ANNEX 1: ACTION FICHE BELARUS

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Title and CRIS reference</th>
<th>Support to Belarus in the field of norms and standards related to energy efficiency of consumer goods and industrial products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>Belarus</td>
</tr>
<tr>
<td>Total cost</td>
<td>€9 million</td>
</tr>
<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach – Direct centralised management and Joint management with UNDP</td>
</tr>
</tbody>
</table>
| DAC code & sector       | 23010 Energy Policy and Administrative Management  
23110 Industrial Policy and Administrative Management |

2. RATIONALE

2.1. Sector context

2.1.1. Overview

In 2007 net energy imports represented 85% of Belarus’ total primary energy supply. Over 90% of electricity was generated from natural gas. The price of gas imported by Belarus from Russia in 2010 is expected to be about 3.5 times the equivalent 2006 value.

The Belarusian government has acted earnestly in respect of this critical situation for at least one and a half decades. The First National Energy Saving Programme (1996-2000) is said to have allowed saving 5 million tons of fuel equivalent in energy resources. District heating and combined heat and power (CHP) production were found to consume about 70% of the country’s fuel needs. That finding triggered a systematic move from inefficient boiler plants into more efficient models and a shift to mini-CHP plants. There is now a national plan for installing biomass fuelled mini-CHP plants in 46 cities and towns across the country.

The state sector is the single largest consumer of fuel and energy resources in the country. It accounts for 68% of the total, the population taking up 30% and the private sector less than 2%. Therefore, controlling energy use in state enterprises ranked as an immediate priority for improving energy efficiency (EE).

The implementation of the successive National Energy Saving Programmes was initially entrusted to a State Committee on Energy Efficiency. By Presidential Decree No 289 of 5 May 2006, the Committee became the Department of Energy Efficiency within Gosstandart, the State Committee for Standardization. That step may be seen as the enlisting of the national quality infrastructure in the EE battle.

Belarus has declared its readiness to build closer relations with the EU, especially in the context of the European Neighbourhood Policy (ENP), including the Eastern Partnership. Still, cooperation in the context of the Commonwealth of Independent States (CIS) is a crucial component of Belarus’ external policy, and indeed there are deviations between the EU and CIS norms and standards systems recognised by the Belarusian authorities.
Indeed, under the Programme for Development of the System of Technical Norms, Standards and Conformity Assessment in the Field of Energy Saving, adopted by the Council of Ministers’ Resolution No 1122 of August 31, 2007, whose implementation was completed in 2008, 129 technical normative acts were developed, of which 86 (67%) are harmonized with international and European standards. Under the Belarusian chairmanship of the CIS Interstate Council for Energy Efficiency, those EE standards, independently developed by Gosstandart, have already been adopted by all the CIS nations.

2.1.2 Current sectoral strategy

The on-going developments may be read as a de facto acknowledgement by Belarusian authorities of the limitations of the usual policy measures when it comes to promoting EE. Energy benchmarks are now being included in standards and, according to Gosstandart sources, are proving valuable in compelling consumers and managers to scrap equipment that cannot meet the stated benchmarks. Furthermore, in overall terms standards can react to technology improvements much quicker than legislation, hence being instrumental in accelerating the incorporation by economic agents of technological progress into production. Not least, in Belarus standards, especially when it comes to methods of control, may be rendered mandatory by the mechanism of their being referred to in technical regulations, i.e. by inclusion in the “List of governmental standards interrelated with technical regulations”.

2.1.3 Issues to be addressed

For addressing the broad question of still unrealised energy savings, this project aims to support the following set of basic issues:

- Framing energy efficiency (EE) specific testing capacity as a fundamental link between upstream normative specifications and end-of-line implementation by production systems in Belarus.
- Extending that capacity to district level (oblasts), on the basis of a regional enforcement network (monitoring, inspection, auditing), commensurately equipped and serviced by appropriately qualified staff.
- Complementing on-going centrally-driven initiatives with the promotion of the application by local governance of standards and internationally-recognised methodologies for the assessment of energy consumption, while favouring high-visibility demonstration effects and ensuring the co-related dissemination of attained results.

2.2. Lessons learnt

In spite of the constraints associated with the peculiar interfacing role of Belarus between the EU and CIS, Gosstandart has shown a balanced but rather consistent approach to the progressive harmonization of Belarusian procedures with international and EU principles and practices. So far, 40 technical regulations (most of them transposing EU New Approach directives) have been adopted. Furthermore, an EU-Belarus expert level policy dialogue on energy issues has been ongoing since 2007. A Declaration on Co-operation in the field of Energy was signed in spring 2009, covering energy efficiency and energy savings cooperation.

The support to improved monitoring capacity in oblasts appears to have the potential of extending the sense of programme ownership to layers of the Belarusian society, including local government structures, that so far have not yet unequivocally committed themselves to the objectives of the national energy saving campaigns.
2.3. **Complementary actions**

EE in Belarus has been and is being addressed by a number of actions under European Commission technical assistance: on a shared basis by projects under the INOGATE programme for the ENPI – Eastern region and Central Asia participating countries, e.g. National Action Programme 2006 “Harmonization of Electricity Standards”; also under country specific projects, such as Annual Action Programme (AAP) 2007 “Support to the Implementation of a Comprehensive Energy Strategy of the Republic of Belarus”. In what concerns the strengthening of the Belarusian Quality Infrastructure, this project adds up to the soon to be launched EU programme “Support to Quality Infrastructure in Belarus – Food safety”.

Successful TAIEX activities in Belarus comprised workshops on “Electricity market reform” on 26-28 November 2008 and on “Energy savings” on 15-16 October 2009, both of which took place in Minsk. In respect of the UNDP-GEF project “Removing barriers to energy efficiency improvements in the state sector in Belarus”, no overlapping is foreseen due to the consultations undertaken at a very early stage in the development of this project.

The World Bank will be supporting Belarus with a USD 125 million loan for the rehabilitation of equipment in six power stations fuelled by natural gas. Being a site-specific intervention, it does not compete with any action or task aimed at by this project.

2.4. **Donor coordination**

The only required co-ordination provisions are those which concern a co-operative effort with UNDP’s intervention in this field. This coordination shall be ensured through the normal regular donor consultations taking place, and more specifically in the context of the specific contribution agreement to be signed in the context of project implementation.

3. **DESCRIPTION**

3.1. **Objectives**

3.1.1. **Overall objective**

The overall objective of the project is to support the on-going Belarusian national efforts of saving energy by further aligning itself with relevant international and EU regulatory, technical and administrative practices, and by fostering strengthened participation of local government, public- and private-sector managerial structures and civil society at large, by resorting to resources of the country’s Quality Infrastructure.

3.1.2. **Purpose**

The specific objectives of the project are fourfold:

(1) To support the international- and domestic-, formal- and operational-, strengthening of the status of the Belarusian EE testing laboratory network, on the one hand, where applicable by promoting accreditation in accordance with internationally recognised procedures; on the other, by fostering public recognition and valuing of testing-backed EE as an essential element of sustainable product quality.

(2) To support the execution of the EE-related standardization programme to be integrated in the forthcoming Fourth National Energy Saving Programme (2011-2015), with special emphasis being placed on the speedy transfer, wherever advisable, of draft standards for meeting specific needs of the proceedings under this project’s component number 4.
(3) To support the **upgrading of the Belarusian EE-related testing capacity**, on the one hand by supplying higher performance equipment to the designated Gosstandart central laboratories, and equipping the pre-selected inspection and monitoring regional stations with application-oriented instrumentation; on the other hand, by providing on-request, advanced know-how for specialists and focused training for inspectors and equipment operators.

(4) To contribute to the **overall EE objective** of the Republic of Belarus by raising awareness on energy efficiency at the local level and by implementing pilot schemes of successful energy efficiency measures in public buildings under the administration of local authorities.

### 3.2. Expected results and main activities

#### 3.2.1. Expected results

**Component 1 – Strengthened status of the Belarusian EE testing laboratory network**

The creation of the Belarusian National Accreditation body, as a separate legal entity within Gosstandart, to be subjected to peer assessment in order to be later admitted as a member by the relevant European and international organisations, will be the object of ongoing ENPI support.

**Component 2 – Implementation of the EE-related standardization programme**

A strengthened participation of intermediate and end users in the standardization process will be fostered, as a step towards consolidating practices aiming at sustainable gains in energy saving.

**Component 3 – Upgrading the Belarusian EE-related testing capacity**

The appropriateness to end usage of the requested equipment and compatibility with the allocated budget will be ensured.

**Component 4 – Developing an integrated approach to a stepped-up energy saving programme**

This component will focus on the active involvement of stakeholders in education and awareness campaigns on EE as well as their participation in bidding for EE grants through a competitive process.

#### 3.2.2. Main activities

**Component 1 – Strengthened status of the Belarusian EE testing laboratory network**

- To review the current situation, identify bottlenecks and draw a strategy for ensuring the full-scale insertion of EE testing/monitoring/inspection/auditing into the encompassing Belarusian national conformity assessment framework.
- To assist a full-fledged field application of the EE methodologies developed under EU- and other donor-funded technical assistance programmes/projects in Belarus by creating, under the aegis of Gosstandart, a national focal point (or “centre of excellence”) endowed with the capacity of identifying top level institutional and individual specialist know-how in the various EE supportive technical domains.
- To assess the EE testing activities under Gosstandart and develop an action plan for the accreditation by foreign accreditation body(ies) of selected testing laboratories.
- To develop the master plan of a media campaign aiming at extending to the 2011/12 period the Belarusian “2010 Year of Quality” event, with a focus on driving the message “EE as an integral attribute of real product quality”.

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Component 2 – Implementation of the EE-related standardisation programme

- To regularly monitor, in the course of the project implementation period, progress in the development of the EE-related standards to be programmed into the Fourth National Energy Saving Programme.
- To assess the pro-users & consumers information content of the new adopted standards with a view to maximising societal impact of the EE-aimed normative work.
- To assist Gosstandart in extracting maximum benefit from its recently acquired status of affiliate member of the European standardization organizations, the European Committee for Standardisation and the European Committee for Electrotechnical Standardisation.
- To support consumer rights organisations in promoting EE as a factor of improved quality of life, fostering the development of high visibility public campaigns addressing environmental and sustainability values for raising levels of exigency as regards industrial production.

Component 3 – Upgrading the Belarusian EE-related testing capacity

- Itemised verification, unit costing for budgetary confirmation purposes, and approval of the lists of equipment submitted to the project under Gosstandart supervision, for supply to central laboratories and regional inspection structures for EE purposes.
- Preparation of the terms of reference for the required EE-related equipment procurement tendering processes.
- Development, in close association with the competent services of Gosstandart, of a capacity building plan to be administered in conjunction with the supply of equipment.

Component 4 – Developing an integrated approach to a stepped-up energy saving programme

- This component will be implemented by UNDP based on its experience with the community Area-Based Development (ABD) approach, which involves stakeholders at the local level through a participatory process.
- To prepare and implement education and awareness actions to increase knowledge and capacities within the community on EE, conservation and renewable energy.
- To establish a competitive grant scheme for EE projects to be implemented in the selected regions.
- To create green jobs in the regions where the action will take place – a significant proportion of the people who will be employed in the initiatives funded by the grant scheme will be representatives from the local communities.
- To monitor the honest measuring to identify the actual impact of the entire community’s energy balance and on the community’s stakeholder interest will be measured.

3.3. Assumptions and risks

3.3.1. Assumptions

- Unwavering Belarusian government commitment to pursue policies aiming at bringing the main indicators of national energy availability and consumption further in line with the OECD countries’ average performance levels.
- Continued deployment of effort on the part of central government in fostering a proactive stand on the part of local authorities for pursuing decentralised EE-aimed policies and improving the quality of life of the citizens under their jurisdiction.
• Continued commitment and determination of the Belarusian government to align with EU and international quality assurance practices.

• Co-ordination and co-operation, in implementing the project activities, between the main stakeholders, not only from the public sphere, but also economic agents, professional and consumer movements’ representatives, and NGOs.

3.3.2. Risks

• A protracted testing equipment and instrumentation procurement process, seriously delaying the preparation for accreditation of the EE testing laboratories selected by Gosstandart.

• A risk-aversion-driven option for well-tried, run-of-the-mill initiatives, though of limited outreach and consolidated impact.

• A reduced propensity for innovation, to a good extent still stemming from old patterns of command-and-control governance.

3.4. Crosscutting issues

3.4.1. Environmental sustainability

The project has direct and indirect environmental impacts, with a positive overall result:

• The direct impact is linked to the testing facilities meant to be created anew or extended/renovated. However, the new testing laboratory(ies) will be required to implement quality management systems, entailing control and elimination of negative environment impacts.

• The indirect impacts relate to the support provided by the project to the Belarusian national government and regional authorities in furthering energy savings, including lower consumption levels of fossil fuels. That impact is markedly positive.

3.4.2. Gender equality

The project is strictly neutral in respect of equal opportunities to the genders.

3.4.3. Good governance

All four project components shall include provisions for good management practices.

3.4.4. Human rights and democracy

The project will promote greater participation of citizens in processes concerning their quality of life, and the strengthening of legitimate lobbying in favour of citizens’ rights, namely all aspects associated with human consumption and housing standards.

3.5. Stakeholders

The direct Beneficiary of the project is Gosstandart. As stakeholders, the following entities:

• Local administration, particularly in the seven (7) regions selected by the Department for Energy Efficiency for upgrading energy saving monitoring/inspection/auditing stations.

• Consumer rights protection organisations.

• Professional and business associations, the latter also including the representation of manufacturing and services companies’ interests.
4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Centralised management through service and supply contracts for Components 1 to 3.

Joint management with the UNDP for Component 4. UNDP is party to the Financial and Administrative Framework Agreement between the European Community and the United Nations (FAFA). The Commission has ensured, on the basis of the prior audit conclusions as foreseen in article 53 d) of Council Regulation (EC, Euratom) No 1605/2002, that the management system set up by UNDP offers guarantees equivalent to internationally accepted standards in their accounting, audit, internal control and procurement procedures. Consequently, joint management with UNDP can be envisaged.

4.2. Procurement and grant award procedures

4.2.1. Centralised management

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the European Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the ENPI regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in article 21(7) of the ENPI regulation.

4.2.2. Joint management

In case of Joint Management, the contracts implementing the action must be awarded and implemented in accordance with the procedures and standards laid down and published by the International Organisation concerned.

4.3. Budget and calendar

The overall cost of the project is €9 million. The indicative breakdown of the budget is as follows:

<table>
<thead>
<tr>
<th>Component #</th>
<th>Allocation (M€)</th>
<th>Share (%)</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>1.5</td>
<td>16.7</td>
</tr>
<tr>
<td>2</td>
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<tr>
<td>4</td>
<td>2.0</td>
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<tr>
<td>Total</td>
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</tr>
</tbody>
</table>

The foreseen operational duration is 48 months from the signature of the contracts and contribution agreement. Procurement procedures concerning the supply of laboratory equipment will be initiated from the beginning of the service contract.

4.4. Performance monitoring

The project will be monitored according to standard procedures. Project monitoring and evaluation will be based on periodic assessment of progress on delivery of specified project results and towards achievement of project objectives.
Objectively verifiable indicators (OVI), both qualitative and quantitative, will have to be part of the methodologies included in the technical proposals. Given the demand-driven character of the programme, the final OVIs must be designed properly and should be further revised at the start of the third year to make sure that they are ambitious enough without being overambitious.

4.5. Evaluation and audit

There will be two evaluations: a mid-term one, which will allow adjusting the project activities, and an ex-post evaluation, which will focus in particular on the long-run impact of the action.

Audits may also be conducted on the systems and procedures used if need be. Audit and evaluation contracts will be concluded by the Commission. These evaluations and audits will be funded from other sources than the project budget, since no commitment will be possible once the validity of this Decision has expired ("N+1" rule will apply).

4.6. Communication and visibility

Communication and visibility activities should follow the EU Visibility & Communications Manual. The project has several in-built communication channels of differentiated nature and range. On starting activities communication and visibility plans will be prepared and submitted to the EU Delegation for approval. Any events organised as part of or related to the project must include the participation of the contracting authority.