign equity limitations and operational restrictions, Belarus has the second most restrictive FDI rules in the Eastern Partnership after Ukraine. In 2019, on a scale from 0 (open) to 1 (closed), Belarus scored 0.086, more restrictive than the regional average for the Eastern Partnership (0.064) and slightly

more closed than OECD countries (0.085). Restrictions in Belarus, like in Azerbaijan, apply primarily to the media sector as well as business and financial services.

Between 2003 and 2017, Belarus attracted USD 12.1 billion of FDI to greenfield projects across a wide variety of sectors, including communications (11%), automotive original equipment manufacturing (11%), transportation (11%) and financial services (8%) (Figure 3.2). Belarus's energy sector, especially alternative/renewable energy sources (7%) but also fossil fuels (5%), benefited from considerable greenfield FDI inflows.

Figure 3.2. Greenfield FDI in Belarus by economic activity, 2003-2017

Cumulated greenfield FDI capital between January 2003 and September 2017 in USD million

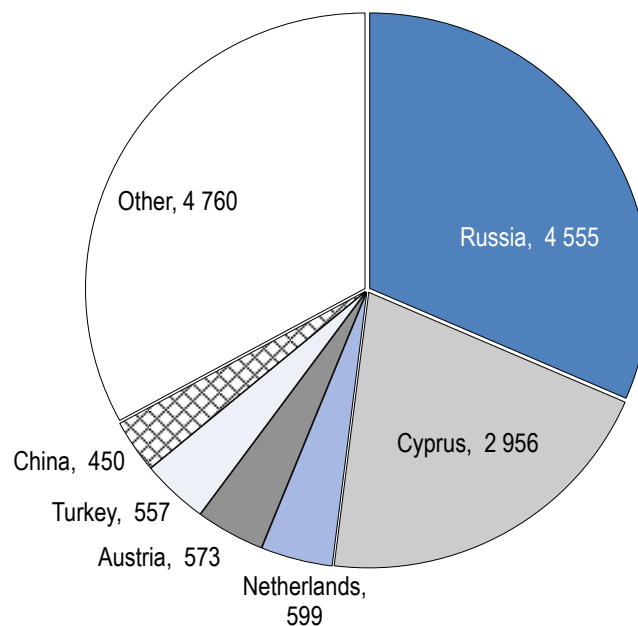


Source: OECD based on fDi Markets (2019_[17]), fDi Markets: the in-depth crossborder investment monitor (database), fDi Markets, <https://www.fdimarkets.com/>

Not only is Russia Belarus's most important trade partner, it also invests more in Belarus's economy than any other country. In 2019, Russia invested USD 4.6 billion in Belarus, accounting for 32% of the country's FDI (Figure 3.3). A large share of Cyprus's 20% likely derives from offshore Russian concerns (Balas et al., 2018_[18]). Belarus's other foreign investors are much smaller in scale: the Netherlands (4%), Austria (4%), Turkey (4%) and China (3%) (National Bank of the Republic of Belarus, 2020_[19]). Much of Belarus's industries remain dominated by state-owned enterprises, which seek FDI by forming joint ventures with foreign investors. About half of the foreign capital that Belarus receives is funnelled into joint ventures with SOEs (Balas et al., 2018_[18]).

Figure 3.3. Belarus's FDI inflows by country of origin, 2019

USD million



Source: National Bank of the Republic of Belarus (2020^[19]), "Foreign direct investments in the reporting economy for 2010-2019", <https://www.nbrb.by/eng/statistics/foreigndirectinvestments>

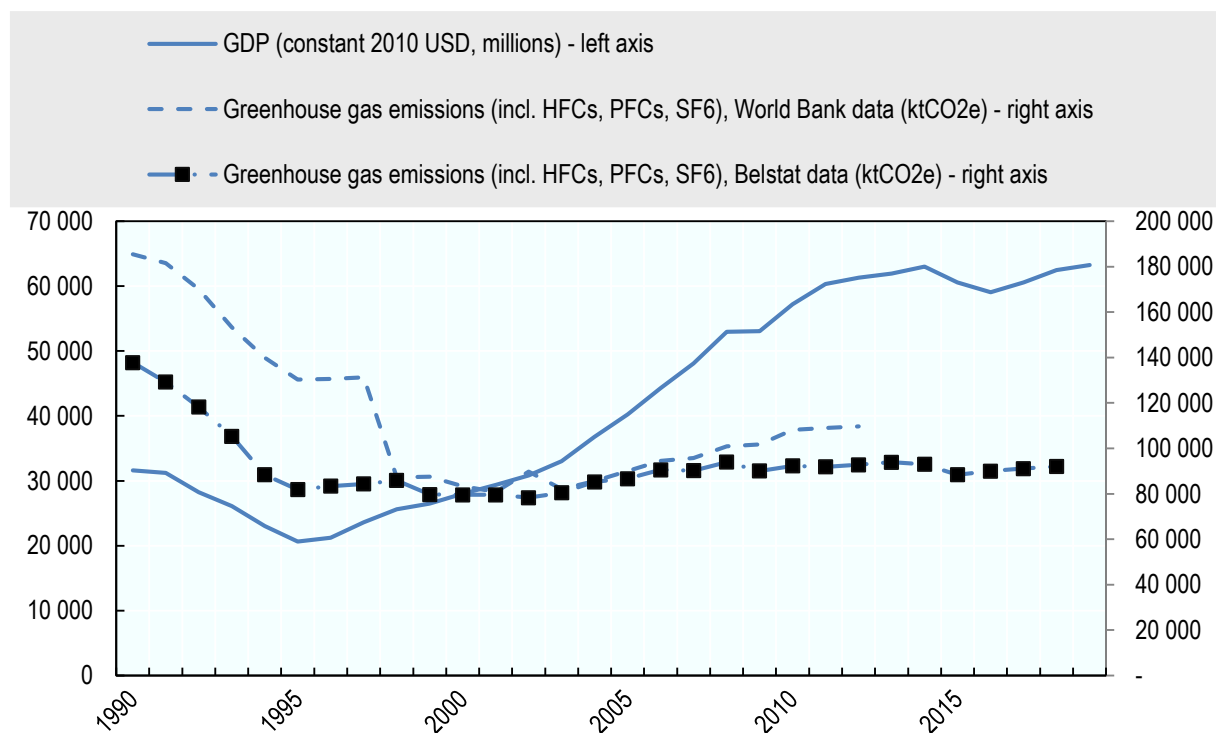
The vast majority (about 90% in 2018) of Belarus's public debt is denominated in foreign currencies, which makes it particularly vulnerable to exchange rate fluctuations and external shocks. According to the IMF, external observers have advised caution about Belarus's rising public debt, which is high (52% of GDP) and expected to rise (55% by 2022). The IMF has encouraged reforms to macroeconomic policies and the country's large state-owned enterprises to boost economic resilience (IMF, 2018^[20]).

Climate change

Belarus emits about 0.2% of global greenhouse gas (GHG) emissions. Prior to independence, Belarus's annual GHG emissions over 50% greater than over the past decade. Total emissions declined dramatically in the 1990s following the breakup of the Soviet Union, falling from 138 (or 185 according to World Bank data) MtCO_{2e} in 1990 to 78 (or 83) MtCO_{2e} by 2002, before rising again over the past two decades (92 MtCO_{2e} by 2018) (Figure 3.4). While Belarus's GDP also declined over the 1990s, it has since expanded to over twice its pre-independence levels in real terms (USD 63 billion in 2019 in constant 2010 USD compared to USD 31.6 billion in 1990) despite contractions in 2014-2016 (due to the economic situation in Russia).

As emissions have fallen and the economy has grown, the GHG intensity of Belarus's GDP dropped from approximately 4 kgCO_{2e} per USD (in constant 2010 dollars) in 1990 to about 1.5 kgCO_{2e} per USD by 2018. However, the GHG intensity of Belarus's economy is well above the OECD average (0.35 kgCO_{2e} per USD in 2012) and its per capita emissions (9.7 tCO_{2e} in 2018) are the highest in the Eastern Partnership (Ministry of Natural Resources and Environmental Protection of the Republic of Belarus, 2018^[21]).

Figure 3.4. GHG emissions and GDP of Belarus, 1990-2019



Source: World Bank (2021^[1]), World Development Indicators (database), World Bank, <https://data.worldbank.org/indicator/EN.ATM.GHGT.ZG>; National Statistical Committee of the Republic of Belarus (2020^[2]), B.3. Greenhouse gas emissions, Environment: Shared Environmental Information System Indicators, <https://www.belstat.gov.by/en/ofitsialnaya-statistika/macroeconomy-and-environment/okruzhayuschaya-sreda/the-shared-environmental-information-system/b-slime-change/b3-greenhouse-gas-emissions/>

Energy (including fuel combustion from transport) has accounted for the largest, but declining, share of Belarus's GHG emissions since independence. 71% of the country's emissions (97.9 MtCO_{2e}) were from energy in 1990, declining somewhat to 62% (57 MtCO_{2e}) by 2015. Emissions from agriculture also decreased (from 30.6 MtCO_{2e} to 22.5 MtCO_{2e}) over the same period, but their share of overall emissions expanded (from 22% to 24%). Emissions from Industrial processes and products use as well as waste both increased in absolute terms (from 6.1 MtCO_{2e} and 3.2 MtCO_{2e} to 6.2 MtCO_{2e} and 6.3 MtCO_{2e}) and as a share of total emissions (from 4% and 2% respectively to 7% for both sectors) (Ministry of Natural Resources and Environmental Protection of the Republic of Belarus, 2018^[21]).

Belarus ranks 40th in the Climate Change Performance Index (CCPI) for 2020, an aggregate rating of climate action of selected economies based on GHG emissions, renewable energy integration, energy use and climate policy. While this ranking places Belarus in the "low" category, Belarus performs better than Russia (52nd, "very low" category) and several OECD countries, including its neighbour Poland (50th, "very low" category) (Burck et al., 2020^[23]).

The effects of climate change are already evident in Belarus. Average air temperatures nationally over the period of 1989 to 2016 were about 1.3°C above previously recorded trends (1881-1988), and heatwaves leading to dry conditions – including during the vegetation period, crucial for agricultural productivity – have increased in regularity from about 5 times a decade (before 1989) to 7 times a decade (after 1989). As a result of these changes, which have and will continue to have uneven impacts across the country's regions, Belarus's current agro-climatic zones are projected to undergo sweeping changes that will impact which crops are suitable. Crops currently viable in southern Belarus may be better suited to the country's north

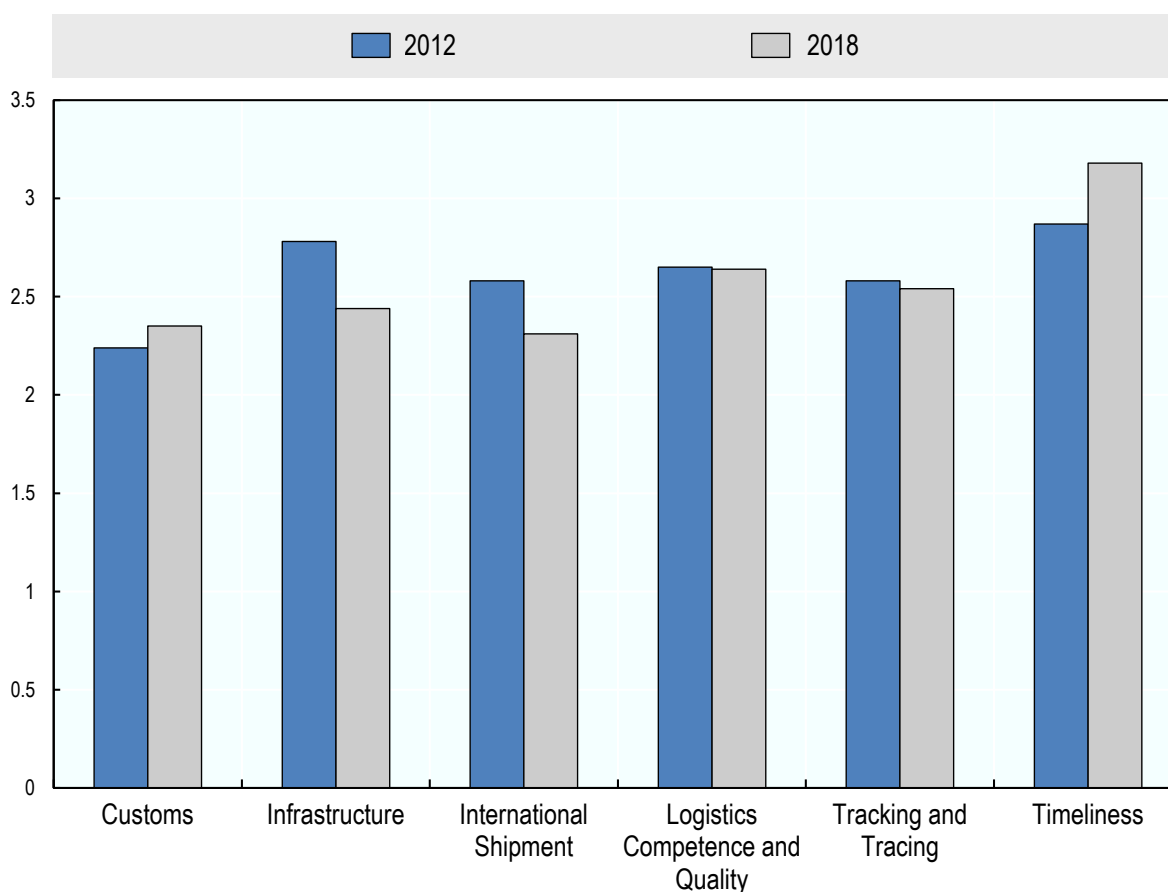
by 2030 or 2050 (Ministry of Natural Resources and Environmental Protection of the Republic of Belarus, 2018^[21]). As a result, projected yields vary considerably from region to region and crop to crop. By 2050, barley, rapeseed and maize yields could decline by as much as 15-25% compared to 2010 levels in some areas, while maize yield in the northwest could increase by 10-20% (Clima East, 2017^[24]).

Belarus's infrastructure needs and current plans

The overall quality of Belarus's infrastructure is adequate for most services, but infrastructure assets are often oversized and, due to age, in need of refurbishment or replacement. Most of the population has access to key infrastructure services, such as safe drinking water (99.5%), sanitation (98.7%), mobility (99.9% of the rural population lives within 2 km of a year-round road) and communal solid waste disposal services (95.5%) (Belstat, 2020^[25]).

Belarus has the potential to capitalise on its strategic location between the European Union and Russia by ensuring that its infrastructure, particularly its logistics and transport infrastructure, facilitates the smooth movement of goods and people. However, according to the World Bank's Logistics Performance Index, Belarus's has fallen in the global rankings from 91st place in 2012 to 103rd in 2018. In particular, its infrastructure score has deteriorated, dropping from 2.78 (65th best in the world) to 2.44 (92nd) (Figure 3.5).

Figure 3.5. Belarus in the Logistics Performance Index, 2012 and 2018



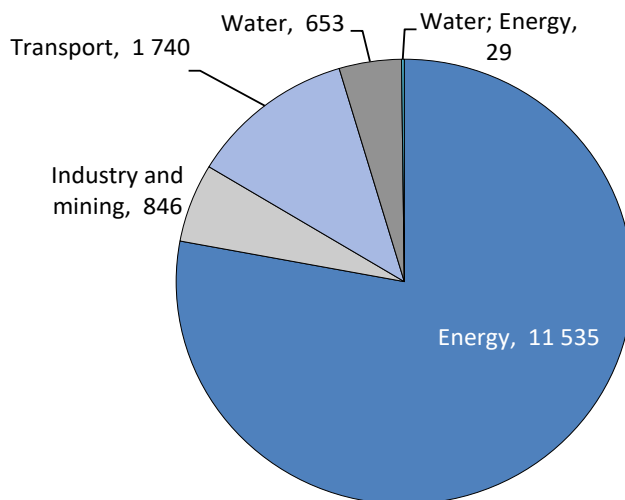
Source: World Bank (2019^[26]), Country Score Card: Logistics Performance Index, <https://lpi.worldbank.org/international/scorecard/>

The strategic goal of Belarus's investment policy is to attract investment to fixed capital, particularly in priority industries. Priorities for the government include innovation, high value-added production and the development of human capital and industries that support environmental and socioeconomic security for the country. One of the criteria to measure progress towards this goal is the number of infrastructure investment projects carried out on the basis of public-private partnerships (PPPs). The government aims to increase the proportion of PPPs in infrastructure projects to at least 10% by 2030 (Government of Belarus, 2017^[27]).

The OECD's database tracks 26 major infrastructure projects planned or under construction in Belarus with a cumulative value of USD 14.8 billion. By value, energy projects account for bulk of Belarus's infrastructure investments (78%, USD 11.5 billion), with transport (12%, USD 1.7 billion), industry and mining (6%, USD 0.8 billion) and water (4%, USD 0.7 billion) making up the remainder (Figure 3.6).

Figure 3.6. Investment projects in Belarus, by sector

Planned and under construction, in USD million



Source: OECD analysis based on accessed databases as of June 2020.

Transport

Belarus's transport infrastructure network is extensive but modernisation and increased connectivity could help the country take full advantage of its position between Russia (and other markets further east) and the European Union. In 2019, Belarus had 5 480 km of railways, of which 22.4% were electrified. While the proportion of electrified track has increased since 2000 (from 15.8%), the total rail network has decreased by 53 km as little-used sections of track were abandoned (Belstat, 2020^[28]; Belstat, 2012^[29]). Belarusian Railways, the state-owned rail company, made considerable improvements to its rolling stock in the 2010s, acquiring 12 163 new units. Belarus's public highway network, on the other hand, has increased in coverage from 74 thousand km in 2000 to 87 thousand km in 2019, but the proportion of paved public highways has fallen from 89% to 87% (Belstat, 2020^[28]; Belstat, 2012^[29]).

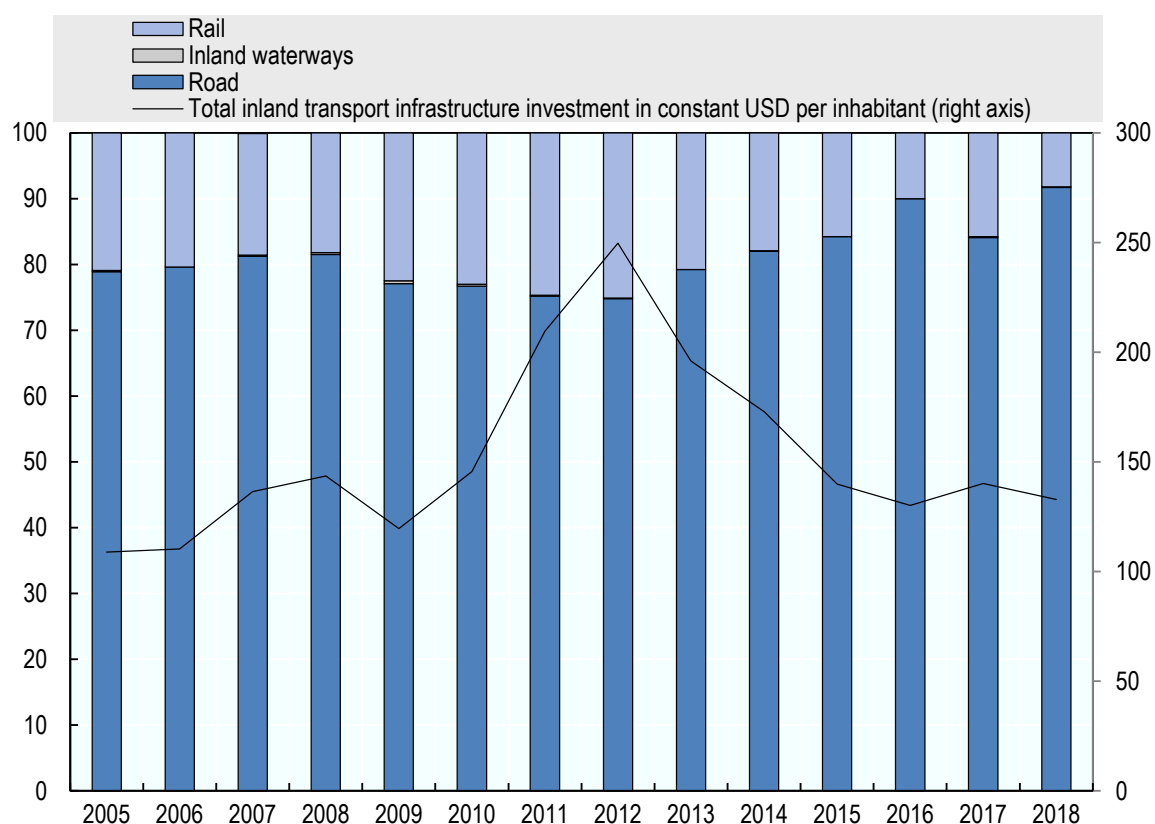
While the highway network has grown only modestly, the volumes of freight that it carries have increased sharply over the past two decades. 31.4 billion tonne-kilometres (tkm) of cargo travelled by rail and 5 billion tkm by road in 2000, but 48.2 billion tkm and 28.5 billion tkm of cargo passed through Belarus's rail and road networks in 2019 (Belstat, 2020^[28]; Belstat, 2012^[29]). Rehabilitation of Belarus's internal,

domestically oriented transport network would boost connectivity and connect domestic producers located away from the main transportation corridors with markets (World Bank, 2018^[30]). As suggested by the trends in infrastructure development described above, a modal shift is underway in Belarus away from rail towards road transport for both cargo and passengers. In 2000, Belarus's railways carried 86.1% of cargo (excluding pipelines) and roads carried the remainder (13.8%), but by 2019 rail's modal share had dropped to 62.8% as road's increased to 37.1%. In terms of passenger turnover (measured in passenger-kilometres, pkm), the shift away from rail is even starker. In 2000, rail accounted for 54.6% (17.7 billion pkm) of passenger turnover, but passenger rail has since decreased in both absolute and relative terms, falling to 6.3 billion pkm and 22.8% of total turnover. Travel by bus has increased marginally (9.2 billion pkm to 10.9 billion pkm, growing from 28.5% to 39.5%) and air travel has increased more than tenfold (513 million pkm to 6.0 billion pkm, growing from 1.6% to 21.6% of passenger turnover). Some forms of urban public transport (e.g. tramways, trolleybuses and metro systems) have seen decreased turnover (4.8 billion pkm in 2000, 4.1 billion pkm in 2019 (Belstat, 2020^[28]; Belstat, 2012^[29]).

Belarus's per capita investments in its transport infrastructure system, at USD 153 on average between 2005 and 2018, are among the highest in the Eastern Partnership (Figure 3.7). By comparison, Azerbaijan and Georgia, two countries that have made their transport networks priorities for national development, invested USD 126 and USD 101 respectively over a comparable period (2008 to 2016) (ITF, 2019^[31]). In line with cargo and passenger demand, rail accounts for a small and broadly declining share of inland transport investments.

Figure 3.7. Inland transport infrastructure investment in Belarus (2005-2018)

Modal share (%) of total inland infrastructure investment (left axis) and total inland transport infrastructure investment in current USD per capita (right axis)



Source: ITF (2019^[31]), *Transport performance indicators*, International Transport Forum, <https://doi.org/10.1787/trsprt-data-en>

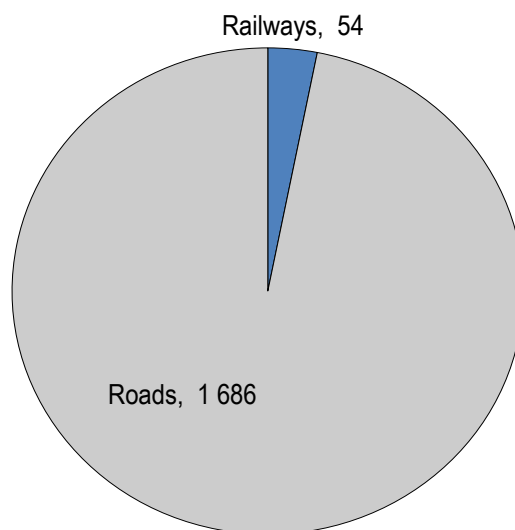
The *National Strategy for Socioeconomic Development for the period to 2035* lays out a vision for the development of Belarus's transport system and increase the country's potential to support export-oriented sectors and the transit of goods, notably through the digitalisation of transport and logistics services. The strategy aims to increase cargo turnover by 20% and passenger turnover by 40% between 2016 and 2030. For the rail sector, the strategy explicitly references partnerships with Chinese companies for the improvement of Belarus's rail system and improvements to its transit capacity for trade between China and Europe. It aims to electrify all rail lines along international transport corridors. Belarus plans to prepare the road network for higher cargo volumes by creating a network of roads with the capacity to withstand single axle loads of 11.5 tonnes or more and speeds of 120 km/h or greater. Belarus aims to increase the share of paved roads to 88% by 2025 and 90% by 2030, and ensure access to the paved road network for all citizens and agricultural enterprises (Government of Belarus, 2017^[27]).

A key component of the strategy's vision for Belarus's transport sector is the inclusion of more private sector actors, especially through private-public partnerships, and levelling the playing field by eliminating cross-subsidies for transport. The government also aims to simplify certification procedures and remove artificial barriers to entry for new firms (Government of Belarus, 2017^[27]). The government is in the process of drafting a National Infrastructure Plan to 2025, which will include a list of priority transport and logistics infrastructure projects.

Belarus's large-scale transport infrastructure investments planned and under construction amount to around USD 1.7 billion, concentrated predominantly in road projects (97% or USD 1.69 billion) (Figure 3.8). All but one project tracked by the OECD's database are brownfield road improvement projects concentrated on international corridors (Table 3.2). While Belarus's transport projects seem to broadly align with its goals of increasing the carrying capacity of its international road network, its domestic connectivity and rail improvement goals are not addressed in the current pipeline of large-scale transport infrastructure projects.

Figure 3.8. Transport projects in Belarus, by sub-sector

Planned and under construction in USD million



Source: Source: OECD analysis based on accessed databases as of June 2020.

Table 3.2. Hotspot projects in the transport sector in Belarus

(a) Under construction					
Name	Sub-sector	Description	Project value (USD million)	Source	Type of investment
Belarus Transport Connectivity Project, composed of (1) Transport Corridor Modernisation Project and (2) Reconstruction and Modernisation of M-7/E28 (see components below)	Road	The project aims to rehabilitate stretches of the M6 highway between Minsk and the Polish border and the M7 highway between Minsk and the Lithuanian border.	380	EIB, World Bank, Government of Belarus	Brownfield
→(1) Transit Corridor Improvement Project	Road	With a view to improve transport connectivity, the project will improve border crossing procedures and safety by shoring up sections of the M6 Minsk-Grodno corridor.	270	Government of Belarus, World Bank	Brownfield
→(2) Reconstruction and Modernisation of M-7/E28	Road	The project aims to reconstruct and modernise over 100 km of the M7 highway and improve cross-border and trade infrastructure on the Belarusian side of the Lithuanian border.	110	EIB	Brownfield
Regional Bridges and M3 Road Rehabilitation Project	Road	The project aims to rehabilitate and modernise 12 bridges and sections of the M3 highway between Minsk and Vitebsk as part of the North-South corridor.	354	EBRD	Brownfield
Transit Corridor Improvement Project	Road	With a view to improve transport connectivity, the project will improve border crossing procedures and safety by shoring up sections of the M6 Minsk-Grodno corridor.	270	Government of Belarus, World Bank	Brownfield
(b) Planned					
Name	Sub-sector	Description	Project value (USD million)	Source	Type of investment
M10 Highway Reconstruction PPP Project	Road	The project aims to reconstruct and maintain five sections of the M10 highway, which links Kobryn, Grodno and the Russian border.	212	EBRD, IFC, EDB	Brownfield
M1/E30 Brest (Kozlovichi) – Minsk – Redky	Road	The project aims to reconstruct the entirety (610 km) of the M1 (E30) highway in Belarus	TBD	TBD	Brownfield

Note: Refer to the Reader's guide for the present report's definition of 'hotspot' and other information on how the projects above were selected and prioritised. EBRD = European Bank for Reconstruction and Development; EDB = Eurasian Development Bank; EIB = European Investment Bank; IFC = International Finance Corporation.

Source: OECD database as of June 2020.

Energy

Belarus is one of the least energy self-sufficient countries in the world. Domestic production covers only about 15% of Belarus's energy demand with imports, primarily from a single supplier, Russia, covering the shortfall (IEA, 2020^[32]). In 2018, Belarus imported 20 billion cubic metres (15 megatonnes of oil equivalent, Mtoe) of natural gas for domestic consumption, its primary fuel for electricity and heat generation, and produced only 128 ktoe domestically. Belarus's crude oil supply, which feeds the country's large refining industry (36th largest in the world), follows a similar pattern, with 18.2 Mtoe imported, 1.6 Mtoe exported

and 1.7 Mtoe produced locally (IEA, 2019^[33]). Due to increasing concerns about supply disruptions in the case of a dispute with Russia, Belarus has begun seeking to diversify its suppliers (S&P Global Platts, 2020^[34]). Thanks to its large refining capacity, Belarus is a net exporter of oil products, exporting ten times more than it imports (11.9 Mtoe vs. 453 ktoe). Imports (974 ktoe) and domestic production (544 ktoe) each cover about half of Belarus's domestic demand for coal and peat, which are mainly used for heat generation, and Belarus exports small quantities of coal and peat (541 ktoe). Belarus both imports and exports limited amounts of electricity (280 ktoe and 365 ktoe respectively) (IEA, 2019^[33]).

State-owned enterprises (SOEs) mainly reporting directly to the Ministry of Energy monopolise most of the Belarus's energy sector. The State Production Association "Belenergo" functions as a vertically integrated state-owned monopoly of Belarus's power sector. "Belorusneft" is the primary upstream gas producer in Belarus, while the State Production Association "Beltopgaz" operates the country's gas distribution network and provides gas to end-users. Gazprom Transgaz Belarus, wholly owned by Russia's Gazprom, wields exclusive rights to import gas from Russia for consumption in Belarus.

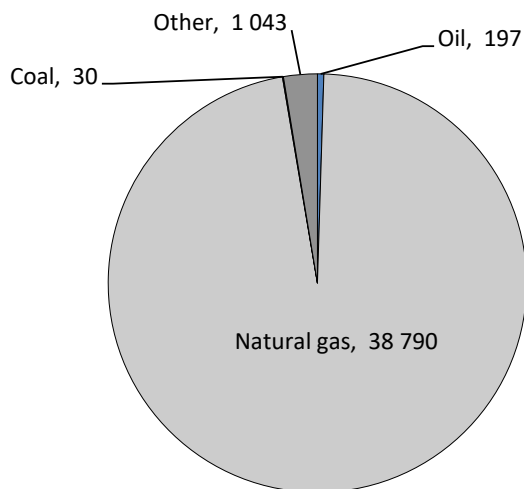
Like other former Soviet Union countries, Belarus has achieved universal electricity access. Its electricity supply is quite reliable, with businesses reporting few power outages per year (World Bank, 2020^[13]). Distribution and transmission losses amounted to 8.9% in 2017, lower than in neighbouring Ukraine (10%) and Moldova (18.8%). Its electricity grid is linked to the networks of Russia, Ukraine and its EU neighbours Latvia, Lithuania and Poland. Belarus also maintains an extensive network of natural gas infrastructure, including over 7.9 thousand km of pipelines, 13 compressor stations and 226 gas distribution stations. As a key transit country for Russian natural gas, Belarus has interconnections with the gas networks of Lithuania, Poland, Russia and Ukraine. Although Belarus aims to diversify its gas supply, the contractual arrangements between Russia's Gazprom and Belarus's Gazprom Transgaz Belarus do not permit reversing the flow of Belarus's pipelines to import natural gas from other suppliers like Lithuania and Poland (Energy Community Secretariat, 2018^[35]).

Belarus generates almost all of its electricity (94%) from imported natural gas, with various renewables (3%) accounting for almost all of the remainder (Figure 3.9 (a)). Belarus has begun integrating renewable power generation, particularly from hydroelectric power plants, biomass incineration and solar photovoltaics (Figure 3.9 (b)).

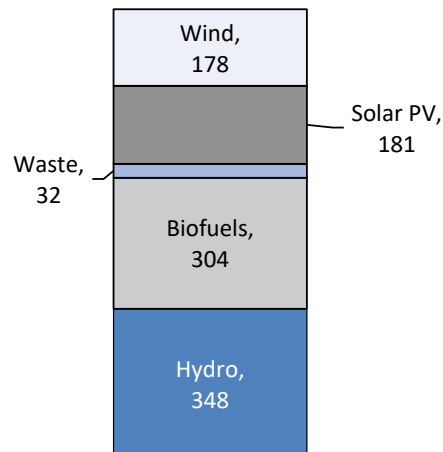
Figure 3.9. Electricity generation by source

GWh, 2019

(a) Electricity generation by source



(b) Breakdown of "Other"



Source: IEA (2021^[36]), *Electricity Information 2020*, International Energy Agency, <https://www.iea.org/data-and-statistics>

Energy self-sufficiency concerns are the driving force behind Belarus's strategy for the development of its energy sector. To bolster energy self-sufficiency, Belarus aims to improve energy efficiency, support renewables development and, most consequentially, integrate nuclear power into its energy mix. The *National Strategy for Socioeconomic Development for the period to 2030* identifies priority projects for each goal, including the construction of two nuclear reactors (with a combined generation capacity of 2 400 MW), modernising improvements to existing thermal power plants and the construction of three renewable energy projects (two hydroelectric power plants and a wind energy park). By 2030, Belarus aims to reduce the energy intensity³ of its economy, increase the share of renewables in total energy consumption from 5.6% in 2015 to 8% by 2030 and use domestically extracted energy resources to cover 18% of total energy consumption by 2030 (compared to 14.2% in 2015) (Government of Belarus, 2017^[27]). The draft *Concept for Developing Power Generation Facilities and Power Grids to 2030* forecasts that Belarus will generate slightly over 4% of electricity using renewable energy sources by 2030, meaning the majority of renewables use will instead be in heat production, primarily moving away from natural gas-fired heating towards biomass (Government of Belarus, 2020^[37]). Belarus already succeeded in increasing the share of renewables in its total energy consumption to 7.1% in 2019, but its energy intensity has remained largely unchanged (Belstat, 2020^[38]). According to the *Concept on Energy Security*, Belarus intends to reduce the share of natural gas in electricity generation and heating to 60% by 2025 (IEA, 2020^[32]).

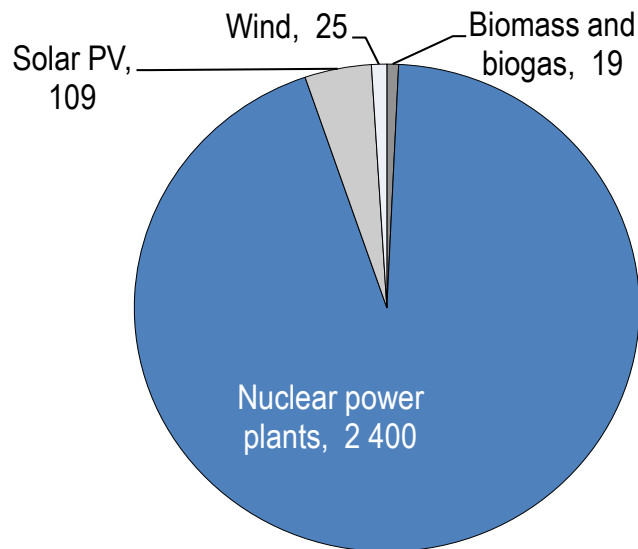
According to the OECD's database of large-scale infrastructure projects planned and under construction, by value Belarus's current energy investments are overwhelmingly concentrated in new power generation projects (USD 11.3 billion, 98%). This is partially due to the capital-intensive nature of a single nuclear power project, the two reactors at the 2 400-MW Belarusian Nuclear Power Plant, which alone accounts for over 21% of energy investments in Belarus. Although listed as 'under construction' in the OECD database, the project passed international inspections and began generating electricity in November 2020, despite the Lithuanian opposition (Euronews, 2020^[39]). Lithuania objected to the selected site, since it is located only 40 km away from Vilnius, and submitted concerns about the cross-border environmental

impact assessment (EIA) process required by the UNECE Espoo Convention to the Convention's Implementation Committee (Ministry of Foreign Affairs of the Republic of Lithuania, 2018^[40]).

The database's two non-generation projects are a large-scale energy efficiency project aimed at heating systems (USD 202 million) and a low-voltage substation in a town near Minsk (USD 21.7 million). In terms of new power generation capacity, the proposed nuclear power plant is by far the largest project (94%), but renewable projects, particularly in solar (4%), are also advancing (Figure 3.10). These projects align well with Belarus's headline objectives to increase energy self-sufficiency and, to a lesser degree, increase the share of renewables in the national energy mix (Table 3.3). However, foreign investors have encountered bureaucratic barriers developing renewable energy projects. In one notable instance, a German energy company withdrew from a 160-MW wind farm project following a conflict with the Ministry of Defence after implementation of the project had already begun (Kasmach, 2016^[41]).

Figure 3.10. New electricity capacity in Belarus, by energy source

In MW



Source: OECD analysis based on accessed databases as of June 2020.

Table 3.3. Hotspot projects in the energy sector in Belarus

(a) Under construction						
Name	Sub-sector	Description	Project value (USD million)	New capacity (MW)	Source	Type of investment
Belarusian Nuclear Power Plant	Nuclear power plants	This project, in Grodno oblast, consists of two 1 200-MW units and will constitute the first nuclear power plant in Belarus.	11 000	2 400	Government of Russia, Government of Belarus	Greenfield
Blizhnyaya Rechitsa Solar PV Project	Solar PV	This project will construct a solar voltaic over 200 hectares in Mogilev oblast. Once completed, it will be the largest renewable energy generation facility in Belarus.	170	109	Solar Land	Greenfield
Biomass for Centralised Heat Generation Project	Energy efficiency, Biomass	This project aims to replace natural gas with biomass in heat generation facilities.	90	N/A	IBRD	Brownfield
(b) Planned						
Name	Sub-sector	Description	Project value (USD million)	New capacity (MW)	Source	Type of investment
Sustainable Energy Scale-Up Project	Energy efficiency, biomass	This project aims to improve energy efficiency by reducing heat losses in multi-apartment buildings and replace natural gas with wood biomass in select district heating systems.	202	N/A	EIB, IBRD	Brownfield
Guris Wind Farm Project	Wind power	This project will provide electricity to 20 000 households in Vitebsk oblast.	40	25	Guris Construction and Engineering	Greenfield
Belarus Environmental Infrastructure Facility	Biogas-fired power plant, Water	This project has a dual purpose: improving water quality on the West Dvina/Daugava river and the construction of a biogas generation plant using wastewater sludge.	29		EBRD	Greenfield

Note: Refer to the Reader's note for the present report's definition of 'hotspot' and other information on how the projects above were selected and prioritised. EBRD = European Bank for Reconstruction and Development, EIB = European Investment Bank, IBRD = International Bank for Reconstruction and Development.

Source: OECD database as of June 2020

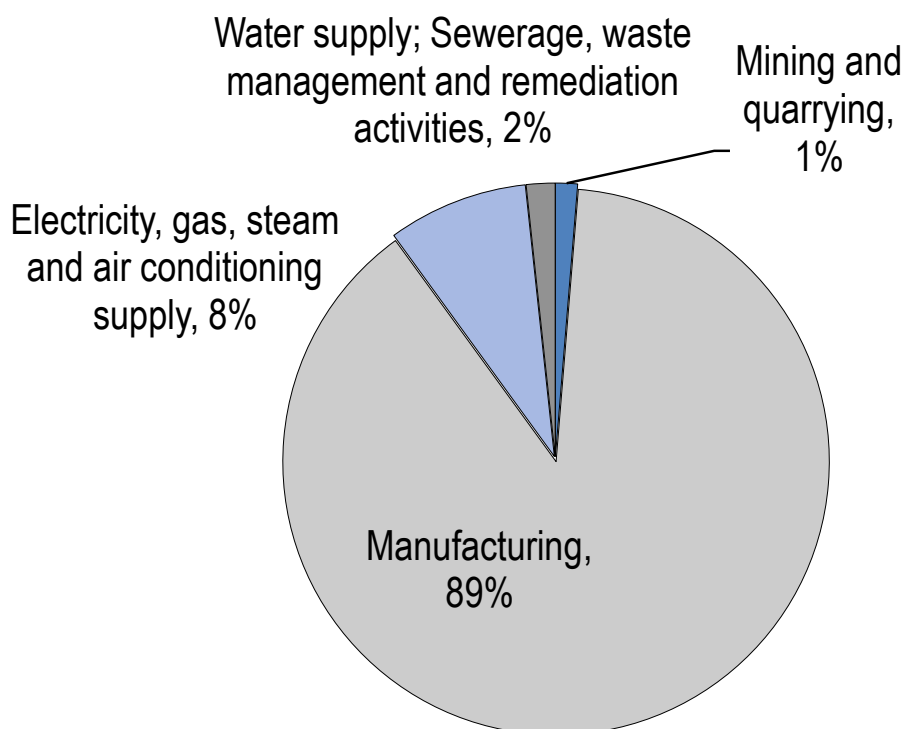
Industry, mining and water

SOEs, including those wholly owned by the state and those with partial state ownership, remain a dominant force in Belarus's economy. They account for a third of total employment and gross value added. Micro, small and medium enterprises (MSMEs), on the other hand, collectively account for 29% of gross value added while employing 47% of Belarusians. MSMEs are concentrated in non-innovative industries characterised by low productivity; 36% of MSMEs operate in wholesale and retail trade or vehicle repair (OECD et al., 2020^[42]). SOEs also dominate the industry sector in Belarus, both for domestic and export markets. Many of the SOEs date back to the Soviet era; their advantage has derived from their sheer size rather than inherent competitiveness via investment in intellectual property or strategic positioning within global value chains (World Bank, 2018^[30]). Belarus seeks to reorient its industrial sector towards high-tech, innovative industries, particularly pharmaceuticals, aerospace, fibre optics, medical devices and measuring equipment. By 2030, Belarus aims to increase the share of high-tech industries in its industrial production to 8% (Government of Belarus, 2017^[27]).

Manufacturing accounts for nearly the totality (89%) of Belarus's industrial output (Figure 3.11). Food products and beverages, particularly meat and dairy products, are the largest category of manufacturing (27% of industrial output), followed by refined oil products (16%), chemical products (10%), metal production (8%), rubber and plastic products (8%) and vehicles and tractors (5%). SMEs account for small shares of key production categories: 13% of chemicals, 14% of food products and 18% of vehicles. Unlike in Ukraine or the countries in the Caucasus, mining plays only a minor (1%) role in Belarus's industrial production. Water supply and sanitation (WSS) and waste management and electricity, gas, steam and air conditioning supply accounted for the remaining 2% and 8% of industrial output respectively.

Figure 3.11. Industrial output by NACE* subsector

2019



Note: * NACE = Nomenclature statistique des activités économiques dans la Communauté européenne [Statistical Classification of Economic Activities in the European Community]

Source: Belstat (2020^[43]), *Industry of the Republic of Belarus*, National Statistics Committee of the Republic of Belarus, <https://www.belstat.gov.by/upload/iblock/88c/88ca482411a706f47c7da68ae873fff7.pdf>

Belarus has achieved high levels of access to water supply and sanitation (WSS) and waste services. 99.5% of Belarusians enjoy access to safe drinking water and 98.7% have access to sanitation, although disparities persist between rural and urban populations. The proportion of Belarusians that use communal solid waste disposal services has increased rapidly in the past few years, from 75% in 2016 to 95.5% in 2019 (Belstat, 2020^[25]).

Solid municipal waste makes up an increasing share of Belarus's total waste generation, rising from 15.6% 2015 to 22.5% in 2019. In 2019, 850 900 tonnes of secondary material resources were collected in 2019 (46.1% higher than in 2015), and 25 500 tonnes of electrical and electronic equipment (almost six times higher than in 2016). Currently, there are seven garbage processing plants in five regional centers (Brest,

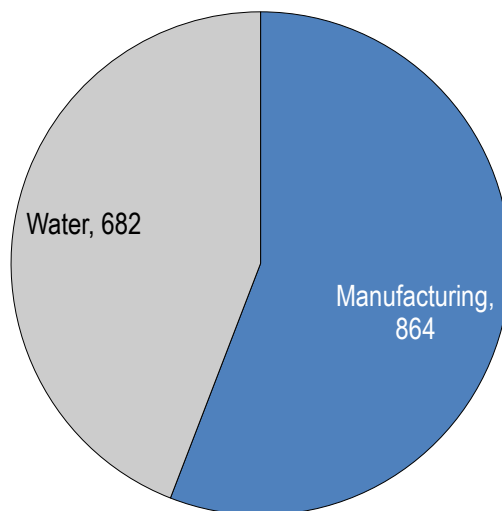
Gomel, Grodno, Mogilev, Minsk) and two regional cities (Baranovichi and Novopolotsk), as well as 80 lines for sorting municipal waste. Collection of recyclable materials from the industrial sector (e.g. waste paper and cardboard, glass, plastics, rubber-containing waste, including worn tires) on average in the country is over 94%. According to the results of 2019, about 23% of solid municipal waste was recycled, which is 2.5 times more than in 2010. The proportion of the population using the solid municipal waste disposal service on a regular basis in 2019 was 95.5%, compared to 75.3% in 2016 (Belstat, 2020^[25]).

Belarus's draft *Water Strategy in the Context of Climate Change for the Period until 2030* sets improving water security as its primary objective through more effective water management and incentives for sustainable consumption patterns, including through the progressive adoption of energy- and resource-saving technological processes and the improvement of the pricing system for water use (OECD, 2020^[44]).

The OECD database tracks USD 1.5 billion worth of infrastructure projects in industry and WSS in Belarus. By number, WSS projects represent almost two-thirds of total projects, but due to their smaller average value they cumulatively amount to 44% of all investments (Figure 3.12). All but one of the current large-scale WSS projects are brownfield investments aimed at improving water treatment facilities, primarily in urban areas; the remaining project consists of 70 new iron-removal facilities in rural settlements of Vitebsk *oblast*. Such facilities are essential for rural drinking water supply, since the iron level in the water abstracted from 70% of the boreholes in Belarus exceeds the maximum allowable concentration of 0.3 mg/L and therefore requires iron removal to satisfy water quality guidelines (OECD, 2020^[44]). With no mining projects in the OECD database, manufacturing projects account for the remaining 56% of Belarus's industry projects. The four manufacturing projects in the database represent four industries: potash fertilisers, steel, textiles and chemicals. These projects align more closely with historic industrial production than with the government's objectives for innovative, high-tech industrial development.

Figure 3.12. Industry, mining and water infrastructure projects in Belarus, by sub-sector

Planned and under construction in million USD



Source: OECD analysis based on accessed databases as of June 2020.

Strengths and weaknesses of existing institutional set-up for sustainable infrastructure planning

Strategic planning and links between long-term goals, infrastructure plans and environmental considerations

Belarus has a system of strategic planning documents for economic development is well defined in Belarusian law, which sets out a three-tier system of strategic cascading from long-term strategies of socioeconomic development (10-15 years), mid-term programmes for socioeconomic development (5 years) and short-term annual forecasting documents. Sectoral development planning has adopted an analogous approach.

Belarus's current top-level strategy is the *National Strategy for Socioeconomic Development for the period to 2030*, adopted in 2017, which replaced the previous socioeconomic development strategy (2004-2020). It improves upon the previous strategy in its implementation monitoring procedures that require annual monitoring and publicly available biannual implementation reports. Belarus re-established the National Commission on Sustainable Development to oversee monitoring and report preparation. Lower-level strategies, including the Programme for Socio-Economic Development 2016-2020 and its 2021-2025 follow-up currently under development, are the main mechanisms for implementation, translating long-term goals into mid-term development plans (UNECE, 2016^[45]). Belarus has drafted a *National Sustainable Development Strategy to 2035*, which will replace the 2030 strategy.

Belarus has also carried out a pilot assessment of infrastructure needs in the long term and, in 2015, the Inter-Agency Infrastructure Coordination Committee approved the National Infrastructure Plan for 2016-2030. The Plan identifies 100 infrastructure projects for the implementation period, including projects with the potential to be realised through public-private partnerships. In 2017, the National Infrastructure Strategy was updated.

The draft *National Sustainable Development Strategy to 2035* integrates green economy principles, including the use of economic instruments for sustainable resource use and the introduction of green technologies and circular economy principles. However, Belarus's current top-level strategy dedicated to environmental issues, the *Environmental Protection Strategy for the period to 2025* has weaker political buy-in than originally planned, since its approval went through the Board of the Ministry of Natural Resources and Environmental Protection rather than the Council of Ministers (UNECE, 2016^[45]).

Belarus, like many other EaP countries, currently lacks an adopted strategic document that extends beyond 2030, and its draft *National Sustainable Development Strategy to 2035* does not adopt a significantly longer time horizon. Belarus could benefit from the development of a longer-term vision for the country's transition, perhaps to 2050. Such long-term planning documents enable countries to look beyond shorter-term political and business cycles to articulate priorities in terms of economic and social development as well as, crucially, the reconciliation of these goals with environmental concerns. Belarus is currently developing a long-term low-emission development strategy for the period to 2050 (LT-LEDS), as all Parties to the Paris Agreement were invited to do in Article 4.19 (Belta, 2020^[46]). It is expected to be completed by 2022 (Government of Belarus, 2018^[47]). Currently Ukraine is the only EaP country that has communicated its LT-LEDS to the UNFCCC. Belarus could consider complementing the LT-LEDS process by developing an economic development strategy with a mid-century timeframe, like *Armenia Transformation Strategy 2050* or *Kazakhstan-2050*, aligned with the SDGs, its draft long-term low-emission development strategy and its existing sectoral documents.

Belarus has adopted a wide array of sectoral strategic documents. Although many expire in 2020 and have not yet been replaced, draft strategies covering 2021-2025 are in an advanced stage of development. In the energy sector, Belarus's guiding documents are the *Concept of Energy Security*, the *Comprehensive Plan for the Development of Electric Energy to 2025* and the *Concept for Developing Power Generation*

Facilities and Power Grids to 2030, which acts as the main mechanism for implementing the energy security strategy. In transport, Belarus has dedicated strategies and state programmes extending to 2020 for reducing transport-related air pollution, the development of the overall transport system and the development and maintenance of roads. Sectoral strategies vary in their integration of green economy principles. For instance, the power generation strategy focused primarily on self-reliance from nuclear power generation and foreseeing only a modest increase in Belarus's electricity generation capacity from renewable sources, meaning that the integration of renewables called for by the top-level economic development strategy will be achieved almost exclusively through switching from natural gas to biomass as a fuel for heating. As Belarus moves towards drafting the post-2020 editions of its transport-related and other sectoral strategies, it should ensure that they are mutually reinforcing and aligned with the country's top-level development strategy and the draft LT-LEDS.

A promising development in the integration of environmental concerns into sectoral documents is Belarus's draft *Water Strategy in the Context of Climate Change for the Period until 2030*. The strategy features expanded sections on minimising the impact on water resources and ecosystems as well as the potential impacts of climate change. Although strategic environmental assessments (SEAs) are not widely used in Belarus and the country is not yet a Party to the Protocol on Strategic Environmental Assessment to the Espoo Convention, the 2030 Water Strategy underwent a pilot strategic environmental assessment (SEA) through the EU Water Initiative Plus (EUWI+) programme. The process, which includes a transparent and open consultation process, led to considerable improvements to the draft strategy such as more robust sections on wetlands, the expansion of protected areas and the consequences of climate change for water-dependent economic sectors and natural ecosystems (OECD, 2020^[44]).

Belarus should consider adopting the more regular use of SEAs in its development of strategic documents. Since 2019, one of the main work areas of the EU-funded EU4Environment programme, the successor to the EaP GREEN programme, is supporting reforms and improvements to the environmental assessment processes in Belarus and other EaP countries. The programme is jointly implemented by the OECD, UNECE, UNEP, UNIDO and the World Bank.

Belarus is a Party to several multilateral environmental agreements, including the UN Environment Programme's Cartagena Protocol on Biosafety, the Montreal Protocol on the Ozone Layer, the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the Protocol on Biosafety and the Convention on Biological Diversity.

Institutional set-up and decision making processes

Unlike in many EaP countries, the institutional set-up of Belarus's government has been remarkably stable, with many infrastructure-related ministries experiencing few structural changes since independence and even before. In the case of the Ministry of Natural Resources and Environmental Protection, its relative stability and its status as a ministry (rather than an agency or state committee, as is common in the former Soviet Union), has facilitated the integration of environmental considerations into legislation as well as strategies across the government (UNECE, 2016^[45]). Since 2017, the National Council on Sustainable Development has been in charge of facilitating inter-agency coordination for achieving the SDGs.

While strong centralised governance, including exclusive controls over economic activities, has been credited with Belarus's success in avoiding asset stripping during the fallout from the dissolution of the Soviet Union in the 1990s, the persistent role of the central government in economic affairs has emerged as a barrier to growth and development. Large SOEs still dominate much of the Belarusian economy and, since their independence in decision-making processes is limited by state interference, Belarus has proven less adaptable and innovative than its regional peers (World Bank, 2018^[30]).

List of relevant strategic documents

Table 3.4. Main strategic documents in force

	Status	Time Horizon	Sectoral Coverage	Main objectives
First Nationally Determined Contribution (NDC)	Submitted in 2016	2016-2030	Economy-wide	<ul style="list-style-type: none"> Unconditional Target: 28% reduction of GHG emissions by 2030 compared to 1990 excluding LULUCF Main sectors for emission reduction: energy, IPPU, agriculture, waste Adaptation priorities: forestry and agriculture
<i>Draft National Sustainable Development Strategy to 2035</i>	Developed, adoption expected in 2021	2021-2035	Economy-wide	<ul style="list-style-type: none"> Improve Belarus's rankings in international metrics, including the World Bank's annual Doing Business survey Achieve an LPI ranking of 50th or better Improve energy self-sufficiency
National Strategy for Socio-Economic Development of the Republic of Belarus for the period to 2030	Adopted in 2017	2017-2030	Economy-wide	<ul style="list-style-type: none"> Join top 30 countries in the World Bank's annual Doing Business survey by 2030 Increase quality of road network (90% paved roads by 2030) Increase energy self-sufficiency (integration of nuclear energy, 8% renewables in total energy consumption by 2030, 18% local energy resources in total energy consumption by 2030)
Concept for Developing Power Generation Facilities and Power Grids to 2030	Adopted in 2020	2020-2030	Energy	<ul style="list-style-type: none"> Increase electricity exports by developing power grid Commission Belarusian Nuclear Power Plant Reduce the share of natural gas in electricity generation and heat production to 60% by 2025 Expand electric vehicle charging infrastructure
Environmental Protection Strategy of the Republic of Belarus for the period to 2025	Adopted in 2011	2011-2025	Economy-wide	<ul style="list-style-type: none"> Improve air quality and water quality, e.g. gradually introduce standards on mobile pollution sources in line with EU standards Strengthen regulations protecting environmental health and biodiversity; improve waste management
Strategy for the Development of the Geological Sector and the Intensification of Exploitation of the Minerals and Raw Materials of the Republic of Belarus to 2025	Adopted in 2013	2013-2025	Mining	<ul style="list-style-type: none"> Improve information base and monitoring processes of subsoil resources Increase domestic production and reduce imports
Strategy for the Reduction of the Negative Impact of Transport on Air of the Republic of Belarus for the period to 2020	Adopted in 2013	2013-2020	Transport	<ul style="list-style-type: none"> Reduce mobile source emissions from 72% to 65% by 2020 Increase share of green and electric vehicles in public transport fleets of cities with populations larger than 100 000 to 50% by 2020 Improve fuel standards of vehicles and environmental performance of rail stock
State Programme for the Development of the Transport Complex of the Republic of Belarus 2016-2020	Adopted in 2016	2016-2020	Transport	Increase cargo and passenger turnover by 6.8% and 2.4% respectively compared to 2015 levels by 2020
Energy Security Concept	Adopted in 2015	2015-2035	Energy	Improve energy self-reliance, including through reduction of the share of natural gas in power generation and heat generation to 60% by 2025

Table 3.5. Other relevant documents

	Status	Time Horizon	Sectoral Coverage
National Strategy for Socio-Economic Development of the Republic of Belarus for the period to 2020	Adopted in 2004	2004-2020	Multi-sector
National Action Plan on Green Economy Development in the Republic of Belarus to 2020	Adopted in 2016	2016-2020	Multi-sector
State Programme for the Development and Maintenance of Roads in the Republic of Belarus 2017-2020	Adopted in 2017	2017-2020	Transport
State Programme "Small and Medium Enterprises in the Republic of Belarus" 2021-2025	To be adopted in 2021	2021-2025	Multi-sector
State Programme "Environmental Protection and Sustainable Use of Natural Resources" for 2021-2025	To be adopted in 2021	2021-2025	Multi-sector
State Programme on Energy Saving for 2021-2025	Adopted in 2016	2016-2020	Energy, Energy Efficiency
State Programme the Development of Agricultural Businesses 2016-2020	Adopted in 2016	2016-2020	Agriculture
State Programme "Belarusian Forest" for 2021-2025	To be adopted in 2021	2021-2025	Forestry
State Programme for the Development of Vehicle Manufacturing for 2017-2020	Adopted in 2017	2017-2020	Industry
State Programme for the Development of the Transport Complex of the Republic of Belarus 2021-2025	To be adopted in 2021	2021-2025	Transport

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Notes

¹ The EU Eastern Partnership (EaP) is a joint initiative for strengthening the relationships between the European Union, its member states and six countries (hereafter the EaP countries): Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

² Confirmed case and death figures are underestimates of actual case and death numbers. Methodology and testing rates vary widely, and international comparisons are necessarily flawed.

³ The strategy aims to reduce energy intensity from 372 kg of coal equivalent (approximately 0.26 tonnes of oil equivalent) to 220 kg of coal equivalent (approximately 0.15 toe) in 2030 per million Belarusian rubles between 2015 and 2030.



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