

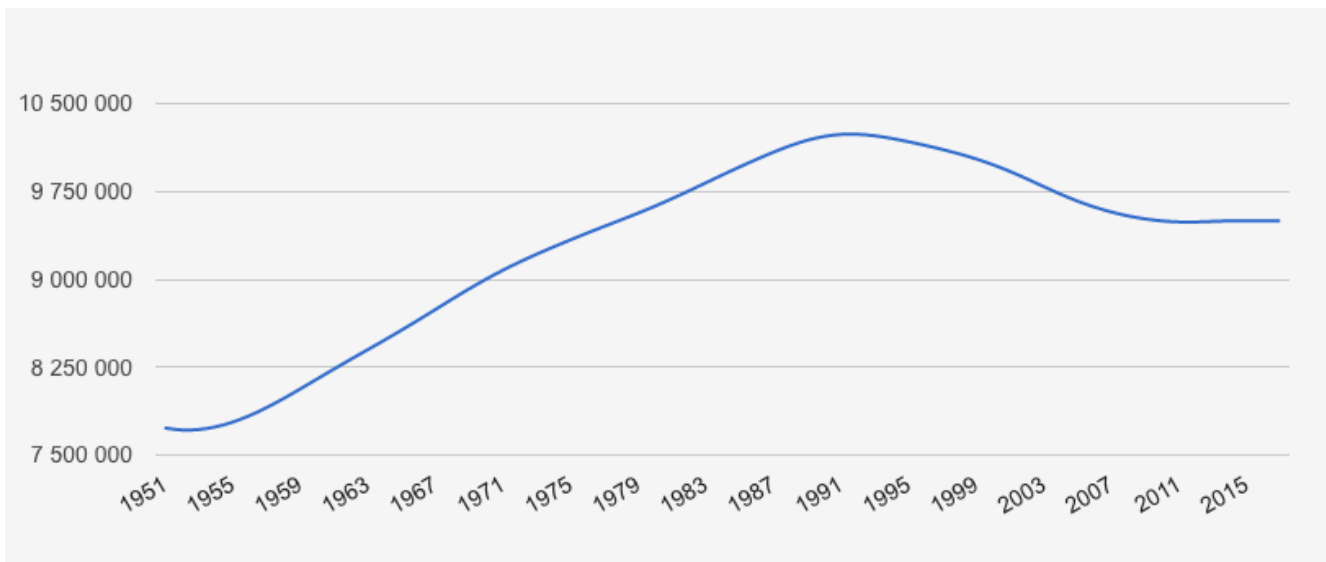
# Lukashenka wants to double Belarus population: will that work?

On 3 August 2017, Belarusian president Lukashenka announced that Belarus could easily sustain a population of 20 million people, noting that human capital was the key to the economic security of the country.

Yet the numbers tell a different story – since 1994, when Lukashenka became president, Belarus has lost over 700.000 people. In the recent years, the population stabilised at 9.5 million, while working age population continued to decrease.

The state offers a number of financial [benefits and incentives to families](#) raising children, yet overall it fails to guarantee adequate quality of life for all Belarusians. A recent witchhunt against so-called social parasites revealed that Belarusian economy faces major challenges of providing social protection, ensuring sustainable development, and [overcoming poverty](#).

## The big picture



Population of Belarus 1951 – 2015. Source: [countrysmeters.com](http://countrysmeters.com)

Since the end of the Second World War in 1945, Belarusian population has been growing, peaking in 1993 with 10.2 million people. The trend reversed in 1994, as the economic situation deteriorated and Belarus faced the problems of [depopulation and rapid ageing](#), similarly to other European countries. Only by 2010, the population stabilised at 9.5 million people.

However, the birth rates in Belarus still lie below the death rates, with 13 deaths and 9 births for every 1000 persons. In the past year, the highest birth rates, according to Belstat, were registered only among younger women from rural areas: 256 children per 1000 women.

According to BEROC experts, childcare benefits often inhibit the economic activity of the rural population. Allowance for one child exceeds the living wage, discouraging people from seeking employment. Younger women prefer giving more births for the sake of benefit payments, neglecting their own education and professional development.

What remains in the background, is the quality of life of children from the low-income families, who have limited opportunities to receive education and compete for better jobs. These children are more likely to fall in the same poverty trap as their parents. Thus, rural regions remain

marginalised and less developed.

Belstat data also shows that 75 per cent of the Belarusian population live in cities. In 2016, birth rates for the urban areas were considerably lower than those in the countryside, making up only 68 children per 1000 women.

## **Which numbers are really important?**

The issue of falling population numbers has been bothering Belarusian president for a number of years now. In his recent statement on demography, he repeated a thesis of 20 million Belarusians, demanding from the officials on all levels to prioritise raising birth rates and create more employment opportunities. However, population numbers alone do not guarantee economic prosperity of the country.

The UN Human Development Index (HDI), based on the quality of life, education, and decent standards of living criteria, ranks Belarus at 52<sup>nd</sup> place. Countries with comparable population numbers, such as Switzerland, Sweden or Austria rank as 2<sup>nd</sup>, 14<sup>th</sup> and 24<sup>th</sup> respectively.

To predict possible demographic developments and their economic effect, one has to look at the number of the working age population. According to Belstat, even though the total population remained stable at around 9.5 million since 2010, the number of working age persons has been steadily decreasing: from 5.8 million to 5.4 million. At the start of 2017, for every 1000 persons, 443 were older than the working age limits.

## Decrease of Working Age Population in Belarus

Year	2010	2011	2012	2013	2014	2015	2016	2017
Total population	9.500	9.481	9.465	9.464	9.468	9.481	9.498	9.505
Working age population	5.847	5.804	5.749	5.687	5.632	5.560	5.499	5.432

Source: Belstat.gov.by

The ageing of the population concerns the government as it has to keep social system afloat. So far, Belarus has initiated the pension reform and launched a demographic safety program, [supporting families with children](#). In the long term, the plan to double the population numbers aims to sustain current social model.

However, the recent controversy over the [“social parasites” law](#) showed that for this end the government is also willing to establish stricter control over the activities of all working age Belarusians. The new version of the suspended “social parasites” law is due by October 2017. Recently, the Ministry of Labour and Social Protection has also announced replacement of the current social security number by a new ID card.

This ID card would be connected to the centralised information system, able to track the work activities of every citizen. Thus, the government hopes to force all working Belarusians to pay for the social services, especially if they work unofficially and evade paying taxes.

However, from another point of view, as political analyst Valer Karbalevich noted, these straightforward measures seem as the attempt of the state to “enserf” all working age population. They are not likely to have a positive impact on the desire of people to have more children and are useless against the out-migration trends.

Younger educated groups of [Belarusians go abroad](#) in search of

education and work opportunities. Others prepare possible options for the future: recently Belarusian media reported that about 50 per cent of all issued [Pole's Cards](#) – over 100.000 – belong to Belarusian citizens.

## Sustainability concerns

Should Lukashenka's scenario of 20 million Belarusians come true, Belarus might face different challenges. Independent economic expert Mihail Zaleski advises against rapid increase of population numbers, warning that current social system capacities would allow to provide for 6 million at best.

Moreover, population growth would place Belarusian ecology and agriculture under more strain. Experts point out the dangers of existing consumerist approaches to the nature. According to Lana Semenas, who coordinates the organic farming initiative Ahrakultura, Belarus would have enough potential to produce enough food for 20 million people only if it switches to sustainable farming methods. In particular, this applies to the large-scale enterprises in the livestock farming sector.

Belarusian demographic problems have a lot in common with other European states, which struggle with the aging of the population and low birth rates. However, Belarusian approach to these issues appears superficial, as the government tends to evaluate the human capital in a quantitative way, luring countryside dwellers into the poverty trap and neglecting brain drain and migration trends.

In order to stabilise the demographic situation, Belarusian government needs to abandon repressive methods, liberalise business activities, aim to breach the rift between the cities and the countryside, and invest in education initiatives to ensure the quality of the human capital.

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# Renewable vs Nuclear: The Fate of Green Energy in Belarus

A large solar power plant will open this summer in the Brahin district, changing the landscape of the Chernobyl-contaminated lands: 85,000 solar panels will occupy an area the size of about 80 football fields.

Proponents of green energy praise it as a win-win solution: sustainable, ecological, economically profitable, and a diversifier of energy supplies in the country. The authorities publicly acknowledge the need to support the renewable energy sector, promising tax incentives and preferential treatment for investors.

However, most green energy projects in Belarus are in the shadow of the Astraviec nuclear power plant (NPP). In a few years, Astraviec will provide an effective and fast solution to Belarus' energy needs, further marginalising the renewable energy sector.

## Farming the wind

✘ Belarusian society has swallowed the nuclear power pill, despite the trauma of Chernobyl, since the state began marketing it as the single best way [to secure the country's energy independence](#). However, the new nuclear power plant as an energy independence project [does not eliminate Russian dominance](#) in the Belarusian energy sector. Development of renewable energy in this respect looks more promising in terms

of diversifying energy production.

Wind energy came to Belarus in 2000 with the construction of two wind turbines in Miadzel district. Currently, the largest Belarusian wind farm has only 11 wind turbines. It started operating in Navahrudak district in spring 2016. Each of the wind turbines has an average capacity of 1 MW – enough to supply energy to about 500 households.

The hilly landscape of the Navahrudak region makes it one of the most suitable areas in Belarus for the development of wind energy. According to estimates of energy sector specialists, renewable energy sources here have the potential to produce up to 24m kWh per year – enough to cover about 25 per cent of needs of the entire Navahrudak district.

## **Solar energy revitalising Chernobyl-affected areas**

In recent years, cell phone operator Velcom invested €23m in the solar power plant project in Brahin district. The official power capacity of the station is 22.3 MW – enough to provide evening street illumination for the entire Belarusian capital.

✘ Velcom spokesperson Helmut Duhs presented the solar plant project in Brahin as a green business product, noting that such projects create new jobs and benefit local economies. In this manner, they help to revitalise regions that suffered from the Chernobyl catastrophe.

The company plans to cover all expenses in four to five years, as Homiel region boasts about 1,900 sunny hours per year, more than any other part of Belarus. The land is also cheaper, as the Brahin district is not suitable for agriculture because of contamination from the Chernobyl fallout.

Yet in reality, Belarus has a long way to go, especially

compared to Germany, which recently made the headlines around the world when it managed to obtain 100 per cent of its energy supply from renewable sources. By contrast, the share of renewable energy production in Belarus remains marginal, at around 1 per cent.

## One step forward, two steps back

✘ The law On Renewable Energy Sources, adopted in 2010, removed the state monopoly on energy production in Belarus. This opened the door for foreign investors, who are interested in renewable energy projects.

At first, the Belarusian state encouraged them. It guaranteed purchases of green energy, offering tax incentives and special tariffs for a 10 year period to allow investors to cover their expenses. The state also ensured that the price that ordinary Belarusians pay for energy from alternative sources remained on the same level as the price of energy from traditional sources.

Yet despite financial support from the EU and opportunities to attract investment from countries other than Russia, the Belarusian bureaucracy seems to acknowledge the potential of green energy only on paper, instead of genuinely committing to long-term sustainability goals.

The Belarusian authorities often [fail to win the trust](#) of foreign investors, refusing to remove bureaucratic hurdles or endangering projects already in their implementation stage, as happened in 2012 with the planned wind park near Minsk. German company Enertrag AG terminated the project after interference from the Belarusian Ministry of Defence, which complained that it was disrupting the radar work.



By 2015, the fortunes of green energy had changed dramatically. The state had the new NPP up its sleeve and tried to reassert its monopoly in the energy sector. The government promptly interfered with the introduction of quotas for green energy, limiting opportunities for investors.

In the period of 2016-2018, Belarus set construction limits for renewable energy sources to the overall capacity of 215 MW. One argument for this is reduction of costs, as currently the state pays 41 cents for 1 kWh for energy from renewable sources, when the cost price is only 9 cents. The state is also reluctant to pay this money to foreign companies, holding on to its monopoly of the Belarusian energy market.

## **What's in it for consumers?**

Belarusian energy consumers have a chance to become energy-independent by investing in solar panel for their houses, but this decision is a risky one as the expenses remain high. The cheapest solar panels for private use cost up to \$2,600. This amount exceeds average salaries in the country almost eightfold.

One of the principal risks is the issue of selling the excess energy to the state. In theory, the state has encouraged this by offering preferential tariffs since 2015. Yet in practice, this offer applies only to private companies and entrepreneurs, and not to ordinary citizens.

The larger problem is the grim perspectives of green energy since the emergence of the Astraviec NPP, scheduled for launch in 2018. It is quite possible that the state might change the rules of the game once again, revoking preferences to private sellers of green energy. Thus, the unpredictability of the regime creates similar risks for Belarusian consumers as it does for foreign investors.

In the long term and under favourable conditions green energy in Belarus could contribute to the energy independence of the country, as it has the potential to generate up to 25 per cent of the overall energy supply. Ideally, it also could help ordinary Belarusians to become self-sufficient in their energy production. Yet with the first Belarusian NPP in sight and without true commitment from the state, the future of green energy projects in Belarus remains uncertain.

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## **The EU Helps Belarusians Sort Their Waste**

On 13 December, a new waste sorting station will start working in the town of Masty in the Hrodna region.

The European Union finances the project as a part of national programme for environmental protection in Belarus. Besides the waste management problem, the EU supports other environmental projects such as green energy and water purification.

The Belarusian government frequently applies for EU assistance and gladly accepts it. However, the official line does not allow it to publicly demonstrate its cooperation with the EU. Environmental protection serves as one of the areas where quiet cooperation between the EU and Belarus is successfully developing.

### **Waste management**

Belarus generates around 30 million tonnes of waste annually, out of which household waste makes up 3 million tonnes. Each year, the volume grows by 20%. Existing waste recycling

stations have the capacity to recycle only 12% of household waste, while in the EU the rate of waste recycling is around 60%.

The rest is dumped into landfills and/or buried. The existing landfills in Belarus often do not satisfy the the basic standards in their way they carry out their operations or with regards to their location or their usage. These landfills pose a major threat to the environment in Belarus.

Although the government states that 85% of urban housing  has access to separate waste systems, the population does not yet actively use it. As a result, the waste suitable for recycling makes up half of the total waste and ends up in landfills.

The absence of equipment for recycling various post-consumer waste constitutes another problem, as the state has no resources to invest in this area.

Several foreign investors have already established their business in this area in Belarus, such as the Swiss company TDF Ecotech AG, the Swedish company Vireo Energy, Austria's Strabag and the German company Remondis. However, they work only in several urban centres, while most towns, the those that are small or medium-sized, have no prospects for developing a sustainable waste management system.

The European Union appreciates the importance of waste management and developed a program called "Waste Governance" within the European Neighbourhood and Partnership Instrument. A portion of the €5m budget of the environmental cooperation program for 2010-2013 has been allocated to working on this issue and has implemented pilot projects in the Puchavičy district as well as in the towns of Masty and Kobryn.

The projects includes aligning Belarusian legislation with EU standards, raising public awareness of the problem, and a more practical component – buying special equipment and machines

for sustainable waste management in these towns.

## **Green energy**

Because of the enormous dependence of Belarusian industry and households on Russian oil and gas imports, the problem of alternative energy remains crucial for modernise Belarus. Although the Lukashenka regime enjoys cheap tariffs on Russian energy in comparison to its neighbours who are less loyal to Vladimir Putin, the prices consistently grow and it has become harder and harder to make deals with the Russians.

Afraid of becoming fully dependant, the regime seeks to develop alternative energy sources. In 2011, the government published its National Programme of Development of Local and Renewable Energy Resources.

The programme aims to develop all reasonable sources of energy for Belarus, from peat and wood to wind energy, geothermal energy and biogas. However, while extraction of peat is a [well-known to Belaruian industry](#) since Soviet times and does not require large investments, wind power still needs significant investment and takes much longer to become profitable.

Belarusian bureaucrats seek easier ways to implement the programme despite the clear difference in environmental impact that these two energy sources have. So far, progress in the building of wind turbines has been very modest. Moreover, foreign investors who work in this area face bureaucratic barriers in Belarus.



In 2012, the German company Enertrag AG signed a €360m agreement with the government to build a wind farm of 50 turbines in the Dziaržynsk district near Minsk. But the Ministry of Defence banned the project on the grounds that the farm will interfere with work of its anti-aircraft systems.

The offended Germans, who had invested quite a sum at that point, decided to pull out of all of the deals it had with the Belarusians.

Meanwhile, the European Union tries to persuade Belarusian government that the cost of production is not the only reason for developing alternative energy sources. Environmentally friendly technologies should be strategic priorities to keep the country clean for future generations.

In May 2013, Belarus and the EU signed a contract for the Green Economy project in Belarus worth €12m. The project will finance the construction of a wind turbine near Navahrudak and about twenty smaller green projects suggested by local authorities of various regions of Belarus.

### **River pollution and water management**

Most of the rivers in Belarus are polluted with nitrogen and phosphorus compounds below or above the so-called “maximum allowable content”, the value that shows the concentration of chemicals in water. The main reason for this phenomenon is sewage water that is being discharged from the urban centres of Belarus.

Although Belarus significantly reduced the use of water in industry since Soviet times, the sewage treatment facilities continue to use technology from the 1960s-1980s and cannot sufficiently clean the water to an acceptable level. Moreover, in some enterprises cleaning facilities are simply absent.



45% of rivers of Belarus make up a part of the Baltic Sea ecosystem, and their pollution directly impacts the countries that border the Baltic Sea.

As Maira Mora, the Head of Delegation of the EU to Belarus said, “It is impossible to separate air, water, nature. We

live very close to each other. Therefore, we do not finance green economy projects in Belarus out of pure altruism. It covers our mutual interests.”

In March 2013, the Ministry of Housing and Communal Service received a total of €65m for the project to modernise the water-purification systems in five Belarusian cities. The European Bank for Reconstruction and Development, Nordic Investment Bank and Northern Dimension Environmental Partnership supported the project. Belarus received €21m as a grant, and the rest of the sum will be a loan on preferential terms.

[Andrej Šorac](#), the Minister of Housing and Communal service recently explained that, “the negotiations that preceded the agreement's signing took years.” The minister showed a good example of how the Belarusian authorities, especially institutions that directly implement public policies, are interested in cooperation with the EU.

Despite the unfriendly rhetoric on the highest level fuelled by Russian support, Belarusian bureaucrats realise that the state lacks the funds and expertise to tackle environmental problems. The projects described above present only a small segment of environmental projects, both national and regional, that the EU is implementing in Belarus.

The Belarusian government wastes huge sums of Russian subsidies for unearned, politically motivated wage hikes, while strategic approaches like sustainable development receive less attention at the top. However, the Belarusian authorities always welcome EU assistance in environment protection – it does not undermine the political regime and helps local people, thus making it a win-win situation for all parties involved.