Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)
### BASIC INFORMATION

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
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<tbody>
<tr>
<td>Belarus</td>
<td>P165651</td>
<td>Sustainable Energy Scale-Up Project</td>
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<table>
<thead>
<tr>
<th>Region</th>
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<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
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<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
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<tr>
<td>Investment Project Financing</td>
<td>The Republic of Belarus</td>
<td>Energy Efficiency Department, State Committee for Standardization</td>
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#### Proposed Development Objective(s)

The Project Development Objective is to scale up efficient energy use in space heating of multi-apartment buildings and renewable wood biomass fuel utilization in selected urban localities in Belarus.

#### Components

- Component 1. Renewable Wood Biomass Heating
- Component 2. Thermal Renovation of Multiapartment Buildings
- Component 3. Technical Assistance, Implementation and Incremental Support for Thermal Renovation

### PROJECT FINANCING DATA (US$, Millions)

#### SUMMARY

<table>
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<tr>
<th>Total Project Cost</th>
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<tr>
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<td>of which IBRD/IDA</td>
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#### DETAILS

**World Bank Group Financing**

| International Bank for Reconstruction and Development (IBRD) | 102.27 |

Mar 25, 2019
B. Introduction and Context

Country Context

Since its independence the Republic of Belarus has pursued a gradual transition path, characterized by limited structural reforms and a modest reorganization of Soviet production networks. Instead of privatization and a reliance on the private sector as the main driver of growth, policies have focused on upgrading large state-owned enterprises (SOEs). Economic growth was rapid from 2001 to 2014 and accompanied by a remarkable fall in the number of households below the poverty line and increase in the incomes of households at the bottom 40 percent. From 2003 to 2014, Belarus had the largest reduction in poverty rates in the Europe and Central Asia (ECA) region. Measured by the internationally comparable Purchase Power Parity (PPP) US$5/day threshold, Belarus's poverty headcount fell from 32 percent in 2003 to less than 1 percent in 2014, while in the rest of ECA it fell from 38 percent in 2003 to 13 percent in 2013. Inequality fell alongside poverty and is low by regional standards.

The economy went into recession in 2015 and 2016 when real GDP contracted 6 percent. Real wages fell and poverty and vulnerability rose, foreign debt obligations and fiscal constraints increased and Government cut public expenditure. The limits of the growth model already had already begun to manifest themselves since 2008 when the global recession started. Less favorable external circumstances exposed previously hidden inefficiencies and deep-seated structural rigidities in the economy. Subsidizing inefficient parts of the SOEs became unsustainable and the economy was increasingly relying on foreign currency borrowing on external and domestic markets. The public debt to GDP ratio increased from 5.9 percent in 2008 to 19.4 percent in 2011, and then to 28.5 percent in 2016.

Real GDP grew 2 percent in 2017, ending a two-year recession. The medium-term outlook of economic growth remains weak as Russian demand growth is recovering slowly, the subsidy margin on fuel imports is declining, and foreign debt constraints are tighter. Macro-economic imbalances are recurring and liabilities of SOEs have strained the financial sector. In the absence of structural adjustments, it will be difficult for
Belarus to achieve rapid improvements in living standards in the years ahead. A sustainable improvement in living standards will therefore require economic, social, and institutional transformation, with an enhanced role for private enterprises, markets, and strengthened safety nets.

Over the last two years, the Government has taken a number of macroeconomic stabilization measures and adopted policies to support private sector development. There is enhanced understanding of the benefits and risks of reforms. In November 2017, the President approved a package of laws aiming at improving the environment for private businesses, with a particular emphasis on reducing inspections, improving the transparency of regulation and supporting self-employment and IT-enabled businesses. The flow of directed government lending on non-market terms is gradually declining, from 7 percent of GDP in 2013 to 4 percent in 2017.

The Program of Activities of the Government of the Republic of Belarus for 2018-20 has the objective of creating conditions that ensure a decent life for the population, sustained income growth, reduction of poverty, high social standards, continuous infrastructure development, provision of comfortable housing, and high-quality medical, educational and other services. The Government will focus on the following economic policies: creating a favorable business environment; improving the efficiency of the public sector; ensuring effective employment, the growth of labor productivity and wages; reducing interregional disparity in the quality of life; supporting the formation of the “IT country”; creating new high-performance organizations and industries and fundamentally new products; accelerating the development of the services sector; and promoting goods and services to new markets.

Belarus is a signatory to the Paris Agreement and is committed to its Nationally Determined Contribution (NDC) to greenhouse gas (GHG) emissions reduction.

Sectoral and Institutional Context

Belarus consumed about 25.79 million tons of oil equivalent (toe) of primary energy in 2017. Natural gas and oil accounted for 61 and 29 percent of the total primary consumption, respectively. Biomass is a distant third with less than 6 percent share. Final energy consumption in 2017 was 18.19 million toe. Industrial, residential, and transport sectors accounted for 32, 28 and 22 percent of the final consumption, respectively. About 70 percent of residential energy use is for space heating and service water heating, which are provided primarily by district heating (DH) systems.

Belarus is highly dependent on Russia for its energy supply. In 2015, close to 80 percent of its primary energy consumption was imported from Russia, and about 95 percent of power and 80 percent of heat were produced from imported Russian natural gas. Reducing the reliance on a single foreign energy supplier is the main driver of national energy policy.

Virtually all of the country’s energy infrastructures – power plants, transmission and distribution assets, refineries, gas pipelines, DH systems, and etc. – are owned by the government. Modernization and new investments in energy infrastructures primarily rely on public financing. Substantial investments have been made in the past 15 years or so to modernize key energy assets, including those financed by the World Bank. But the needs for continued modernization remain large. The government estimated that US$2 billion modernization investments would be needed from 2016 to 2020.
Belarus has made significant progress in reducing the energy intensity of its economy. Its primary energy intensity of GDP, measured in toe per thousand USD in 2010 PPP, decreased from 0.33 in 2001 to 0.16 in 2015. Compared with Poland, where the same indicator was 0.10 in 2015, Belarus still has significant potential to reduce energy intensity through adjustments of the mix of economic activities and by improving the efficiency of energy production and consumption.

The government’s long-term energy sector development strategy is outlined in the third edition of the Concept of Energy Security of the Republic of Belarus (Resolution No. 1084 of the Council of Ministers, December 23, 2015). According to the Concept, the national energy policy till 2035 will focus on nine areas of support, including energy independence, diversification of energy resources and suppliers, reliability of energy supply, end-use EE, modernization of energy infrastructures, energy affordability, international integration and corporation, reform and development of power market, and technological innovations.

**Scaling up Sustainable Wood Biomass-Based Space Heating.** Forests are one of Belarus’s richest natural resources, covering about 39 percent of the country’s land area. They are well stocked and growing (in both standing volume and coverage area). The estimated renewable energy potential of wood biomass in Belarus is about 192.6 TJ/year. Total wood biomass fuel consumption in 2017 was about 60.2 TJ, mainly in the form of commercial fuelwood. According to a recent World Bank estimate, fuelwood supply could reach 82.5 TJ by 2020, sufficient to meet the government’s target to increase the share of local fuels (mainly biomass) in heat generation by heat-only boilers from 26 percent in 2015 to 32 percent in 2020. Generally speaking there still is significant room for scaling up wood biomass fuel consumption. But the current wood biomass resources mapping for energy purpose is not detailed enough to estimate the economically viable potential.

The current prices of local wood biomass fuel on an energy-equivalent basis, averaging about US$3.99/GJ, is significantly lower than the price of imported natural gas at US$6.35/GJ. The economic price of natural gas, using international market prices of neighboring countries as a proxy, is about US$6.71/GJ. Improving the EE of heat generation and scaling up the use of wood biomass fuel would therefore help address two of the aforementioned challenges in the energy sector by reducing energy production costs (enhancing affordability) and maximizing the energy potential of wood biomass fuel in district heating. Using non-commercial grade wood, mostly forestry byproduct, for heat and power generation could promote the development of the wood processing industry, encourage sustainable forest management, and create new job opportunities.

The proposed project will build on the Biomass District Heating Project (BDHP, $90 million IBRD loan under implementation since 2014) to help address these challenges. The development of the remaining biomass district heating sites under a coordinated national investment program would enable better planning and design and implementation support, which could reduce overall development cost, increase the quality of delivery, and improve environmental safeguards. Broader competition through international competitive bidding in the on-going BDHP was one of the main factors for the nearly 30 percent lower investment cost than that estimated at appraisal, enabling the project to invest in seven additional sites. This continued national investment program would also facilitate further development of the wood biomass fuel market both through predictable demand and greater pressure from customers on developing and enforcing transparent wood biomass pricing based on energy content.

**Scaling up Thermal Retrofit of Multiapartment Buildings.** The large energy savings potential of residential space heating in Belarus is untapped. Based on a World Bank study completed in 2015, the overall investment
needs for thermal renovation of MABs were US$14 billion in 2015 prices and could result in annual energy savings equivalent to 5.5 percent of the total final energy consumption of the country in 2015. MABs constructed from 1950 to 1995 account for half of the 254 million m² total residential floor area in Belarus (2016 figure). Almost all of the pre-1996 MABs are connected to DH systems. The majority of these MABs have building-level heat metering and heat control. But thermostatic radiator valves (TRVs) for controlling heat consumption and room temperature at the apartment level are virtually non-existent. Heat is typically billed based on heat consumption at the building level and the building heat bill is distributed among households proportional to the floor areas of their apartments. These pre-1996 MABs have substantial potential for reducing specific heat consumption through deep/comprehensive thermal renovation.

Deep thermal renovation of the pre-1996 MABs would generally include installation of TRVs, upgrade of building level heat control, and improvement of the thermal insulation of building envelope (windows, exterior doors, roof, exterior walls, and basement) and would on average result in 40 percent or more energy savings, assuming homeowner behavior changes. The economic justification of such investments is generally sound with greater than 6 percent of economic internal rate of return, including the benefits of reduced heating cost, increased property value and reduced CO₂ emissions (see the section on Economic Analysis). But the significant upfront investment and long financial payback period (through energy cost savings) are big challenges for homeowners to invest in thermal renovation.

Thermal renovation of multiapartment buildings is a frontier for EE financing in Belarus and encompasses a challenging set of issues and complexities. While such investments in general have viable economic rates of return, they pose significant financial and implementation challenges because of the long financial payback period normally associated with energy cost savings (even if heat tariffs are at full cost recovery levels) and the collective investment decision required for the homeowners in an multiapartment buildings. Currently there is no demonstrated viable financing and delivery scheme to address the large investment needs for thermal renovation of multiapartment buildings in Belarus.

To overcome these challenges the government is initiating a national program for thermal renovation of multiapartment buildings. The proposed program envisions (i) a significant capital subsidy by the government to reduce the financial burden of participating homeowners; and (ii) the establishment of a repayment mechanism through which homeowners will be able to repay their share of the investment cost by installments over multiple years. Both elements will be combined in a partially repayable grant financing scheme through which the thermal renovation projects approved by homeowners will be fully financed by government funds while the homeowners’ capital contribution will be recovered through the installment repayment mechanism. This is a model which has been successfully applied in multiple countries, such as Lithuania, Estonia, and Poland, with variations in specific designs and implementation arrangements depending on country specific market conditions. For Belarus, the partially repayable grant scheme would demonstrate the viability of homeowner debt financing for thermal renovation investment, paving the way for the involvement of commercial banks in the long term. The proposed project will pilot at scale the partially repayable grant scheme in two selected oblasts and support the roll out of the proposed national thermal renovation program.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)
The Project Development Objective is to scale up efficient energy use in space heating of multi-apartment buildings and renewable wood biomass fuel utilization in selected urban localities in Belarus.

Key Results

The replacement of obsolete gas-fired boilers with modern wood biomass-fired boilers, together with the rehabilitation of network and modernization of building level control, will increase local district heating service resilience and reduce reliance on imported natural gas, as well as reduce heat production costs and losses and enhance district heating affordability. The proposed thermal renovation pilot will help catalyze critical changes needed to scale up thermal renovation, particularly in demonstrating a viable business model for long-term debt financing and efficient delivery of thermal renovation projects, as well as measures for addressing social protection needs. The proposed project as a whole would foster two strategically important changes in the energy sector of Belarus: maximizing the use of renewable wood biomass fuel for heating and large-scale thermal renovation of multiapartment buildings, which will generate significant energy security dividends and global environment benefits.

D. Project Description

The proposed project will support investments in scaling up wood biomass-based district/central heating and thermal renovation of MABs, as well as associated technical assistance for the development of relevant sector policies, for institutional capacity and for supporting project implementation. The main outcomes sought are increased economical utilization of renewable wood biomass for centralized space heating and increased households’ participation in thermal renovation investments in MABs. The European Investment Bank (EIB) has proposed to jointly finance the investment components of the project through a US$100 million loan. The proposed project will also be supported by a Global Environment Facility (GEF) grant for removing key barriers to sustaining wood biomass fueled district heating and scaling up thermal renovation of MABs, as well as for supporting the early adoption of apartment-level consumption-based heat billing. It will also support the development of a robust MRV system for GHG emission reduction in space heating.

Component 1: Renewable wood biomass heating. This component will support fuel-switching and efficiency improvement of district/central heating systems in selected urban localities through:

1.1. **Biomass district heating investments:** including, inter alia, conversion of inefficient gas-fired boilers to wood-chip-fired boilers, installation of new peak gas-fired boilers, modernization of heat networks, installation of individual heat substations and operational monitoring and control systems, and development of local sites for wood fuel preparation;

1.2. **Application of distributed biomass heating:** at locations where the decentralized biomass heating option is more economical than simple fuel switching of the existing gas-fired district heating systems, distributed heating using wood pellet-fired boilers close to the buildings would be considered; and

1.3. **Biomass heating for public institutions** (e.g., schools, hospitals) with isolated heating systems: where wood biomass fuel supply is secure, installation of modern wood pellet-fired boilers and rehabilitation of dilapidated heating systems.
Component 1 will invest in all six oblasts of Belarus, targeting inefficient DH systems in small- and medium-sized towns, as well as inefficient central heating systems in public institutions not connected to DH systems. In both cases, reliable and sustainably sourced wood biomass supplies are a pre-condition for investment.

Component 2: Thermal renovation of multiapartment buildings. This component will support the implementation of the government’s national program for thermal renovation of MABs by piloting a partially repayable grant scheme in two oblasts selected by the government and the Bank. For the pilot of the proposed partially repayable grant scheme IBRD and EIB loan proceeds will be used to pre-finance the full cost of thermal renovation projects. Homeowners of participating MABs (determined by more than two-thirds of the homeowners in an MAB voting in favor of the investment) are obliged to repay a pre-determined portion of the full cost of thermal renovation through installments for up to 10 years.

To simplify the technical design and facilitate communications with homeowners regarding thermal renovation, two thermal renovation packages will be offered to target the lower and higher ends of the potential energy savings corresponding to the proposed government capital grant levels, respectively, prioritizing measures with higher cost-effectiveness. Package A would cover limited thermal renovation, including building-level substations or mixing loops, TRVs and necessary piping retrofit in individual apartments, upgrading of entrance doors and staircase windows, and other associated low-cost measures, including necessary capital repairs. Package B would include measures that would, in addition to Package A measures, generally include thermal insulation of the roof, exterior walls, and basement, as well as upgrading of individual apartment windows (for which the homeowners themselves need to cover the full cost). The installation of heat cost allocators (HCAs) and implementation of apartment-level consumption-based billing will be included in both packages as an option for homeowners since individual apartment heat billing is not a mandatory (regulatory) requirement.

In order to support future government scale-up efforts in apartment-level consumption-based heat billing GEF grant co-financing for a demonstration of HCA-based heat billing is proposed for inclusion in Component 2. The GEF grant will be used as a financial incentive for households to participate in the demonstration. For the purpose of demonstration at scale, efficient implementation, monitoring and evaluation, it was determined that the GEF grant will be used in one selected residential settlement supplied by the same district heating system. The GEF grant will be disbursed per participating building, covering a portion of the costs required for HCA-based billing. The eligible costs would include installed costs of TRVs, by-pass pipes, HCAs, other necessary changes and adjustments of the building internal heating system (such as replacement of corroded pipes, hydraulic balancing, etc.), as well as billing data collection and relay equipment and bill processing.

Component 2 will primarily target MABs which have been identified by the participating oblast governments for capital repairs. Each oblast government has a rolling 5-year pipeline of MABs eligible for capital repairs. This will facilitate the selection of buildings, increase the impact of the capital repair program and the thermal renovation pilot by upgrading the targeted buildings to an “as new” condition, and take advantage of synergies and cost savings by implementing both capital repairs and thermal renovation at the same time.
MABs not included in the capital renovation pipeline may also participate in the proposed project if they meet the eligibility criteria based on specific heat consumption of the building.

**Component 3: Technical assistance and implementation support.** This component will provide technical assistance to the thermal renovation pilot and the national thermal renovation program, as well as for overall project implementation support, including:

3.1. *Biomass fuel market development*: analytical work and technical assistance for developing national regulation on energy-content-based biomass pricing;

3.2. *Thermal renovation market development and implementation support*: development and implementation of communications and outreach programs to homeowners, capacity building for government agencies, market participants and stakeholders (e.g., administrators of thermal renovation projects, homeowners’ associations/organizations, contractors and commercial banks);

3.3. *Development and introduction of a monitoring, reporting and verification (MRV) system* for GHG emissions reduction in space heating as a result of thermal renovation, switching from fossil fuels to sustainable wood biomass, and other energy efficiency measures; and

3.4. *Project management, monitoring and reporting*: (i) training for the national Project Management Unit (PMU), Project Implementation Units (PIUs) in the two selected pilot oblasts; (ii) consultant services to support the PMU, PIUs and the DHCs in the implementation and supervision of the project, including annual multi-stakeholder dialogues which share information and opinions between end-users from public institutions and MAB homeowners which benefited from the project and discuss how end-users’ recommendations are considered; and (iii) consultant services for annual financial audits of the project accounts and other consultant services. The monitoring and reporting will include a well promoted and easily accessible grievance redress mechanism building upon the BDHP’s recently-upgraded grievance redress mechanism and further supporting and improving the efficient management of inquiries and complaints – in particular related to the thermal renovations and the repayable grant scheme.

**E. Implementation**

Institutional and Implementation Arrangements

The proposed project will be implemented by the Energy Efficiency Department (EED) of the State Committee for Standardization (SCS) through its PMU and in close collaboration with participating oblast and rayon (municipal) governments and local DHCs. The EED is the designated national agency responsible for the implementation of national EE and renewable energy programs. The Ministry of Housing and Utility (MOHU), the sector line ministry, is a government partner of the proposed project and will be closely working with the EED to support project implementation.

The proposed project will continue to use the centralized national project management model proven effective in previous and on-going Bank-financed operations. The PMU will be accountable for all fiduciary responsibilities, including procurement, financial management, safeguards, monitoring and reporting. The
PMU has successfully implemented the Bank-financed Social Infrastructure Retrofitting Project, the Post-Chernobyl Recovery Project, and the Energy Efficiency Project, and is currently implementing the BDHP. The PMU will operate in accordance with the Project Operations Manual (POM). The POM will outline the implementation arrangements, including procurement, contract management, payment authorization, environmental management, social safeguards, periodic reporting, and relationships between the implementing and beneficiary agencies. The PMU’s staffing will be augmented accordingly for the implementation of Components 2 and 3.

Specific implementation arrangements for Component 1. All participating DHCs are subordinate to the MOHU and the oblast and rayon executive committees. Each beneficiary DHC will assign a coordinator (project manager) responsible for project implementation to work with the PMU. The DHCs are responsible for providing terms of reference for design documents (or approving design documents when they are available), ensuring appropriate technical supervision of the contracts, accepting payment orders, and submitting adequate documentation to the PMU so that it can prepare and sign disbursement applications. The bidding documents will be prepared by the PMU’s procurement staff in close collaboration with the technical staff of participating DHCs. The PMU’s Tender Committee will evaluate bids or proposals. The Review Committee, which includes ministry representatives and technical staff of the participating DHCs, will clear evaluation reports before sending them to the Bank on a “no objection” basis.

Specific implementation arrangements for Component 2. The key parties involved in the implementation of thermal renovation projects include (i) the PMU, which has the overall fiduciary responsibility for project implementation; (ii) the respective PIUs of the two selected oblasts, which will coordinate the thermal renovation component activities at the oblast level. The PIU will be hosted by the Oblast Housing and Utility Department (OHUD) with support of locally-based specialists hired by the PMU; (iii) the municipal contracting authority (MCA), which can be a housing maintenance company or a separate entity directly responsible for implementing the thermal renovation projects in its home municipality. The Oblast Expertise (OE) is the government agency authorized to review and approve the technical aspects of thermal renovation projects.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

While the project will be implemented country wide, at this stage of the project design the specific locations of the subprojects are not yet determined. In general, the biomass heating subprojects will be at the existing boiler plants and the thermal renovation subprojects will be at residential areas where the selected buildings are located.

G. Environmental and Social Safeguards Specialists on the Team

Arcadii Capcelea, Environmental Specialist
Aimonchok Tashieva, Social Specialist
<table>
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<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
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<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>The types of activities to be implemented will have either minor or no adverse environmental impacts and provide significant environmental and social benefits (reduced emissions of carbon dioxide and improved heating quality and affordability). Negative environmental impacts are primarily associated with civil works (e.g. dust, noise, disposal of non-hazardous wastes and/or older equipment; degradation of vegetation, traffic disruption (depending upon specific location), worker safety (e.g. welding operations) etc.) In most cases these impacts will be minor, short-lived, and primarily limited to the project sites (except for movement of equipment and materials to/from the construction sites), and they can be addressed with good engineering and construction practices as well as by preparing and implementing adequate mitigation measures and applying best housekeeping practices. As at this stage of the project development the investments and their location are not known, for addressing potential adverse impacts, the client prepared an ESMF which specifies the rules and procedures for the subprojects ESIA and ESMP, including guidelines on conducting environmental screening, identifying potential impacts, mitigation and monitoring activities for different types of potential sub-projects. A special section of the ESMF provides EA capacity building activities for the thermal renovation of multiapartment buildings. The document includes an assessment of supply chain and include estimates of wood supply in Belarus and specifies requirements that biomass sourcing is certified and provide procedures for verification related to the biomass supply chain. Additionally, the ESMF stipulates that no Category A subprojects will be supported.</td>
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<td>Performance Standards for Private Sector Activities OP/BP 4.03</td>
<td>No</td>
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<td>Natural Habitats OP/BP 4.04</td>
<td>No</td>
<td>There will be no sub-projects involving conversion of areas, which are important wildlife habitat and/or</td>
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<td>Sector</td>
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<td>Forests OP/BP 4.36</td>
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<td>Safety of Dams OP/BP 4.37</td>
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<td>Projects on International Waterways OP/BP 7.50</td>
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<td>Projects in Disputed Areas OP/BP 7.60</td>
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## KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

   The types of activities to be implemented will have either minor or no adverse environmental impacts and provide significant environmental and social benefits (reduced emissions of carbon dioxide and improved heating quality and affordability). Negative environmental impacts are primarily associated with civil works (e.g. dust, noise, disposal of non-hazardous wastes and/or older equipment; degradation of vegetation, traffic disruption (depending upon specific location), worker safety (e.g. welding operations) etc.). In most cases these impacts will be minor, short-lived, and primarily limited to the project sites (except for movement of equipment and materials to/from the construction sites), and they can be addressed with good engineering and construction practices as well as by preparing and implementing adequate mitigation measures and applying best construction and/or energy supply or energy conservation practices and relevant mitigation measures. The project triggers only one WB Environmental Operational Policy 4.0 as will generate some adverse environmental and social impacts (see above). The OP 4.04 on Natural Habitats as well as OP 7.36 on Forests, are not triggered as the project the project is focused on existing infrastructure in urban areas no natural habitats and/or forests will be impacted.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: N/A

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. N/A

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

   The project will be appraised based on the subproject pipeline proposed by participating oblasts. Due to the undetermined nature of the time and/or location of a specific subproject implementation the appropriate EA instrument is an Environmental and Social Management Framework (ESMF), which specifies all rules and procedures for the subprojects Environmental and Social Impact Assessment (ESIA) and preparing Environmental and Social Management Plans (ESMPs). None of the subproject that would receive financing will cause significant environmental impacts which may fall under the Category A projects and for which a full ESIA would be required (such subprojects will not be supported under the project). However, most of them might cause some adverse environmental impacts and would fall under the Category B projects, for which the Bank requires a simple and/or a partial ESIA and/or preparing an ESMP. The ESMF will guide the ESIA process, relevant to the proposed project activities. Overall its main goal is to avoid, minimize or mitigate, potential negative environmental and related social impacts caused by the project implementation. The ESMF provides the following: (a) the national and WB safeguards ESIA rules and procedures; (b) environmental and social impacts associated with the proposed investments and generic mitigation measures; (c) guidelines on conducting subprojects environmental screening, as well as ESIA, including defining mitigation measures and monitoring activities for different types of activities; (d) roles and responsibilities in ESIA process and in supervision and reporting; (e) ESMP and ESMP Checklist to be applied within the ESIA process; and (f) capacity building activities to ensure an efficient ESMF implementation. A special section of the ESMF provides safeguards capacity building activities for the thermal renovation of multiapartment buildings. To ensure that the biomass comes from sustainable sources, the ESMF requires for each new Biomass boiler that: (i) wood chips or wood
for production of wood chips by district heating utilities are supplied by certified forestry enterprises in Belarus (as opposed to uncertified enterprises or through self-collection of local wood resources); (ii) confirmation that there is adequate excess material available from existing forest enterprise activities so that the increased demand for them will not lead to changes in forest management or utilization practices (if project-related increased demand could lead to such changes). Also, the proposed capacity building activities to be provided under the Component 2 includes in its curricular a section on identifying subprojects environmental impacts and rules and procedures for preparing ESIA&ESMP.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The EA documents have been disclosed and consulted with all interested parties and key stakeholders. The draft ESMF and the announcement about the consultation meeting was posted on the websites of RUE “Belinvestenergosberezhenie”; the Energy Efficiency Department of Gosstandart and Oblast Executive Committees of Brest, Vitebsk, Gomel, Grodno, Minsk and Mogilev Oblasts from September 12 till September 15, 2018. All interested parties have been invited to send their comments and suggestions to RUE “Belinvestenergosberezhenie”, the organization responsible for conducting of public discussions, not later than October 1, 2018. On October 5, 2018 was organized a public consultation meeting attended by representatives from Oblast administration; MoH; environmental authorities and NGO representatives. After the presentation of the draft document the participants have overall accepted it without any proposals to revise or improve it.

B. Disclosure Requirements

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<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
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<tr>
<td>Date of receipt by the Bank</td>
<td>Date of submission for disclosure</td>
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<td>02-Apr-2019</td>
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"In country" Disclosure
Belarus
02-Apr-2019

Comments

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?
Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?
Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?
Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?
Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes
Have costs related to safeguard policy measures been included in the project cost?
Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

CONTACT POINT

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APPROVAL

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