

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

STRATEGY FOR BELARUS

**REPORT ON THE INVITATION TO THE PUBLIC
TO COMMENT**

1. INTRODUCTION

The objective of this report is to summarise key comments received from stakeholders during the consultation period dedicated to the Bank's Strategy for Belarus and provide the Bank's management responses to these. The comments received during the public consultation period were reviewed by the Bank's management and reflected in the Strategy as appropriate.

In accordance with the EBRD Public Information Policy (PIP), the draft strategy for Belarus was posted on the EBRD website in English and Russian for 45 calendar days from 24 June 2016. The public was invited to submit comments on the draft strategy no later than 8 August 2016. For information, the previous strategy was also made available on the website in English and Russian at <http://www.ebrd.com/where-we-are/belarus/overview.html>.

Information about the public consultation process was posted on the EBRD's dedicated webpage "Have your say", which highlights the latest opportunities for the public to comment on the Bank's policies and strategies under review. In addition, targeted notifications of the consultation process were sent to local and international civil society organisations (CSOs) that have expressed interest in the Bank's work in the country. The start of the review process was also advertised through social media platforms (e.g. Facebook and Twitter).

Five comments on the draft strategy for Belarus were received during the public consultation period.

In line with the Bank's increased efforts to involve civil society at an early stage of country strategy development, the EBRD organised consultative meetings with civil society organisations on 15 March 2016 in Minsk and on 22 March 2016 in London to gather civil society's feedback during the preparatory phase leading to the draft strategy. The consultation provided a platform for dialogue between civil society representatives and EBRD staff involved in the strategy preparation process, including senior management, senior political counsellors and economists. The consultative meetings were chaired by the Head of the EBRD Resident Office in Minsk. A summary of the meetings and list of participating organisations are provided in the Annex to this report.

2. PUBLIC COMMENTS AND STAFF RESPONSES

Reference	Comment	EBRD Response
Operational environment		
Political context	According to CSO comments the description of the political context should be more critical, in particular with regards to the concentration of political power as well as the human rights situation.	The strategy's description of the political context and the political assessment are consistent with relevant international documents and assessments, including those of international organisations such as the EU, the OSCE and the UN and its specialised agencies. The political context and the political assessment aim at providing a balanced picture by reflecting certain improvements in the period since the adoption of the previous strategy, while at the same time highlighting that the nature of the political system in Belarus has not changed and that the authorities' commitment to political pluralism, human rights, media freedom, and the independence of civil society has remained a subject of concern.
Resource efficiency and green economy transition	A CSO expressed doubts about the causal relationship between, on the one hand, the commissioning of the nuclear power station that is currently being constructed near Ostrovets and, on the other hand, a decrease in the dependence on Russian supplies of energy resources, as currently implied on p.17 of the draft strategy.	The strategy refers to the adoption of the new concept for "Energy Security" by the Belarusian government and implies that commissioning the nuclear power plant near Ostrovets will help reduce Belarus' dependence on Russian gas, which currently constitutes more than 95% of electricity and 85% of heat production in Belarus' energy balance. The source of uranium supply could be diversified in the future, while the current supply of raw materials and maintenance is a matter of contractual relations. Therefore, there is no inconsistency between the commissioning of the nuclear power plant and the part of the energy security strategy that aims to change the current disproportionate energy balance in Belarus.

Strategic orientations		
Key challenges and Bank activities	<p>CSOs expressed concerns that the Bank might directly or indirectly finance the nuclear power plant near Ostrovets. While CSOs acknowledged and welcomed the statement that the Bank will not finance directly or indirectly the construction of the Ostrovets NPP, one urged the Bank not to finance any infrastructure that would support or facilitate its functioning, including through power interconnections, reserve capacities and/or cross-border interconnections. Another CSO stated that the Bank should strictly link its financing instruments for Belarus with the termination of further construction of the NPP. CSOs base their concerns about the Ostrovets NPP on the following factors: non-transparency, lack of access to information, concerns about nuclear and environmental safety standards, and adverse implications for Lithuania and its capital Vilnius due to its proximity.</p> <p>CSOs also suggested that the strategy should more explicitly urge Belarus to comply with the requirements of the Espoo and Aarhus Conventions and any other relevant international obligations in a procedural and substantial manner.</p>	<p>The Bank confirms that it will not finance directly or indirectly the construction of the nuclear power plant near Ostrovets. However, as stated on p.26, this will not restrict the Bank from undertaking other work in the Belarusian power and energy sector, including “funding the modernisation, capacity increase and/or extension of the power grid and/or cross border interconnections,” assuming sufficient reform conditionality as elaborated in the strategy.</p> <p>The draft strategy on p.30 also notes the improvements in environmental and social conditions in Belarus, but that further efforts in applying “best practices in setting compliance standards, permitting processes, development of environmental data systems, promotion of public participation and access to environmental information (including continuing implementation of Aarhus and Espoo Conventions)” are necessary. The strategy thus suggests on p.26 that the Bank may be able to provide “advisory assistance to the environmental authorities on strengthening the regulatory framework for Environmental Impact Assessment and its adherence to the Aarhus and Espoo Conventions”.</p> <p>The Bank reaffirms that all of its investment projects are required to comply with the Bank’s Environmental and Social Policy, which includes the application of the Aarhus and Espoo Conventions among other relevant international agreements and best practice guidelines. Bearing in mind these standards, the Bank confirms that it will explore opportunities to engage in select dialogue and technical cooperation on environmental issues generally with the Belarusian authorities.</p>

Annex 1 – Political Assessment		
	<p>According to a CSO, the strategy should state that political imprisonment remains an issue in Belarus despite the release in August 2015 of political prisoners by the Belarusian authorities (cf. Executive Summary) A CSO stated that the strategy should employ more critical language regarding the Belarusian authorities and recall the violence against protesters and the arrests of presidential candidates during the 2010 presidential elections, as well as the failure to meet international standards of free and fair elections during the last four presidential elections A CSO expressed the view that the harassment of journalists and media is a continuing concern in Belarus, which should be stated in the strategy (cf. Operational Environment – Political Context).</p>	<p>The Bank is aware that certain human rights organisations consider some recently detained persons in Belarus to be political prisoners. At the same time, international organisations have so far not recognised anybody currently detained as a political prisoner. The Bank continues to monitor the situation.</p> <p>The political context and the political assessment cover the period since the adoption of the previous strategy for Belarus, including the conduct of the 2015 presidential elections. The language used reflects the conclusions of the OSCE/ODIHR Election Observation Mission, including certain specific improvements as well as remaining significant problems. The previous strategy, which remains a public document, covered extensively the OSCE/ODIHR conclusions on the 2010 presidential elections in Belarus.</p> <p>On civil and political rights (p.36) and independence and pluralism of media (p.36), the political assessment notes certain improvements in the period since the adoption of the previous strategy, as acknowledged by relevant international intergovernmental and civil society organisations including Belarusian human rights organisations. At the same time the political assessment fully acknowledges the continuing existence of serious problems, such as the restrictive legislative framework and practices, obstacles to the exercise of a free and independent media, persecution of journalists, and the fact that earlier arrests of organisers and participants in peaceful assemblies have been substituted with administrative procedures and fines (as reported by human rights organisations and international bodies).</p>

	A CSO commented on the situation of CSOs generally, suggesting that CSOs with different strategic orientations, including but not limited to ‘politically active’ CSOs, operate from abroad, and that regardless of where CSOs’ activities are registered or their leadership located, linkages between many CSOs and Belarusian society are weak and the opposition is excluded from the political process.	The Bank has amended the text on pp.34-35 to reflect this comment.
General remarks		
	According to a CSO comment ‘accountability’ should be considered in all sections of the draft strategy. In the view of the CSO the current lack of accountability affects good governance, jeopardises reforms and investment, hinders the effective implementation of Belarus’ anti-corruption framework, and inhibits processes related to resource efficiency, green economy, gender issues, human rights, and energy policy.	The Bank has amended the text on p.36 to reflect this comment.
	A CSO expressed the view that currently the involvement of civil society is too selective. Therefore, EBRD should encourage its clients to implement CSR measures and also encourage partnerships with civil society organisations to demonstrate the positive impacts of cooperation between the private sector and civil society	The EBRD recognises civil society as a key stakeholder and partner in achieving its mandate and engages extensively with local and international CSOs. The Bank also recognises the value which cooperation between its clients and CSOs adds to its investment projects. In addition, the Bank promotes corporate social responsibility among its clients. The Bank notes the suggestion to further promote cooperation between civil society and the private sector in Belarus and will take it into account when developing its pipeline of technical cooperation projects under the Civil Society Capacity Building Framework.

Summary of EBRD meetings with civil society on 15 March in Minsk and 22 March in London

As part of the public consultation process, the EBRD held a series of consultation meetings on 15 March 2016 in Minsk with political and economic think-tanks and human rights NGOs, as well as with international CSOs on 22 March 2016 in London. The discussions provided an opportunity to discuss strategic aspects of the forthcoming strategy for Belarus and were attended by 15 civil society representatives.

CSOs were broadly supportive of the Bank's envisaged approach under which the Bank plans to gradually broaden its engagement by supporting well-defined initiatives of the government where there is a clear reform commitment.

Article 1 issues

CSOs welcome and support the EBRD's Article 1 mandate and urge the Bank to continue operationalising its commitment to Article 1 principles.

CSOs consider that some progress has been made in Belarus with regards to the benchmarks set out in the previous strategy. While CSOs pointed out positive developments, in particular the release of political prisoners in August 2015, they considered these to be ad hoc developments rather than constituting systemic change. CSOs were critical of criminal cases left pending without resolution and pointed out that released prisoners of conscience were placed under considerable restrictions, failure to comply with which would lead to heavier restrictions and new criminal charges.

According to CSOs, systematic restrictions on freedom of expression, including internet freedom, remain a major challenge as media is under tight government control, and independent media outlets and journalists routinely face harassment and arbitrary prosecution. Some CSOs believe that new legal restrictions on the freedom of expression have been added since 2013. CSOs also stated that the freedom of assembly is not being upheld as the Law on Mass Events continues to be regularly applied, alongside other continued human rights concerns and challenges, including routine use of arbitrary detentions, searches, and interrogations to harass government critics. CSOs are particularly concerned by the fact that Belarus retains the death penalty.

Civil society participants pointed out that the legislative and regulatory framework and operating conditions for CSOs remain restrictive and are not conducive to the development of the sector, in particular for political and human rights focused CSOs. On the other hand, CSO representatives noted progress in other areas, such as environmental, social and vocational spheres, where there has been more constructive dialogue with the authorities.

Some international CSO representatives suggested that the Bank should maintain its political benchmarks as part of its commitment to its Article 1 principles, and only enhance its engagement, including public sector lending, once Belarus demonstrates specific and concrete progress on each benchmark. At the same time, most CSOs were supportive of the Bank adopting a more nuanced approach capitalising on positive developments in the country.

Particular areas where CSOs would welcome stronger engagement by the Bank with the Belarusian authorities are: 1) the cumbersome and opaque CSO registration process; 2) restrictions on access to funding, in particular foreign funding, including tightened reporting requirements and state control over the use of foreign donations, as well as the lack of tax benefits for most CSOs; 3) criminal responsibility of unregistered associations for their activities when many human rights groups are

finding it extremely difficult to register, making activists vulnerable to prosecution; and 4) transparency and access to information.

Strategic directions

Civil society representatives welcomed the Bank's support of reform in the real economy and public infrastructure. CSOs also welcomed the Bank's focus on strengthening the role of the private sector in the country, which some CSO representatives thought would also indirectly influence the development of civil society positively in the medium term.

Some CSOs raised the issue of affordability of public utility services for vulnerable groups and urged the Bank to engage with the Belarusian authorities in this respect.

General remarks

CSOs suggested that the Bank should encourage businesses, especially foreign investors, to strengthen their cooperation with CSOs, for example as part of their corporate social responsibility practices, as this would improve the financial sustainability of the civil society sector.

List of CSO represented at the consultation meetings

Minsk

- BAZ (Belarusian Association of Journalists)
- Belarus Digest
- Belarusian Helsinki Committee
- Belarusian Human Rights House
- Belarusian Institute for Strategic Studies
- Centre for Strategic and Foreign Policy Studies
- IPM Research Center
- New Eurasia Establishment
- Ostrogorski Centre
- Republican Confederation of Entrepreneurship
- Scientific Research Centre Mises
- Viasna Human Rights Centre

London

- Article 19
- Human Rights Watch
- Freedom House
- Amnesty International (in writing)