

<b>1. CAS Data</b>	
Country: Belarus	
CAS Year: FY08	CAS Period: FY08-FY11
CASCR Review Period: FY08-FY12	Date of this review: 5/30/2013

<b>2. Executive Summary</b>
<p>i. This review examines the implementation of the FY08 Belarus Country Assistance Strategy (CAS) and the CAS Progress Report (CASPR) of FY10, and assesses the CAS Completion Report (CASCR). The strategy was jointly implemented by IBRD and IFC; this review covers the joint program of the two institutions.</p> <p>ii. The broad objective of the CAS was to assist Belarus to address global environmental and energy challenges and enhance the competitiveness of its economy. The original CAS objectives were organized under two pillars: (i) delivering global goods, and (ii) facing transition and shocks through competitiveness and inclusion. While maintaining the overarching objectives of the CAS, the CASPR broadened the scope of the WBG program and reorganized the expanded objectives under three pillars: (i) delivering global and local public goods, (ii) entry, regulatory reform and competitiveness, and (iii) public sector efficiency and fiscal discipline.</p> <p>iii. IEG rates the overall outcome of WBG assistance to Belarus as <i>moderately unsatisfactory</i>, below the CASCR rating of <i>moderately satisfactory</i>. WBG support contributed to increasing energy efficiency for social facilities and households, to improving some aspects of Belarus' business environment (licensing, inspection, and taxation), to expanding access to finance for SMEs, and to strengthening budgetary practices. The provision of gas connections for households living in the Chernobyl affected area reduced their dependence on contaminated wood for heating, although the impact on the residents' health risks is unknown. Some progress was made in establishing clear procedures for privatization and in making more SOEs eligible, but the overall process was slow and continued to be opaque. With Bank assistance, the social assistance programs were strengthened, but there was no clear improvement in targeting of the poor as non-targeted programs grew. Cost recovery of electricity and heating tariffs worsened due to low political buy-in, while price control remained as prevalent as before despite some efforts at price liberalization. The Bank's support was very limited in strengthening financial sector discipline, in promoting market-based reforms in agriculture, and in improving water and wastewater management. In the transport sector, the Bank's interventions, although on track, would only produce concrete results in the next strategy period.</p> <p>iv. IEG rates WBG's performance as <i>moderately satisfactory</i>, concurring with the CASCR. The CAS was congruent with the country context and aligned with the country's development goals. The selection of areas of engagement and instruments, for both IBRD and IFC, reflected proper realism in what could be achieved in Belarus' sociopolitical economy. However, the CAS objectives became ambitious, and overly so in some instances, after the mid-term review, especially in relation to the scope of the WBG interventions for achieving the expected outcomes. Inadequate risk mitigation strategy exposed the CAS program to risks that were appropriately identified, but not mitigated. When the reform environment weakened, the Bank scaled back its program, but without a mechanism to take account of the impact on CAS outcomes. The results</p>

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framework underwent substantial changes in the CASPR, which generally improved the quality of the results matrix, although a number of issues remained (which were correctly noted in the CASCR) that impeded a proper assessment of the achievement of CAS objectives. Program supervision appeared adequate, although poor project design led to implementation delays and restructuring in a few cases. The WBG was responsive to the changing circumstances, providing additional assistance as requested and seizing the opportunities to push for structural reforms. There was good collaboration between IFC and IBRD.

- v. The CASCR offers 10 lessons for the next CPS without providing a sense of priority. IEG concurs with these lessons and underscores the following two points. First, while it is important to be prepared to scale back in high risk environment, curtailing WBG engagement is not a risk mitigation strategy in itself. Scaling back may help protect the WBG's portfolio, but may weaken delivering on CAS objectives. The expected results need to properly reflect such downside risks. Second, the WBG's effectiveness should be assessed against outcomes achieved, not outputs delivered or efforts made. The results matrix does not need to include every intervention that the WBG plans to undertake during the strategy period, especially in areas of incipient engagement where strong traction is not yet in place. It should focus on the key objectives that the WBG is committed to achieve through its lending and non-lending operations.

### 3. Assessment of WBG Strategy

#### **Overview of CAS Relevance:**

##### Country Context

1. During 2000-08, Belarus' economy grew on average 8 percent a year. The CAS period was marked by two economic crises. The 2008-09 financial crisis led to a sharp decline in exports and the loss of external financing, which were amplified by a decline in Russia's energy subsidies. However, its impact was modest with GDP growth rebounding quickly from 0.2 percent in 2009 to 7.7 percent in 2010. The 2011 foreign exchange crisis, which resulted from expansionary wage and credit policies after the expiration of the IMF's 2009 Stand-By Arrangement, widened the already high current account deficit, created pressures on reserves, and eventually led to the loss of control of the foreign exchange, an acceleration of inflation and a contraction of the economy. The fiscal, monetary and exchange rate policies undertaken in the second half of 2011 were effective, although risks remained. Poverty was estimated at 5 percent in 2009, one of the lowest in the region. Structural reforms continued to be slow.

2. The Program of Socioeconomic Development (PSED) for 2006-2010 defined the Government's medium-term development agenda. The key priorities of the strategy included: comprehensive harmonious development of a human being, formation of an efficient public health system; innovational development of the national economy, energy and resources conservation; export build-up; development of the agribusiness sector and related sectors, rural social sphere; development of small and medium towns; and housing construction. The PSED for 2011-2015 continued the main thrusts of the PSED for 2006-2010.

##### Objectives of the WBG Strategy

3. The broad objective of the CAS was to assist Belarus to address global environmental and energy challenges and enhance the competitiveness of its economy. The original CAS objectives were organized under two pillars: (i) delivering global goods, and (ii) facing transition and shocks through competitiveness and inclusion. While maintaining the overarching objectives of the CAS, the CASPR broadened the scope of the WBG program and reorganized the expanded objectives under three pillars: (i) delivering global and local public goods, (ii) entry, regulatory reform and competitiveness, and (iii) public sector efficiency and fiscal discipline.

##### Relevance of the WBG Strategy

4. **Congruence with Country Context and Country Program.** The WBG's choice to engage

through AAAs and interventions in the areas where there was client commitment was congruent with the country context of robust economic growth and slow pace of market reforms. The overall objectives of the CAS were aligned with Belarusian government's socioeconomic development program and addressed key deficiencies in Belarus' economy. The CAS program was flexible, assisting the government in times of economic crisis while seizing the opportunity to push for structural changes.

5. **Relevance of Design.** Being mindful of the various constraints, the initial scope of the CAS was modest and the goals were generally set at the appropriate levels. The opportunities offered by the crisis for pursuing for more ambitious objectives eventually proved more elusive than expected. In several instances, the scope of WBG interventions was limited in relation to the CAS objectives they would support (e.g., improving quality, transparency, accountability, and efficiency of the privatization process; strengthening financial sector discipline). The choice of instruments was appropriate, although low government commitment led to stalled dialogue and/or reforms on critical issues.

6. **Strength of the Results Framework.** The CAS results framework provided a reasonable results chain, but no proper baselines and targets to measure the progress for most of the outcome indicators. It was substantially revised in the CASPR with the addition of a third pillar to reflect the new objectives and interventions, as well as the reformulation of several objectives and outcome indicators in the first two pillars. The CASPR results matrix provided more quantifiable indicators to assess program achievement, although confusingly these were listed as intermediate measurements and not outcome indicators to gauge the achievement of CAS objectives. In several cases, the indicators measured intermediate steps to be taken for achieving results (e.g., assessment of needs and investment priorities in transport sector completed), not the results to be achieved through WBG interventions (e.g., increased competitiveness in transport sector, or upgraded infrastructure in road). Moreover, some CAS objectives were very broad (e.g., improving quality, transparency, accountability, and efficiency of the privatization process), while the proposed outcome indicators were too narrow to fully measure their achievement (e.g., preparation of an improved legislative framework for privatization). Some objectives were poorly defined (e.g., launching dialogue to increase efficiency in agricultural resource allocations) and weakly linked to the country goals (not specified in this case). Some indicators were WBG outputs (even inputs) instead of outcomes.

7. **Risk Identification and Mitigation.** The CAS identified reputational risks and creditworthiness as the main risks facing the WBG program. The CASPR highlighted macroeconomic risks, which was considered sizeable, and increasing implementation risks as the WBG enlarged the scope of its engagement. However, no measures were proposed to mitigate these risks. The WBG was prepared to scale back its interventions, but did not specify what objectives would be dropped in such cases. As the risks materialized, a second DPL was cancelled and the implementation of the CAS program suffered, resulting in under-achievement of several CAS objectives.

### **Overview of CAS Implementation:**

#### Lending and Investments:

8. Two projects (\$73 million) were under implementation at the beginning of the CAS period. During the CAS period, seven new loans totaling \$623 million were approved, compared to four projects for \$260 million in the CAS and eight projects for up to \$710 million in the CASPR. The second Development Policy lending proposed for FY11 was dropped. Nine trust funded activities of \$11.7 million completed IBRD financing in energy efficiency, privatization, innovations, and agriculture.

9. No project was at risk in FY08-FY10; then one each in FY11 and FY12. The small portfolio (growing from two to five projects) does not allow meaningful comparison with peer countries. IEG reviewed the ICRs of two projects closed during the CAS period, and rated the development outcome as *moderately satisfactory* in one and *satisfactory* in the other (for reference, 86.8 percent of projects were rated *moderately satisfactory* or higher for the ECA region as a whole). All projects under implementation were rated as *moderately satisfactory* or higher by the ISRs.

10. Five IFC investment projects were in operation at the inception of the CAS with \$ 51.5 million of net commitments. During the CAS period, IFC committed another \$296.1 million for 18 projects, of which half was in the financial sector (mostly in two trade finance projects). IEG reviewed the XPSRs of three IFC investment projects that were approved in FY04-07 and rated all positively for development effectiveness. IFC supervision reports indicate that most of the new investee projects are “under watch”; with the investment in the aluminum manufacturing sector going particularly well, while Greenfield microfinance bank created by IFC, EBRD and KfW having to be recapitalized.

Analytic and Advisory Activities and Services

11. IBRD delivered 13 Economic and Sector Works (ESW) and 14 Technical Assistance (TA) tasks. These AAAs supported the lending portfolio and dialogue in politically and socially sensitive areas of market reforms. Major ESWs such as Programmatic Public Expenditure Review (FY11) and Country Economic Memorandum (FY12) supported all pillars and helped shape the direction of structural changes. Some studies, such as Agriculture Competitiveness and State Support Note (FY09), were more for awareness-raising purposes as there was not enough interest or political buy-in to lead to appreciable impact. Overall, the WBG’s AAAs played an important role in building trust and effectively guided the slow process of structural transformation in several areas (e.g., energy efficiency, crisis management, business environment, social safety nets, and public finance management).

12. During the CAS period IFC continued to implement three Advisory Services (AS) projects that were approved before the CAS and added three new projects. About three quarters of the AS resources were devoted to regulatory simplification and investment generation assistance. Five of the six projects were completed; IEG reviewed the PCRs of two completed projects, but found the development effectiveness to be *too early to judge* in one and *not applicable* for the other.

Partnerships and Development Partner Coordination

13. There were few development partners. The Bank had good collaboration with the IMF in response to the global financial crisis.

Safeguards and Fiduciary Issues

14. There were no cases brought before the Inspection Panel during the CAS period. INT recorded one allegation and found insufficient base to open an investigation.

***Overview of Achievement by Objective:***

**Pillar I: Delivering Global and Local Public Goods**

15. Under Pillar I, the CAS aimed to improve energy efficiency and to improve the quality of public services, especially in disadvantaged areas.

16. **Provide investments into energy efficiency measures to selected social and other public sector facilities and households, including upgrading/replacement of heat generation and distribution equipment, thermal insulation improvements.** Belarus continued to be committed to reduce energy intensity during the CAS period, and the IBRD’s program fit within the Government’s clearly-articulated national plan. The CAS targets were set within specific IBRD projects. The Social Infrastructure Recovery Project (FY01, additional financing FY08) to rehabilitate buildings and renovate boiled houses and heat substations contributed to 243,300 MWh per year of energy savings, more than twice the CAS target. The Post-Chernobyl Recovery Project (PCR, FY06) supported energy efficiency measures that resulted in an estimated 148,400 MWh per year of fuel savings (45 percent above CAS target) with 174,000 beneficiaries. The CAS target of reducing electricity consumption with improved energy efficiency in waste water treatment was not met as the intended support through the Water Supply and Sanitation Project (FY09) was restructured to focus on service quality and coverage instead of energy efficiency improvement.

17. In addition, IBRD provided financing through the Energy Efficiency Project (FY09) to rehabilitate three (out of six) combined heat and power plants, but there are no results yet in 2013.

The lending portfolio was assisted by two ESWs - Impact of Higher Energy Import Prices (FY08) and PER (FY11), and trust funded Harmonization of Renewable Energy Legal and Regulatory Framework with the EU TA (FY11). Targeting the private sector, IFC supported investments into energy efficiency measures through SME lending and a TA to develop a financially viable sustainable energy lending product.

18. **Maintain or improve cost recovery of energy and utility tariffs and reduce cross-subsidization among all consumers.** Cross-subsidization declined as the number of preferential consumers was reduced by 64 percent, surpassing the CAS target (13 percent). However, cost recovery of electricity and heating tariffs for households deteriorated by more than 20 percentage points as the lack of government commitment to utility tariff policy reforms rendered the expectations of the DPL (FY10) unrealistic. The one-time increase in household tariffs by 19.3 and 15.6 percent respectively for electricity and heating in 2009 was quickly eroded by increases in the price of gas paid to Russia and overall loose macroeconomic policies.

19. **Reduce health risks for people living in Chernobyl affected area due to exposure to radiation contaminated wood.** The CAS indicator did not measure the health risks from exposure to contaminated wood, but focused on the progress in gasifying the Chernobyl affected area. IBRD's interventions through the PCR Project (FY06) and its Additional Financing (FY11) helped provide gas connections to more than 3,486 households (against CAS target of 3,000). There is no information on the health benefits of the intervention.

20. **Improve the quality of the water and wastewater management and improve access of urban population to a centralized water supply.** The Bank did not contribute to this objective as poor design and slow procurement in the WSSP (FY09) led to limited results and project restructuring in FY12. The GEF-funded Persistent Organic Pollutant (POP) Stockpile Management Project (FY10) provided TA on environmentally sound management of pesticide wastes.

21. IEG rates the outcome of the WBG assistance under Pillar I as *moderately satisfactory*. The WBG contributed to improved energy efficiency in social facilities and households. However, its efforts to improve cost recovery of electricity and heating tariffs failed due to low political buy-in and expansionary macroeconomic policies. An above-target number of households living in the Chernobyl affected area received gas connections, but there is no information on reduced health risks from the Bank's interventions. There was no improvement in the water and wastewater sectors, including increased energy efficiency, due to delays and restructuring of IBRD projects.

#### **Pillar II: Entry, Regulatory Reform and Competitiveness**

22. Under Pillar II the WBG support was to promote private sector development through reducing business entry and operation costs; providing access to finance; easing tax burden; liberalizing prices and trade; reducing state dominance in the economy; and improving transport infrastructure.

23. **Reduce regulatory and administrative barriers and decrease costs to business entry and operation.** Good process was made in reducing the administrative barriers to business entry and operation: the number of licenses was reduced by 60 percent, the time required to obtain a license was cut in half, as was the length of inspection for entrepreneurs. IBRD's support for this objective was provided through the DPL (FY10), which sought to address several key constraints in the business environment and contributed to the achievement of the CAS targets. In addition, IBRD provided analytical support through the Economic Policy Notes ESW (FY10) and Structural Reforms TA (FY12). Building on its successful Business Enabling Environment (BEE, FY07), IFC provided BEE II TA (FY07) and the Regulatory Simplification and Investment Generation Project (FY11), which helped reduce the number of administrative procedures for individual entrepreneurs and businesses from 1180 in 2007 to 725 in 2011 and 575 in post-CAS period. These improvements were reflected in Belarus' substantially improved Ease of Doing Business ranking, from the 115<sup>th</sup> (out of 178 countries) in 2008 to the 58<sup>th</sup> (out of 185 countries) in 2013, although, as the CASCR notes, regulatory reforms were starting to be hindered by the lack of administrative reforms of the public governance model.

24. **Provide greater access to finance for private sector companies.** The CAS indicators were narrowly defined to measure direct IFC investments and the reach to SMEs from its investments in the

banking sector. Despite the lack of baseline and target for assessing progress, the CASCR considers the objective achieved based on the six fold increase in IFC's commitment during the CAS period over the previous strategy period, as well as the corporation's increased lending to SMEs through the Belarusian Bank for Small Business (BBSB) and Belaruskyy Narodny Bank (Belnarodny). WDI data show that domestic credit to the private sector increased during 2008-11. IBRD's support was through ESWs including Financial Sector Assessment Program (FSAP) Update (FY09).

25. **Support further tax simplification and reduction of tax burden on enterprise sector.** Belarus undertook important tax reforms during 2008-13, including elimination of local sales tax and turnover tax since January of 2010, which was the only indicator proposed in the CAS. There were other changes toward lessening the burden of taxes and fees on the enterprise sector (e.g., abolishment of tax on automobile roads users, local users' fees, special tax on incomes from securities operations, tax on automobile purchases, local fee for territorial development, and local tax on services). These improvements were reflected in the decline of the tax burden from 47.6 to 39.6 percent of GDP during 2008-2011, as reported in the CASCR. IBRD contributed to this objective through the DPL (FY10), the PEFA Assessment (FY09), and the Structural Reforms TA (FY12).

26. **Support transition to free market pricing by further reduction of administrative price controls and regulated trade margins.** Some progress was made during the first half of the CAS period in reducing state regulation of prices, with the share of regulated goods and services in CPI basket declining as expected in the CAS and the EBRD upgrading Belarus in its price liberalization index. Several prior conditions of the DPL (FY10) supported price liberalization reforms, such as elimination of the requirements for price registration for new products and removal of administrative limits on increases in producer prices and restrictions on retail trade margins for most domestic and imported goods. However, policy reversals in 2011 in response to the inflation-depreciation crisis raised the share of goods subject to price controls to 25-30 percent of the CPI basket (CASCR p.16), far above the baseline of 10.4 percent in 2008 and missing the CAS target of 9.2 percent.

27. **Improve quality, transparency, accountability, and efficiency of the privatization process.** The proposed CAS indicator measured improvement in the legislative framework for privatization, which was relevant, but inadequate for measuring the achievement of this objective. Through the DPL (FY10) and Structural Reforms TA (FY12), IBRD guided the drafting of the Privatization Law, which was enacted in 2010 and established clear procedures for privatizing SOEs. The number of SOE candidates for privatization was increased with the replacement of the list of eligible SOEs by a list of non-eligible SOEs. IBRD also assisted the establishment of a new National Agency for Investment and Privatization in 2009, although the capacity of the new agency was still to be demonstrated. The CASCR notes further issues with the efficiency of the privatization process which resulted in fewer than expected number of privatized SOEs and low transparency in the privatization of the most expensive SOEs. There was a trust funded Privatization Project (FY11).

28. **Facilitate competitiveness of the transport sector by supporting modernization and upgrading of critical physical infrastructure in road and railway sectors.** The CAS indicators measured the outputs rather than outcomes of WBG support. An assessment of needs and investment priorities in transport sector was completed with the Transport Sector Policy Note (FY10); and work to upgrade the Trans-European corridor road started towards the end of the CAS period under the Road Upgrading and Modernization Project (FY11). However, the modernization objective had to be dropped as the Government decided to pursue the introduction of an electronic state-of-the-art road tolling system outside the IBRD project.

29. IEG rates the outcome of WBG assistance under Pillar II as *moderately satisfactory*, but at the lower end of this rating. The WBG helped reduce some administrative barriers in Belarus' business environment. Access to finance for SMEs expanded with IFC investments in the banking sector. Some progress was made in establishing clear procedures and making more SOEs eligible for privatization, although the overall privatization process was slow and opaque. Price control remained prevalent as efforts at reforming pricing policies were reversed during the second crisis. The WBG's support in the transport sector appeared to be on track, but there was yet to be concrete results.

**Pillar III: Public Sector Efficiency and Fiscal Discipline**

30. Under Pillar III the WBG support was to improve targeting and coverage of the social assistance system, to strengthen financial sector discipline, to ensure good budgetary practices and to raise the awareness of efficient resource allocation in agriculture.

31. **Strengthen social safety nets by better targeting accuracy of the social assistance programs for the poor and scaling-up of social assistance programs.** As prior actions under the DPL (FY10), important steps were taken to improve the social assistance system: the income eligibility threshold for targeted social assistance (TSA) program increased from 100 to 150 percent of subsistence minimum, the duration of TSA extended from three to no less than 6 months, means testing was incorporated in eligibility criteria for TSA, and Housing and Utility Allowance Program was integrated into TSA. However, there was no progress in the CAS target of increasing the share of social assistance received by the poorest 20 percent of population from 40 to 45 percent – the share increased to 44 percent in 2010 but fell back to 40 percent in 2011 as a result of increases in non-targeted benefits, weakened interest of the Government in TSA program and less than expected impact of the crisis. IBRD also provided the Human Development Policy TA (FY09).

32. **Strengthen financial sector discipline.** The CASPR was not clear about what outcome was to be achieved to support this country goal; the indicator (findings of the FSAP Update providing background to the IMF's Stand-By Arrangement (SBA) program) measured IBRD's contribution to the IMF's support for helping Belarus strengthen its financial system. Although directed lending was curtailed as part of the tighter fiscal policy in response to the 2011 foreign exchange crisis, it was not phased out as expected because the planned special financial agency (the Development Bank, created by President Decree in 2011) to carve out directed loans from bank balance sheets was not yet operational. There is no information on the status of the crisis management framework.

33. **Ensure budgetary practices in line with best regional practices.** The only CAS indicator (Public Expenditure and Financial Accountability (PEFA) assessment of strengths and weaknesses of public financial management system and proposition of strategic direction and priorities for improvement) measured an output, which was delivered by IBRD in FY09. Belarus scored well against the regional averages, and initiated a range of reforms in those areas where PEFA showed deficiencies. However, there is yet to be a PEFA update to measure the results of these initiatives. IBRD provided several other AAAs to guide public finance reforms such as Economic Policy Notes (FY10), PER (FY11), Debt Management Performance Assessment (FY12), and CEM (FY12). In addition, the DPL (FY10) contributed to the increased transparency of the state support to SOEs through an integrated report on itemized fiscal costs of state support to the economy and making it available from the website of the Ministry of Finance.

34. **Launch dialogue to increase efficiency in agricultural resource allocations.** Improving agriculture sector efficiency through market-based measures was highlighted in the CASPR. An Agricultural Competitiveness and State Support policy note (FY09) was delivered, but the dialogue that had been launched with the preparation and dissemination of this note stalled as the Ministry of Agriculture and Food was not the counterpart for the note. An IDF-financed project supported Strengthening Institutional Capacity for Monitoring and Evaluation of Agricultural Policy Instruments (FY12).

35. IEG rates the outcome of the WBG assistance under Pillar III as *moderately unsatisfactory*. As the CASCR notes, the objectives under this pillar were vaguely formulated and overly ambitious in retrospect. Some progress was made in expanding the coverage of the social assistance programs, but there was little improvement in targeting of the poor. A range of initiatives were undertaken to improve budgetary practices. The WBG played a limited role in strengthening financial sector discipline and its knowledge support in the agricultural sector was largely ineffective due to inappropriate choice of counterpart and lack of government commitment to market reforms.

Objectives	CASCR Rating	IEG Rating
Pillar I: Delivering Global and Local Public Goods	<i>n/a</i>	<i>Moderately Satisfactory</i>
Pillar II: Entry, Regulatory Reform and Competitiveness	<i>n/a</i>	<i>Moderately Satisfactory</i>
Pillar III: Public Sector Efficiency and Fiscal Discipline	<i>n/a</i>	<i>Moderately Unsatisfactory</i>

#### 4. Overall IEG Assessment

	CASCR Rating	IEG Rating
<b>Overall Outcome:</b>	<i>Moderately Satisfactory</i>	<i>Moderately Unsatisfactory</i>
<b>WBG Performance:</b>	<i>Moderately Satisfactory</i>	<i>Moderately Satisfactory</i>

##### **Overall outcome:**

36. IEG rates the overall outcome of WBG assistance to Belarus as *moderately unsatisfactory*, below the CASCR rating of *moderately satisfactory*. WBG support contributed to increasing energy efficiency for social facilities and households, to improving some aspects of Belarus' business environment (licensing, inspection, and taxation), to expanding access to finance for SMEs, and to strengthening budgetary practices. The provision of gas connections for households living in the Chernobyl affected area reduced their dependence on contaminated wood for heating, although the impact on the residents' health risks is unknown. Some progress was made in establishing clear procedures for privatization and in making more SOEs eligible, but the overall process was slow and continued to be opaque. With Bank assistance, the social assistance programs were strengthened, but there was no clear improvement in targeting of the poor as non-targeted programs grew. Cost recovery of electricity and heating tariffs worsened due to low political buy-in, while price control remained as prevalent as before despite some efforts at price liberalization. The Bank's support was very limited in strengthening financial sector discipline, in promoting market-based reforms in agriculture, and in improving water and wastewater management. In the transport sector, the Bank's interventions, although on track, would only produce concrete results in the next strategy period.

##### **WBG Performance:**

37. IEG rates WBG's performance as *moderately satisfactory*, concurring with the CASCR. The CAS was congruent with the country context and aligned with the country's development goals. The selection of areas of engagement and instruments, for both IBRD and IFC, reflected proper realism in what could be achieved in Belarus' sociopolitical economy. However, the CAS objectives became ambitious, and overly so in some instances, after the mid-term review, especially in relation to the scope of the WBG interventions for achieving the expected outcomes. Inadequate risk mitigation strategy exposed the CAS program to risks that were appropriately identified, but not mitigated. When the reform environment weakened, the Bank scaled back its program, but without a mechanism to take account of the impact on CAS outcomes. The results framework underwent substantial changes in the CASPR, which generally improved the quality of the results matrix, although a number of issues remained (which were correctly noted in the CASCR) that impeded a proper assessment of the achievement of CAS objectives. Program supervision appeared adequate, although poor project design led to implementation delays and restructuring in a few cases. The WBG was responsive to the changing circumstances, providing additional assistance as requested and seizing the opportunities to push for structural reforms. There was good collaboration between IFC and IBRD.



**5. Assessment of CAS Completion Report**

38. The CASCR provides a comprehensive and critical review of the achievement of CAS program. There is adequate analysis of the success as well as failures of the CAS. The CASCR draws valuable lessons for future strategies. However, the CASCR analysis focuses narrowly on the results as measured by the CASPR indicators and milestones. It could have more usefully informed on the link between these results and the outcomes that the CAS aimed to achieve.

**6. Findings and Lessons**

39. The CASCR offers 10 lessons for the next CPS without providing a sense of priority. IEG concurs with these lessons and underscores the following two points. First, while it is important to be prepared to scale back in high risk environment, curtailing WBG engagement is not a risk mitigation strategy in itself. Scaling back may help protect the WBG's portfolio, but may weaken delivering on CAS objectives. The expected results need to properly reflect such downside risks. Second, the WBG's effectiveness should be assessed against outcomes achieved, not outputs delivered or efforts made. The results matrix does not need to include every intervention that the WBG plans to undertake during the strategy period, especially in areas of incipient engagement where strong traction is not yet in place. It should focus on the key objectives that the WBG is committed to achieve through its lending and non-lending operations.

**Annex Table 1: Summary Achievements of CAS Objectives**

**Annex Table 2: Planned and Actual Lending, FY 08-13**

**Annex Table 3: Grants and Trust Funds Active in FY08-13 (in US\$ millions)**

**Annex Table 4: Planned and Actual Analytical and Advisory Work, FY08-13**

**Annex Table 5: IEG Project Ratings for Belarus, FY08-12**

**Annex Table 6: IEG Project Ratings for Belarus and Comparators, FY08-12**

**Annex Table 7: Portfolio Status Indicators from Belarus and Comparators FY08-12**

**Annex Table 8: Net Disbursements and Charges Report (in US\$ millions)**

**Annex Table 9a: List of IFC's investments in Belarus approved pre FY08 and active during FY08-12**

**Annex Table 9b: List of IFC's investments in Belarus approved in FY08-12**

**Annex Table 10a: List of IFC's Advisory Services in Belarus approved pre FY08-12 and active during FY08-12**

**Annex Table 10b: List of IFC's Advisory services in Belarus approved in FY08-12**

**Annex Table 11: Total Net Disbursement of Official Development Assistance and Official Aid, 2007-2011 (in US\$ million)**

**Annex Table 12: Economic and Social Indicators for Belarus and Comparators, 2008-2011**

**Annex Table 13: Belarus - Millennium Development Goals**

**Annex Table 1: Summary of Achievements of the CAS Objectives**

	CAS FY08-FY11: Pillar I Delivering Global and Local Public Goods	Actual Results (as of current month year)	Comments
<b>Major Outcome Measures</b>	<b>1. Provide investments into energy efficiency measures to selected social and other public sector facilities and households, including upgrading/replacement of heat generation and distribution equipment, thermal insulation improvements</b>		
	Energy savings in schools, medical and other selected social facilities supported by Social Infrastructure Retrofitting Project (SIRP) (MWh/year): Baseline: 90,000 (2008) Target: 114,900 (2011)	Energy savings under SIRP and SIRP AF reached 243,300 MWh/year (as Dec 2010)	Source: P044748 Social Infrastructure Retrofitting Project ICR
	Fuel savings (Gcal) due to energy efficiency measures under Post-Chernobyl Recovery Project (PCRP): Baseline: 0 (2008) Target: 102,000 (2011)	Estimated amount of heat energy saved annually under PCRP: 148 400 MWh/year as of October 2012	Source: P095115 Post-Chernobyl Recovery Project ISR
	Reduction of electricity consumption due to improved energy efficiency in waste water treatment (kWh/m <sup>3</sup> of wastewater treated) Baseline: 2.5 (2008) Target: 1.5 (2011)	No data available	Source: CASCR This outcome indicator has been dropped. The feasibility studies carried out during the Water Supply and Sanitation Project (WSSP) implementation clarified that priority investments should focus on service quality and coverage expansion rather than on energy efficiency improvement. WSSP was restructured in December 2012 to reflect this change in the scope of investments.
	<b>2. Maintain or improve cost recovery of energy and utility tariffs and reduce cross-subsidization among all consumers</b>		
	Maintain the cost recovery of electricity and heating tariffs for households (Belenergo/Beltopgas system) at least at beginning 2009 level (percent): Baseline: 80 and 45 (at beginning 2009)  Target: no less than 80 and 45 (2011)	Cost recovery: 77.1% in 2009, 60.0% in 2010 and 57.8% as of July 2011. Heating tariffs: 45.6% in 2009, 36.8% in 2010, and 17.9% as of July 2011.	Source: CASCR In 2010 and 2011 planned residential energy tariff increase was not implemented.
	Reduce the number of preferential consumers (percent): Baseline: 100 (2008)  Target: no more than 86 (2011)	The number of preferential consumers fell by 13 percent. In 2010 and 2011 the number of preferential recipients dropped 28 percent and 65 percent vis-à-vis the 2008 baseline, accordingly.	Source: CASCR
	<b>3. Reduce health risks for people living in Chernobyl affected area due to exposure to radiation contaminated wood</b>		
	Switch the number of households from contaminated wood to gas: Baseline: 0 (2008)  Target: three thousand households provided with gas connections (2011)	Residential gas connections have been extended to 3,486 during the CAS period under PCRP and PCRP AF as of October 2012.	Source: P095115 Post-Chernobyl Recovery Project ISR
	<b>4. Improve the quality of the water and wastewater management and improve access of urban population to a centralized water supply</b>		
	Reduce the discharge of wastewater with BOD levels in excess of 15 mg/l in project supported sites (percent): Baseline: 100 (2008)  Target: 40 (2011)	No data available	Source: CASCR Progress under Bank-financed Water Supply and Sanitation Project - the main vehicle for this outcome - has been slower than expected. Moreover, CAS outcome and the original project results framework were poorly aligned. The project was restructured in December 2012, and the works are to be completed by the new project closing date of December 31, 2014.
	Share of urban population with centralized water supply (percent): Baseline: 90 (2008)  Target: 97 (2011)	No data available	Source: CASCR Integrated Solid Waste Management Project (ISWMP) (FY10) that became effective in October 2010 is not captured by CAS results framework. The project is yet to enter active implementation phase and key results are anticipated to be achieved in the next CPS upon completion of supply and installation of the plant.

CAS FY08-FY11: Pillar II Entry, Regulatory Reform, and Competitiveness	Actual Results (as of current month year)	Comments
<b>1. Reduce regulatory and administrative barriers and decrease costs to business entry and operation</b>		
<b>Major Outcome Measures</b>		
Length of inspections for individual entrepreneurs (working days): Baseline: 30 (2008) Target: no more than 15 (2010)	Since January 1, 2010, the maximum length of an inspection for individual entrepreneurs does not exceed 15 days.	Source: CASCR
Reduce the number of licenses issued Baseline: 250,000 (2008)  Target: no more than 150,000 (2010)	Since 2011, the number of licenses declined by about 60 percent (i.e. 100, 000 licenses issued), due to the removal of licensing requirements for retail trade and catering that accounted for a significant share of licensing.	Source: CASCR
Reduce the time to get a license (working days): Baseline: 30 (2008) Target: not more than 15 (2010)	Since January 1, 2011, the time to get a license is no more than 15 days.	Source: CASCR and Doing Business (DB) 2008 and 2013 The number of days to start a business fell from 48 (DB2008) to 5 days (DB2011,12 and 13).
<b>2. Provide greater access to finance for private sector companies</b>		
Increase the availability of financing for private sector companies through the IFC	IFC invested \$335 million in 12 companies in the banking, manufacturing, agribusiness, and services sectors. Of this amount, \$138 million was in the form of loans, \$183 million in trade finance, and \$14 million in equity.	Source: CASCR
Increase the lending by IFC to SMEs through the banking sector	IFC portfolio client banks provided about 18,900 micro, small and medium enterprise (MSME) loans and at the end of 2011 held an outstanding MSME portfolio of \$100 million.	Source: CASCR
<b>3. Support further tax simplification and reduction of tax burden on enterprise sector</b>		
Eliminate local sales tax and turnover tax by January 1, 2010.	Turnover tax was reduced from 2 to 1 percent in 2009 and eliminated starting from 2010. Local sales tax on goods has been eliminated since 2010. In 2011, local tax on services, local fee for territorial development and three payments within the environmental tax were eliminated.	Source: CASCR
<b>4. Support transition to free market pricing by further reduction of administrative price controls and regulated trade margins</b>		
Reduce the share of regulated socially important goods and services in CPI basket (percent): Baseline: 10.4 (2008) Target: less than 9.2 (2009)	The share of socially-important goods and services in CPI basket was reduced from 10.4 percent in 2008 to 9.2 percent in 2009. However, it was increased to 25-30% later according to the IMF.	Source: CASCR and IMF, Republic of Belarus, 2012 Article IV Consultation. Belarus was upgraded in the EBRD index of price liberalization in 2009 (for the first time since 2001) from 2.7 to 3.0 and further to 3.3 in 2010.
Launch dialogue to increase efficiency in agriculture sector through move towards market-based pricing and reduction of state control over farm management.	The dialogue launched in the process of preparation and dissemination of Agriculture Competitiveness Note has not yet been continued.	Source: CASCR
<b>5. Improve quality, transparency, accountability, and efficiency of the privatization process</b>		
Prepare an improved legislative framework for privatization: (i) establishing clear procedures for privatization of state-owned enterprises; (ii) reducing list of enterprises not subject to privatization.	In 2008 the golden share rule was abolished, and the moratorium on the sale of individual shares and the requirement to sell shares to workers was lifted. The list of SOEs eligible for privatization and unitary enterprises due for corporatization expanded significantly. The earlier narrow lists of SOEs to be privatized have been replaced with narrow lists of SOEs not to be privatized, making all other SOEs potential privatization	Source: CASCR Efficiency of privatization process still has to be improved, as fewer than expected SOEs have been sold so far, and transactions in a transparent best-practice way are yet to be concluded.

	candidates. The New Privatization Law was enacted in 2010.	
<b>6. Facilitate competitiveness of the transport sector by supporting modernization and upgrading of critical physical infrastructure in road and railway sectors</b>		
Complete an assessment of needs and investment priorities in transport sector.	The Government has adopted the equivalent of the Transport Sector Strategy and Investment Program. The Bank completed a Transport Sector Policy Note (FY10) focused on transport sector efficiency.	Source: CASCR  The Government mobilized internal and external financing for significant road and rail investments. It supports a balanced approach in transport sector development, with investments in roads and in railway modernization and logistics.
Upgrading of Trans-European corridor road started under the new Roads project	In FY11, the Road Upgrading and Modernization Project (RUMP) upgrading a strategic Trans-European Transport Corridor IX connecting the Black Sea with the Baltic countries, was approved and has made very good progress.	Source: CASCR

<b>CAS FY08-FY11: Pillar III</b> <b>Public Sector Efficiency and Fiscal Discipline</b>	<b>Actual Results</b> <b>(as of current month year)</b>	<b>Comments</b>
<b>Major Outcome Measures</b>	<b>1. Strengthen social safety nets by better targeting accuracy of the social assistance programs for the poor and scaling-up of social assistance programs</b>	
Increase the share of social assistance received by the poorest 20% of population: Baseline: 40 (2008) Target: 45 (2011)	All outcome indicators on strengthening of the were completed as prior actions under the 2009 DPL by the adoption of the Presidential Decree No.458 on September 15, 2009, in effect since January 1, 2010.	Source: CASCR
Increase the income eligibility threshold for targeted social assistance (TSA) program (percent of subsistence minimum): Baseline: 100 (2008) Target: no less than 150 (2009)		
Extend the duration of targeted social assistance (months): Baseline: 3 (2008) Target: no less than 6 (2009)		
Incorporate means testing to improve targeting in eligibility criteria for TSA		
Integrate housing and utility allowance program into TSA		
<b>2. Strengthen financial sector discipline</b>		
Findings of the FSAP Update provide the background to the IMF program on strengthening the financial system, including on crisis management framework and phasing out of directed lending through the banking system.	FSAP findings contributed to the design of the IMF SBA program that was delivered to the government in 2009. However, with expiration of the IMF SBA and suspension of the budget support by the Bank, further results on the ground have been uneven.	Source: CASCR IFC successfully provided advisory support to several private sector banks, which are not engaged in directed lending, on improving risks management practices and NPL resolution.
<b>3. Ensure budgetary practices in line with best regional practices</b>		
PEFA assessed strengths and weaknesses of PFM system and proposed strategic direction and priorities for improvement.	Belarus scores above regional averages on five of the six PEFA dimensions. For policy-based budgeting, Belarus scores less well primarily as other countries started introducing MTEFs earlier and are further in implementation.	Source: CASCR
<b>4. Launch dialogue to increase efficiency in agricultural resource allocations</b>		
Agriculture Competitiveness Note published and disseminated	The dialogue launched in the process of preparation and dissemination of Agriculture Competitiveness and State Support Policy Note (FY09) has not yet been continued.	Source: CASCR

**Annex Table 2: Planned and Actual Lending, FY08-13**

Project ID	Project name	Proposed FY	Approval FY	Proposed Amount	Approved Amount	Outcome rating
P106719	Social Infrastructure Retrofitting Project - Add'l Financing	2008	2008	15	15	IEG: S*
P101190	Water Supply and Sanitation Project	2009	2009	60	60	LIR: MS
P108023	Energy Efficiency	2009	2009	125	125	LIR: S
P114515	Integrated Solid Waste Management Project	2010	2010	60	43	LIR: MS
P115700	Belarus DPL	2010	2010	200	200	IEG: MS
P118376	Post-Chernobyl Recovery - Additional Financing	2011	2011	30-40	30	LIR: S
P118375	Trans-European Corridor Road Improvement (Final project name changed to Road Upgrading and Modernization Project)	2011	2011	150	150	LIR: MS
	Development Policy Lending 2	2011	Dropped	100		
	<i>Non-programmed projects</i>					
	NA					
<b>Total projects CAS FY08-13</b>				<b>740-750</b>	<b>623</b>	
Project ID	Project name	Approval FY	Closing FY		Approved Amount	Outcome rating
	<i>Ongoing projects</i>					
P044748	Social Infrastructure Retrofitting Project	2001	2011		23	IEG: S
P095115	Post-Chernobyl Recovery Project	2006	Active		50	LIR: S
<b>Total ongoing projects</b>					<b>73</b>	

\* LIR: Latest internal rating. U: Unsatisfactory. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.

Source: Belarus CAS, CASPR and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 03/19/2013.

**Annex Table 3: Grants and Trust Funds Active in FY08-13 (in US\$ millions)**

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P044748	Social Infrastructure Retrofitting Project	TF 52111	2004	2008	1.0
P103889	IDF-Enhancing Institutional and Legal Framework for Environmental Permitting in Belarus	TF 58127	2008	2011	0.4
P111110	Belarus POPs Stockpile Management Project (GEF)	TF 92596	2009	2010	0.3
P108023	Belarus - Renewable Energy Legal and Regulatory Framework Harmonization with the European Union	TF 95855	2009	Active	0.2
P125389	Belarus Privatization	TF 98603	2011	Active	3.6
P111110	Belarus POPs Stockpile Management Project (GEF)	TF 96993	2011	Active	5.5
P130186	ECA 3a - Incubation & Innovation Systems - Belarus - Mogilev	TF 12046	2012	Active	0.1
P130144	ECA 3a - Incubation & Innovation Systems - Belarus - BAVIN	TF 12047	2012	Active	0.1
P120720	Strengthening Institutional Capacity for Monitoring and Evaluation of Agricultural Policy Instruments - IDF	TF 98649	2012	Active	0.5
<b>Total FY08-13</b>					<b>11.7</b>

Source: Belarus CAS, CASPR and WB Business Warehouse as of 03/19/2013.

**Annex Table 4: Planned and Actual Analytical and Advisory Work, FY08-13**

Project ID	Economic and Sector Work	Delivered to Client FY	Output Type
P101601	Selected issues in Public Finance	2008	Policy Note
P105639	Impact of Higher Energy Import Prices	2008	Policy Note
P109035	Public Expenditure and Financial Accountability (PEFA) Assessment	2009	Report
P114208	Belarus - Agricultural Competitiveness and State Support	2009	Policy Note
P112833	Belarus - Accounting and Auditing Report on Observance of Standards and Codes	2009	Report
P112457	FSAP update Belarus	2009	Report
P118372	Transport Sector Policy Note	2010	Policy Note
P107250	Economic Policy Notes	2010	Policy Note
P121397	Belarus Sources of Growth, Productivity and Efficiency of Investments	2011	Report
P117680	Programmatic Public Expenditure Review (PER)	2011	Report
P123083	CEM	2012	Report
P125886	DeMPA Assessment - Belarus	2012	Report
P123084	Belarus Public Expenditure Review II (PER II)	2013	Report
Project ID	Technical Assistance	Delivered to Client FY	Output Type
P113018	HD Policy TA	2009	"How-To" Guidance Institutional Development Plan
P112835	Public Expenditure and Financial Accountability Follow-Up Tech Assistance	2009	"How-To" Guidance
P112476	PRE/POST FSAP TA	2009	"How-To" Guidance
P119306	HD TA	2010	"How-To" Guidance
P112851	Belarus ROSC Follow-Up TA	2010	"How-To" Guidance
P116435	Belarus PSD Dialogue	2010	Client Document Review
P122459	HD TA	2011	"How-To" Guidance
P117880	Public Expenditure and Financial Accountability Follow Up	2011	"How-To" Guidance
P096669	Belarus Financial Sector Monitoring TA	2011	"How-To" Guidance
P111139	Improving Forest Law Enforcement and Governance in the European Neighborhood Policy East Countries and Russia	2011	Advisory Services Document
P125246	Belarus: Post FSAP Support for Securities Market Development # 9027	2012	Advisory Services Document
P126024	Belarus: Structural Reforms TA	2012	Advisory Services Document
P127293	Strengthening Medium Term Fiscal Planning Processes	2013	Advisory Services Document
P131006	Technical Note on Good Practices in Building Effective National Financial Literacy Programs	2013	Advisory Services Document

Source: WB Business Warehouse Table ESW/TA 8.1.4 as of 04/03/2013.

**Annex Table 5: IEG Project Ratings for Belarus, FY08-12**

Exit FY	Proj ID	Project Name	Total Evaluated (\$M)	IEG Outcome	IEG Risk to DO Rating
2010	P115700	Belarus Development Policy Loan	200.0	Moderately Satisfactory	High
2011	P044748	Social Infrastructure Retrofitting	37.6	Satisfactory	Negligible To Low

Source: BW as of 03/26/13.

**Annex Table 6: IEG Project Ratings for Belarus and Comparators, FY08-12**

Exit FY	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)	RDO % Moderate or Lower Sat (No)
Belarus	237.60	2	100.00	100.00	15.82	50.00
ECA	13,104.5	191	86.8	79.7	68.5	62.6
World	66,962.07	863	83.75	71.73	67.85	55.31

Source: BW as of 03/26/13.

**Annex Table 7: Portfolio Status Indicators from Belarus and Comparators FY08-12**

Fiscal year	2008	2009	2010	2011	2012
<b>Belarus</b>					
# Proj	2	4	5	5	5
# Proj At Risk	-	-	-	1	1
% Proj at Risk	-	-	-	20	20
Net Comm Amt	88	273	321	463	463
Comm At Risk	-	-	-	125	60
% Commit at Risk	-	-	-	27	13
<b>ECA</b>					
# Proj	303	287	276	251	209
# Proj At Risk	38	52	50	40	42
% Proj at Risk	13	18	18	16	20
Net Comm Amt	17,966	21,383	24,341	22,535	22,958
Comm At Risk	2,257	3,460	4,357	2,117	2,653
% Commit at Risk	13	16	18	9	12
<b>World</b>					
# Proj	1,525	1,552	1,590	1,595	1,500
# Proj At Risk	276	344	366	337	333
% Proj at Risk	18	22	23	21	22
Net Comm Amt	106,762	131,076	158,287	168,249	168,408
Comm At Risk	18,428	19,930	28,186	22,979	23,723
% Commit at Risk	17	15	18	14	14

BW as of 03/26/13.

**Annex Table 8: Net Disbursements and Charges Report (in US\$ millions)**

Period	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
FY2008	8.1	17.1	-9.0	2.7	0.2	-11.9
FY2009	15.7	10.7	5.0	1.5	0.2	3.3
FY2010	224.4	0.6	223.8	1.0	0.9	221.9
FY2011	36.9	1.5	35.4	2.0	0.2	33.2
FY2012	64.9	6.4	58.5	2.4	0.4	55.7
<b>Report Total 08-12</b>	<b>350.1</b>	<b>36.3</b>	<b>313.7</b>	<b>9.7</b>	<b>1.9</b>	<b>302.2</b>

Source: Client Connection 03/19/13.



**Annex Table 9a: List of IFC's investments in Belarus approved pre-FY08 and active during FY08-12**

Cmt Date	Clsre FY	Primary Sector Name	Project Size	Equity	Loans	Net Comitment
06/24/03	2009	Finance & Insurance	14,000	14,000	0	14,000
06/29/04	2011	Food & Beverages	30,829	7,000	3,000	10,000
06/28/05	2011	Finance & Insurance	5,000	5,000	0	5,000
03/6/06	2008	Food & Beverages	517	0	517	517
02/5/07	2012	Food & Beverages	24,600	20,000	2,000	22,000
<b>Subtotal</b>			<b>74,946</b>	<b>46,000</b>	<b>5,517</b>	<b>51,517</b>

**Annex Table 9b: List of IFC's investments in Belarus approved in FY08-12**

Cmt Date	Clsre FY	Primary Sector Name	Project Size	Equity	Loans	Net Comitmt
10/11/07	2008	Food & Beverages	717	0	717	717
12/12/07		Finance & Insurance	37,938	5,000	1,576	6,576
06/06/08		Wholesale and Retail Trade	110,400	26,000	0	26,000
06/23/08		Construction and Real Estate	21,753	12,542	0	12,542
07/01/08		Wholesale and Retail Trade	82,900	6,000	0	6,000
11/21/08		Finance & Insurance	5,000	4,810	0	4,810
03/11/09		Finance & Insurance	958	0	785	785
06/11/09		Finance & Insurance	7,525	7,525	0	7,525
09/22/09		Finance & Insurance	70,000	69,489	0	69,489
01/10/10		Food & Beverages	6,630	0	1,326	1,326
01/15/10		Finance & Insurance	59,337	59,337	0	59,337
03/29/10		Finance & Insurance	5,454	5,454	0	5,454
06/24/10		Finance & Insurance	13,337	5,000	8,337	13,337
06/30/10		Wholesale and Retail Trade	14,000	7,000	0	7,000
10/06/10		Primary Metals	78,931	30,031	0	30,031
03/10/11		Finance & Insurance	10,000	10,000	0	10,000
05/10/12		Finance & Insurance	1,213		1,213	1,213
06/15/12		Primary Metals	132,000	34,000		34,000
<b>Subtotal</b>			<b>658,093</b>	<b>282,189</b>	<b>13,954</b>	<b>296,143</b>
<b>Grand Total</b>			<b>733,039</b>	<b>328,189</b>	<b>19,471</b>	<b>347,660</b>

**Annex Table 10a: List of IFC's Advisory Services in Belarus approved pre-FY08 and active during FY08-12**

Project Name	Business Line	Project Start Date	Project End Date	Total Funds ('000)
Belarus Business Enabling Environment Phase 2	IC	3/1/07	3/31/13	3,087
Microfinance Bank of Belarus	A2F	9/24/07	6/30/09	1,000
Energy Efficiency Survey in Belarus	SBA	7/1/08	6/30/09	38
<b>Subtotal</b>				<b>4,125</b>

**Annex Table 10b: List of IFC's advisory services in Belarus approved in FY08-12**

Project Name	Business Line	Project Start Date	Project End Date	Total Funds ('000)
Belarus Food Safety Project	SBA	6/1/10	9/30/13	1,155
Belarus: Regulatory Simplification and Investment Generation 2010 - 2013	IC	8/1/10	1/31/13	3,088
Sustainable Energy Finance - Belarus	A2F	4/15/11	6/30/12	24
<b>Subtotal</b>				<b>4,267</b>
<b>Grand Total</b>				<b>8,392</b>

**Annex Table 11: Total Net Disbursement of Official Development Assistance and Official Aid, 2008-2011  
(in US\$ million)**

Development Partners	2008	2009	2010	2011
<b>All Development Partners, Total</b>	<b>110.18</b>	<b>97.57</b>	<b>137.92</b>	<b>127.5</b>
<b>DAC Countries, Total</b>	<b>58.31</b>	<b>61.15</b>	<b>80.72</b>	<b>66.31</b>
Austria	0.88	1.03	5.91	0.92
Belgium	0.09	0.03	0.12	0.05
Canada	0.04	..	..	0.08
Denmark	1.19	1.58	2.11	1.71
Finland	0.17	0.37	0.37	0.41
France	1.49	4.53	4.13	0.97
Germany	21.3	21.66	17.96	17.64
Greece	0.3	0.14	0.11	0.17
Ireland	0.64	0.53	0.03	0.39
Italy	0.35	0.22	0.13	0.12
Japan	0.42	0.57	1.39	0.08
Korea	0.44	0.05	0.09	0.25
Luxembourg	0.02	..	..	0.01
Netherlands	0.04	..	..	..
Norway	3.32	2.58	2.21	3.7
Spain	0.13	0.77	0.26	0.18
Sweden	14.84	11.99	17.5	21.46
Switzerland	2.64	2.33	0.83	0.3
United Kingdom	1.09	0.61	0.37	0.12
United States	8.92	12.16	27.2	17.75
<b>Multilateral, Total</b>	<b>27.91</b>	<b>16.33</b>	<b>36.82</b>	<b>33.49</b>
EBRD	0.38	..	..	..
EU Institutions	17.38	11.13	15.23	15.48
GEF	..	1.9	4.56	2.78
Global Fund	5.78	..	12.75	12.65
IAEA	0.5	0.44	0.52	0.34
OSCE	..	..	1.14	0.25
UNAIDS	0.11	0.26	0.17	0.24
UNDP	1.65	0.85	0.84	0.25
UNFPA	0.45	0.58	0.44	0.45
UNHCR	0.62	0.44	0.31	..
UNICEF	0.56	0.73	0.86	0.67
UNTA	0.48	..	..	..
WHO	..	..	..	0.38
<b>Non-DAC Countries, Total</b>	<b>23.96</b>	<b>20.09</b>	<b>20.38</b>	<b>27.7</b>
Czech Republic	1.7	1.5	1.65	1.78
Estonia	..	..	0.11	0.13
Hungary	0.08	0.01	0.05	0.16
Iceland	..	..	0.08	..
Israel	2.85	3.38	2.78	3.18
Kuwait (KFAED)	-1.19	-1.12	-1.11	-1.16
Latvia	..	..	..	..
Lithuania	0.87	0.07	0.95	0.75
Poland	18.31	15.5	15.09	21.21
Romania	..	..	..	0.07
Slovak Republic	0.2	0.03	0.16	0.05
Slovenia	0.05	0.01	0.06	..
Thailand	..	..	0.01	..
Turkey	1.09	0.71	0.55	1.53

Source: OECD Stat as of 3.19 2013.

**Annex Table 12: Economic and Social Indicators for Belarus and Comparators, 2008-2011**

Series Name	Belarus				Belarus	ECA	World
	2008	2009	2010	2011	Average 2008-2011		
<b>Growth and Inflation</b>							
GDP growth (annual %)	10.2	0.2	7.7	5.3	5.9	0.2	1.5
GDP per capita growth (annual %)	11.4	1.2	7.9	5.5	6.5	(0.2)	0.4
GNI per capita, PPP (current international \$)	12,280.0	12,460.0	13,560.0	14,460.0	13,190.0	24,329.5	10,924.7
GNI per capita, Atlas method (current US\$)	5,430.0	5,590.0	5,990.0	5,830.0	5,710.0	23,447.8	8,987.4
Inflation, consumer prices (annual %)	14.8	12.9	7.7	53.2	22.2	3.5	5.1
<b>Composition of GDP (%)</b>							
Agriculture, value added (% of GDP)	9.8	9.4	9.1	9.9	9.6	1.9	2.8
Industry, value added (% of GDP)	44.3	42.3	42.9	44.4	43.5	26.0	26.2
Services, etc., value added (% of GDP)	46.0	48.3	46.9	45.7	46.7	72.1	71.0
Gross fixed capital formation (% of GDP)	33.3	35.9	39.3	38.0	36.6	19.2	19.9
Gross domestic savings (% of GDP)	29.9	26.0	27.6	34.2	29.4	20.9	20.0
<b>External Accounts</b>							
Exports of goods and services (% of GDP)	60.9	50.5	54.3	87.9	63.4	39.8	28.1
Imports of goods and services (% of GDP)	68.7	61.8	67.9	90.0	72.1	38.2	28.4
Current account balance (% of GDP)	(8.2)	(12.6)	(15.0)	(10.5)	(11.6)		
External debt stocks (% of GNI)	21.4	37.2	47.4	54.6	40.2		
Total debt service (% of GNI)	2.0	2.7	2.7	4.0	2.9		
Total reserves in months of imports	0.9	2.1	1.5	1.9	1.6	5.7	13.4
<b>Fiscal Accounts <sup>1</sup></b>							
General government revenue (% of GDP)	50.6	45.7	41.6	42.0	45.0		
General government total expenditure (% of GDP)	47.2	46.1	43.4	38.7	43.9		
General government net lending/borrowing (% of GDP)	3.4	(0.4)	(1.8)	3.3	1.1		
General government gross debt (% of GDP)	21.7	34.9	42.0	49.8	37.1		
Revenue, excluding grants (% of GDP)	38.9	35.3	31.4		35.2	34.7	22.8
<b>Social Indicators</b>							
<b>Health</b>							
Life expectancy at birth, total (years)	70.5	70.4	70.4	..	70.4	75.4	69.4
Immunization, DPT (% of children ages 12-23 months)	97.0	96.0	98.0	98.0	97.3	94.9	83.0
Improved sanitation facilities (% of population with access)	93.0	93.0	93.0	..	93.0	92.1	62.0
Improved water source (% of population with access)	100.0	100.0	100.0	..	100.0	98.0	87.9
Mortality rate, infant (per 1,000 live births)	5.3	4.8	4.3	3.9	4.6	11.8	38.6
<b>Education</b>							
School enrollment, preprimary (% gross)	100.2	97.5	99.5	102.6	99.9	74.7	47.1
School enrollment, primary (% gross)	100.5	101.6	100.3	98.3	100.2	102.4	106.2
School enrollment, secondary (% gross)	109.1	108.2	105.7	104.6	106.9	96.9	69.5
<b>Population</b>							
Population, total	9.6	9.5	9.5	9.5	9.5	889.2	6,855.3
Population growth (annual %)	"1.0"	"1.0"	"0.2"	"0.2"	"0.6"	0.4	1.2
Urban population (% of total)	73.7	74.2	74.6	75.0	74.4	69.9	51.3

Source: DDP as of 03/27/2013

<sup>1</sup> International Monetary Fund, World Economic Outlook Database, October 2012.

**Annex Table 13: Belarus - Millennium Development Goals**

	1990	1995	2000	2005	2011
<b>Goal 1: Eradicate extreme poverty and hunger</b>					
Employment to population ratio, 15+, total (%)	59	55	52	51	50
Employment to population ratio, ages 15-24, total (%)	39	37	35	31	31
GDP per person employed (constant 1990 PPP \$)	14,248	10,842	14,630	21,433	30,031
Income share held by lowest 20%	10	9	8	9	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	1	..
Poverty gap at \$1.25 a day (PPP) (%)	0	0	0	0	..
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	0	0	0	0	..
Vulnerable employment, total (% of total employment)	..	..	..	..	..
<b>Goal 2: Achieve universal primary education</b>					
Literacy rate, youth female (% of females ages 15-24)	100	..	100	..	100
Literacy rate, youth male (% of males ages 15-24)	100	..	100	..	100
Persistence to last grade of primary, total (% of cohort)	90	98	99	99	98
Primary completion rate, total (% of relevant age group)	94	94	100	96	104
Adjusted net enrollment rate, primary (% of primary school age children)	..	86	94	90	92
<b>Goal 3: Promote gender equality and empower women</b>					
Proportion of seats held by women in national parliaments (%)	..	..	10	29	32
Ratio of female to male primary enrollment (%)	..	97	99	97	100
Ratio of female to male secondary enrollment (%)	104	..	104	102	97
Ratio of female to male tertiary enrollment (%)	..	118	132	136	142
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	55.4	56.2	55.9	56.1	55.8
<b>Goal 4: Reduce child mortality</b>					
Immunization, measles (% of children ages 12-23 months)	94	93	98	99	99
Mortality rate, infant (per 1,000 live births)	14	14	11	7	4
Mortality rate, under-5 (per 1,000 live births)	17	17	14	9	6
<b>Goal 5: Improve maternal health</b>					
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	33	28	23	21
Births attended by skilled health staff (% of total)	100	100	100	100	100
Contraceptive prevalence (% of women ages 15-49)	..	50	..	73	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	37	28	31	20	4
Pregnant women receiving prenatal care (%)	..	..	100	99	..
Unmet need for contraception (% of married women ages 15-49)	..	..	..	..	..
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>					
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	34	68	84	72	70
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	0.2
Prevalence of HIV, male (% ages 15-24)	..	..	..	..	0.4
Prevalence of HIV, total (% of population ages 15-49)	0.1	0.1	0.1	0.3	0.4
Tuberculosis case detection rate (% , all forms)	86	69	81	75	70
<b>Goal 7: Ensure environmental sustainability</b>					
CO2 emissions (kg per PPP \$ of GDP)	2	2	1	1	0
CO2 emissions (metric tons per capita)	9	6	5	6	6
Forest area (% of land area)	38.4	..	40.8	41.6	42.6
Improved sanitation facilities (% of population with access)	93	93	93	93	93
Improved water source (% of population with access)	100	100	100	100	100
Marine protected areas (% of territorial waters)	..	..	..	..	..
Net ODA received per capita (current US\$)	..	..	..	6	15
<b>Goal 8: Develop a global partnership for development</b>					
Debt service (PPG and IMF only, % of exports, excluding workers' remittances)	..	3	3	1	1
Internet users (per 100 people)	0.0	0.0	1.9	16.3	40.0
Mobile cellular subscriptions (per 100 people)	0	0	0	42	112
Telephone lines (per 100 people)	15	19	27	33	44
Fertility rate, total (births per woman)	2	1	1	1	1
<b>Other</b>					
GNI per capita, Atlas method (current US\$)	1,670	1,370	1,380	2,780	5,830
GNI, Atlas method (current US\$) (billions)	17.0	13.9	13.8	27.2	55.2
Gross capital formation (% of GDP)	26.5	24.8	25.4	28.5	36.3
Life expectancy at birth, total (years)	71	68	69	69	70
Literacy rate, adult total (% of people ages 15 and above)	98	..	100	..	100
Population, total (billions)	10.2	10.2	10.0	9.7	9.5
Trade (% of GDP)	89.6	103.7	141.6	118.9	177.9

Source: World Development Indicators.