



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

Appraisal Stage | Date Prepared/Updated: 07-Dec-2017 | Report No.: 121979



BASIC INFORMATION

A. Basic Project Data

Country Belarus	Project ID P165121	Project Name Belarus Forestry Development Project - Additional Financing	Parent Project ID (if any) P147760
Parent Project Name Forestry Development Project	Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 29-Nov-2017	Estimated Board Date 15-Mar-2018
Practice Area (Lead) Environment & Natural Resources	Financing Instrument Investment Project Financing	Borrower(s) THE REPUBLIC OF BELARUS	Implementing Agency Ministry of Forestry, BellesExport

Proposed Development Objective(s) Parent

The Project Development Objective is to enhance silvicultural management and reforestation and afforestation, increase the use of felling residues and improve the public good contribution from forests in targeted forest areas.

Components

- Improving silviculture and the sustainability of forest management
- Improving forest fire prevention, monitoring, detection and suppression, improving forest management information systems
- Building the capacity for sustainable forest management (including GEF Project management)

Financing (in US\$, millions)

SUMMARY

Total Project Cost	14.04
Total Financing	14.04
Financing Gap	0.00

DETAILS

Total World Bank Group Financing	14.00
World Bank Lending	14.00



Total Government Contribution	0.04
Environmental Assessment Category	
Partial Assessment (B)	
'Have the Safeguards oversight and clearance function been transferred to the Practice Manager?' No	
Decision	
The review did authorize the preparation to continue	

Other Decision (as needed)

B. Introduction and Context

Country

The economy in Belarus started to stabilize in the first half of 2017 and grew modestly, ending a two-year long contraction. Real GDP grew 1.1% year-on-year (y-o-y) in the first seven months of 2017, in sharp contrast to the 2.7% decline y-o-y in the same period of last year. A tentative economic recovery in Russia helped to boost exports and support a moderate increase in domestic business activity, especially in industry.

Context

The deterioration of household income slowed with resumed real wage growth. In the first half of 2017, real disposable income declined by 0.8% (compared to a 6.6% y-o-y drop a year ago). The poverty rate (national headcount ratio) increased from 5.5% in the second quarter of 2016 to 5.9% in the second quarter of 2017. Moderate poverty, measured at the purchasing power parity (PPP) US\$5.5/day threshold, remained low at 0.7% in 2016.

The macroeconomic policy stance has remained tight, despite some easing measures introduced recently as inflation stabilized. The tight fiscal and monetary policies of previous years helped reduce inflation to 6% in July 2017, the lowest level in a decade.

The Government's official fiscal accounts continue to register a surplus, but public debt levels continue to increase. General government revenues recorded modest real growth due to increased value added tax (VAT), excise, and corporate income tax revenues. To meet the public debt obligations, general government expenditures were cut—mainly subsidies and transfers—to generate a budget surplus of 3.2% (net of quasi-fiscal expenses).

Over the last four years, government revenue has remained relatively constant in terms of the percentage of GDP (at an average of 41%) and in actual amounts. However, inflation has been historically high (i.e. 59% in 2012) and has averaged 15% over the last four years. This means that in real terms the purchasing power of government finances has been decreasing. Government support to state-owned enterprises fell by 1 percent of GDP in 2016.



Sectoral and Institutional Context

Belarus is one of the most forested countries in the Europe and Central Asia region (sixth out of 30 countries) with forest cover of 8.1 million ha, accounting for nearly 39 percent of the territory (in comparison to 18 percent in 1944). Forests provide multiple environmental services including carbon sequestration and storage, raw material to forest industry, employment in the forest and forest products industries, woody biomass for generation of heat and power, and non-timber forest products for both commercial production and subsistence consumption by local communities. In 2016, the forestry sector contributed 2.7 percent to GDP. However, in more developed forest based economies (e.g. most of Scandinavia and Canada) contribution to GDP is higher, indicating that there is further potential for growth in Belarus.

All forest is state owned and managed by state institutions (apart from two long term leases). The responsibilities of the state, in terms of forest inventory, forest management planning and monitoring, forest pathology, forest fire prevention management and control etc. are undertaken to as high a standard possible within the resources available.

Belarus has a centralized forest administration with the normal functions of state forest sector management (i.e. formulation of forest policy and drafting legislation; monitoring and enforcing the forest legislation; support e.g. research, extension services; and the management of state owned forest resources) concentrated into a single ministry (the Ministry of Forestry). Some of these functions (economic management and control) are mirrored by its territorial bodies, as well as some other ministries and agencies. Under the approved forest strategic plan to 2030, the need for institutional change and capacity building has been recognized.

The government budget supports maintenance of the state forest/forestry administration body and its territorial bodies, forest regeneration and cultivation, forest conservation and forest fire control, forest protection, seed breeding, forest monitoring, maintenance of the state forest cadaster and forest reserves accounting, and forest management, research works, personnel training, retraining and advanced training, and social functions.

Commercial activities are self-financed. The key sources of revenues include: revenues from sales of timber, normally at auctions, revenues from sales of products (works, services); non-tax payments for short-term exploitation of the forest reserves when selling standing timber; and budget allocations for production of products (works, services) under state orders.

By 2017, 93 of the 95 State Forest Enterprises (SFEs) were certified to PEFC (Program for the Endorsement of Forest Certification) standards representing 7,9 million hectares of the forest managed by the Ministry of Forestry (MoF). Additionally, 90 SFEs have FSC (Forest Stewardship Council) forest management and chain of custody certificates, which represents 92.1% of the forest managed by the MoF.

C. Proposed Development Objective(s)

Original PDO

The Project Development Objective is to enhance silvicultural management and reforestation and afforestation, increase the use of felling residues and improve the public good contribution from forests in targeted forest areas.

Current PDO

The original PDO will remain unchanged and the Additional Financing activities are in line with the original development objective. There will be no new type of activities introduced and project design and implementation arrangements will remain the same. The additional financing is in line with the current and new Country Partnership Framework under development, which includes the cross-cutting theme of environmental sustainability and disaster risk management and supports Belarus's government programs on green growth,



forestry and energy efficiency.

Key Results

The Belarus Forestry Development Project (FDP) became effective on July 30, 2015 and is now in its second year of implementation. Overall, project implementation has maintained either a Satisfactory or Moderately Satisfactory rating, while progress towards achieving its PDO was continuously Satisfactory from the start of the project.

Since Effectiveness, the FDP has disbursed US\$18.52 million (45.5 percent of the loan), with US\$ 37.4 million (92 percent) committed as of November 29, 2017. Around 20 percent of the GEF grant (US\$540 thousand) has been disbursed and 35 percent committed.

Essential forestry machinery and equipment has been procured, including: harvesters and forwarders (142 units including an additional six heavier duty harvester and forwarder units to strengthen the capacity of forestry enterprises to cope with the clearing of the windblown timber arising from the catastrophic storms of July 2016); mobile wood chippers; forestry equipment for mechanized cleaning of felling areas from felling waste (branches and tops left after harvesting); forest fire protection and response equipment, such as all-terrain light water tankers and/or transportation of personnel/forest guards, and video surveillance systems designed for monitoring and early detection of fires. In addition, the first two new forest nursery complexes, in Ivatsevichi Forest Enterprise (Brest Oblast) and Glubokoye State Forest Enterprise (Vitebsk Oblast) have now been tendered. Construction at the Ivatsevichi nursery began in June 2017 and works are progressing according to schedule (completion is expected during the first half of 2018). The design for the nursery complex in Minsk Oblast has been developed and also tendered. GEF investments include four simulators for training harvester and forwarder operators, equipment enhancing the nursery infrastructure, specialized equipment for forest fire detection, prevention and suppression, and a number of important technical assignments to improve forest management capacity.

D. Project Description

The Additional Financing (US\$ 14.00 million) would help finance the costs associated with the scale-up of selected activities (particularly investments in nurseries and forestry machinery/forwarders) initiated under the Parent Project, which would strengthen the developmental impact of the Belarus Forestry Development Project. The proposed AF would also address a gap in financing for some of the activities under the Parent Project that resulted from Government budget constraints due to recent macro-economic imbalances. There will be no new type of activities introduced and project design and implementation arrangements will remain the same.

The Additional Financing is aimed to:

- Scale-up the nursery production by including two more nursery complexes in Mogilev Oblast and Grodno Oblast under sub-component 1.3. (six nurseries in total, one for each Oblast in Belarus). The additional nurseries would help increase the capacity of State Forestry Enterprises to produce high quality, container grown seedlings. The AF will also fully cover the funding for the Gomel nursery which was previously to be supported under the parent project.
- Procure the reusable cartridges for container grown seedlings for the new nurseries. These cartridges are part of the additional capital investment required. Replacement of the cartridges over time will be part of the annual operation and maintenance costs to be funded by the enterprises own budgets.
- Under sub-component 1.1., project implementation showed a shortfall in the number of forwarders. In



the original loan 74 harvesters and 52 forwarders designed to undertake first and young to medium age thinning operations were procured. It was originally intended to use harvesters with older tractor trailer combinations but during implementation these were found not to be sufficiently agile in all situations. This machinery needs to be lightweight and maneuverable to move in between the crop trees to be left after the thinning operation. Once the machines were used, it was found that the best combination of machinery was to use one lightweight harvester in tandem with a lightweight forwarder. As fewer forwarders than harvesters were ordered there is a shortfall in the number of forwarders. The AF will address this shortfall in the most urgent cases by procuring two additional forwarders.

E. Implementation

Institutional and Implementation Arrangements

No changes will be required under the AF. The Ministry of Forestry (MOF), which is the national authority in charge of state forest sector management in Belarus, has the overall responsibility for project coordination and monitoring of implementation progress. MOF has formally delegated the responsibility for managing the day-to-day preparation and implementation to the Unitary Enterprise Bellesexport, established in 1995 to provide trading services to forestry sector enterprises, which serves as Project Implementation Unit (PIU) and it is subordinate to the MOF.

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

The Project will be implemented in Shchyuchin and Reshitsa Forestry Enterprises of Grodno and Mogilev Forestry Enterprise of Mogilev oblasts. All project sites are located on rolling hillsides and gentle terrain outside of any settlements. Ground conditions can be boggy and soils are frequently peaty. The project sites are located within the well fenced areas of existing nurseries of the forestry enterprises lands which are currently used for growing seedlings, - no forest areas or nature habitats will be affected by project activities.

G. Environmental and Social Safeguards Specialists on the Team

Arcadii Capcelea, Environmental Safeguards Specialist
Aimonchok Tashieva, Social Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Project triggers OP 4.01 Environmental Assessment and is assigned environmental Category B as it may generate some environmental and social



impacts associated with the construction of new forest nurseries (noise; air and soil pollution; labor safety risks; solid waste management). These impacts are localized, temporary, minor and reversible, of a routine nature and will be addressed by applying best construction practices and simple and well known mitigation measures provided in the site specific Environmental Management Plans, prepared by the client, based on the framework project Environmental Management Plan. This framework EMP is applicable for the project AF as the project will not support any new activities and project design and implementation arrangements will remain the same. All project activities will take place in publicly owned areas. The team assesses the potential risk posed by labor influx upon local communities to be low. It is not expected that the civil works contracts will put a strain on communities, community resources, or result in social tension. There is a public inquiry/complaint handling mechanism that was used under the original project, and the AF will build on and strengthen this system to establish a full fledged Grievance Redress Mechanism (i.e. dedicated webpage, focal points in each forestry enterprise, developing complain/inquiry templates, establishing a phone line, setting deadlines, etc.). Although OP 4.12 is not triggered for the AF (similarly to the original project; see below for more info), all social issues that may arise as a result of the project will be handled through said GRM as per requirements of OP 4.01. Ensuring environmental safeguards of the silvicultural thinning activities will be done in the broader context of the of legislation, national standards and forestry sector-specific policy/strategy and plans, as well as forest certification in Belarus (see details in text on OP 4.36). This is documented in the framework project EMP which was approved for the parent project, which is applicable for the project AF.

This OP is not triggered as: (i) the new nurseries will be constructed within well fenced areas of existing forestry nurseries and no natural habitats and/or pastures will be impacted - any lands to be converted through planting of nursery trees, including pasture lands, will not be natural habitats,

Natural Habitats OP/BD 4.04

No



critical natural habitats or protected areas; and (ii) any forest thinning activity will occur in existing managed forests which are not considered and will be ensured not to be natural habitats, critical natural habitats or protected areas. This will be ensured by the country's certified forestry enterprises which have good track record in forest management and combating illegal forest activities, - the illegal harvesting is practically nonexistent (see below OP 4.36).

OP 4.36 is triggered because the Project activities involve support for silvicultural interventions (e.g. planting and thinning) in natural and plantation forest. The project will construct new forest nurseries for further afforestation/reforestation activities. The project will also support commercial and non commercial, silvicultural thinning as part of sustainable forest management practices. The fulfillment of the requirements of this OP should be seen in the broader context of forestry legislation, national standards and forestry sector-specific policy/strategy and plans, as well as forest certification in Belarus. The country's forests are professionally and well managed, and illegal harvesting is practically nonexistent (estimated at 0.07 to 0.1% of the total harvest). Belarus has developed a package of standards and a Code of Technical Practice (CTP) for the national forest certification system subject to requirements of international conventions, regulations of the sustainable forest governance and the Biodiversity Conservation National Strategy and Action Plan. The forest certification system is already in place. Accreditation of the national forest certification system by the Program for the Endorsement of Forest Certification (PEFC) is recognized as a success in this activity. As of November 04, 2017, all State Forest Enterprises (SFEs) participating in the Project are certified to PEFC or FSC standards or both, - some 91 (out of a total of 95) State Forest Enterprises subordinated to the Ministry of Forestry are certified to PEFC and 93 to FSC schemes. Forest certification to international schemes (e.g. FSC), ensures that forests are managed to agreed principles and criteria, which includes ensuring the provision of benefits to local communities, local

Forests OP/RP 4 36

Yes



		<p>participation, and that forests are sustainably managed according to agreed and approved management plans that covers inter alia maintenance and increase in forest cover, and management activities for protection of the forest from pests, disease and fire. The certified forests are independently audited by accredited third party certifiers on an annual basis and more intensively once every five years. Any infringements found require Corrective Actions Requirements (CARs) to be addressed within a specified time frame. Any major CARs or failing to address minor CARs within the specified time frame will lead to suspension of the certification.</p>
Pest Management OP 4.09	Yes	<p>OP 4.09 is triggered due to the possibility that improving forest nurseries could stimulate increased use of pesticides, and also because the project could provide an opportunity to promote Integrated Pest Management methods in the nurseries. This issue will be addressed by providing information dissemination activities as well as by providing training to all participating nurseries, rather than in a separate pest management plan. This was agreed with the client which by February 2018 should conduct all these activities.</p>
Physical Cultural Resources OP/BP 4.11	No	<p>No PCRs will be impacted by the project activities as the new nurseries will be located within the well fenced areas of the forestry enterprises' existing nursery areas.</p>
Indigenous Peoples OP/BP 4.10	No	<p>There are no indigenous people in Belarus.</p>
Involuntary Resettlement OP/BP 4.12	No	<p>All project activities will be implemented within state owned nurseries and/or state owned forest Funds and thus no resettlement issues are anticipated. Similarly to the original project, OP 4.12 is not triggered for AF activities. Proposed project activities are unlikely to result in loss of access to resources and/or economic displacement to communities. The project areas are located on forestry enterprises lands (i.e. publicly owned). The PIU will be responsible for monitoring the implementation of the EMP, and will oversee any social safeguards-related issues that arise from the AF activities during implementation.</p>



Safety of Dams OP/BP 4.37	No	This OP is not triggered as the project doesn't envisage water abstraction from the water reservoirs.
Projects on International Waterways OP/BP 7.50	No	While the project will be implemented in six oblasts of Belarus and on the territories of basins of rivers which can be qualified as international waterways, the project type does not "involve the use or potential pollution of international waterways" as per OP 7.50. There will be neither water use/absorption nor pollution of waters generated by the project activities, which would trigger this policy.
Projects in Disputed Areas OP/BP 7.60	No	The project will be not implemented on disputed areas.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

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

As specified above, for the project AF there will be no new type of activities introduced and project design and implementation arrangements will remain the same. The AF would scale-up the nursery production by including two more nursery complexes in Mogilev Oblast and Grodno Oblast under sub-component 1.3. The additional nurseries would help increase the capacity of State Forestry Enterprises to produce high quality, container grown seedlings. Specific investments under sub-component 1.1. include the purchase of two multi-purpose forest loading and transportation machines intended for extraction (forwarders). For the purposes of modernization of forest nurseries, the project will procure equipment for planting seeds, will support construction of green-houses, fridges and refrigeration equipment for storage of seedlings and construction of watering systems as well as construction/rehabilitation of the administrative buildings. The nurseries and greenhouses are located at the footprint of utility space (i.e. administration building, storages, garage, etc.) within the State Forestry Enterprises existing nurseries which are well fenced. The potential environmental impacts will be associated with the small-scale civil works on construction/rehabilitation small scale buildings, of re-arrangement and preparation of space for new equipment and/or greenhouses, drilling water wells and installing water supply systems, and are the following: (a) dust and noise; (b) air, soil and water pollution; (c) construction solid waste; (d) hazardous materials (asbestos and lead containing paints); and (e) labor safety issues. These adverse impacts are temporary by nature, site specific, local, and can be easily mitigated by applying best construction practices and mitigation measures specified in the nurseries' Environmental Management Plans. These EMPs will be consulted upon and disclosed in a manner acceptable to the Bank.

As all project activities will be implemented on state-owned lands which are not used by any private person, OP 4.12 is not triggered and there are no adverse social impacts that should be addressed. Since there will be no new type of activities introduced and project design and implementation arrangements will remain the same, the activities under AF also will not cause any physical or economic displacement. No other adverse social impacts are expected.



2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Potential indirect and/or long-term environmental impacts will be positive due to improved quality of seedlings and composition of tree species due to introduction of container-grown methods of seeds growing in the nurseries.

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

N/A

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

Based on the existing framework Environment Management Plan (EMP), approved for the Parent project, the borrower prepared site specific EMPs for proposed new nurseries, which had been disclosed and publicly consulted in participating districts before Appraisal. These documents have been reviewed and formally approved by oblasts State Ecological Expertise and sanitary authorities. The EMP implementation will be the responsibility of the (i) PIU Deputy Head, which has the main responsibility of overall coordination and supervision of the EMP implementation; and (ii) PIU Construction Engineer, which has to make sure all project documents, including environmental permits and authorizations, are prepared and approved by the relevant institutions, as well as by the State Construction Expertise. They will also be responsible for periodical supervision of civil works, making sure the contract and design provisions are fully implemented, and that the construction and environmental requirements are met. During recent Bank supervision mission (August, 2017) the Environmental Assessment (EA) capacity of the PIU was rated adequate and the project environmental management is considered satisfactory. As required in the project EMP for the construction of the nursery complexes at Ivatsevichi, Glubokoe and Minsk Forestry Enterprises the beneficiaries have conducted Environmental Impact Assessment (EIA) studies and prepared site specific EMPs, presented in a special volume of the design documents. The EA documents have been officially reviewed and approved by oblast level State Ecological Expertise. While implementing project activities at Ivatsevichi forestry enterprise (the only one now nursery under construction) the selected contractor overall followed prescribed EMP requirements and there are no outstanding environmental issues. While on project site, the mission has not observed any environmental non-compliance which would require corrective measures.

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

The site specific EMPs have been disclosed and publicly consulted with all interested parties and the local population in the participating districts. The participating forestry enterprises have posted the EA documents on their websites (November 2, 2017) as well as provided hard copies to the key stakeholders (raion environmental, sanitary authorities, environmental NGOs). After that (on November 20, 2017), they conducted face-to-face public consultations. At these meetings the forestry enterprises representatives presented the scope and project activities, the location of forest nurseries, their potential impacts and proposed mitigation and monitoring activities. The draft EMPs have been supported overall by the consultation participants and no specific questions and issues have been raised.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other		
Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors



29-Nov-2017	29-Nov-2017	
<p>"In country" Disclosure Belarus 29-Nov-2017</p> <p>Comments</p>		
<p>Pest Management Plan</p>		
Was the document disclosed prior to appraisal?	Date of receipt by the Bank	Date of submission for disclosure
No		
<p>"In country" Disclosure</p>		
<p>If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.</p> <p>If in-country disclosure of any of the above documents is not expected, please explain why:</p>		
<p>C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)</p>		
<p>OP/BP/GP 4.01 - Environment Assessment</p>		
<p>Does the project require a stand-alone EA (including EMP) report?</p> <p>Yes</p> <p>If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?</p> <p>Yes</p> <p>Are the cost and the accountabilities for the EMP incorporated in the credit/loan?</p> <p>Yes</p>		
<p>OP 4.09 - Pest Management</p>		
<p>Does the EA adequately address the pest management issues?</p> <p>Yes</p>		



Is a separate PMP required?

No

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

No

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

Yes

Does the project design include satisfactory measures to overcome these constraints?

Yes

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

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APPROVAL

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