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CHERNOBYL RECOVERY PROJECT FOCUSES ON HOSPITALS, ORPHANAGES, SCHOOLS AND HOMES

WASHINGTON, April 19, 2006— The Board of Executive Directors of the World Bank yesterday approved a US\$ 50 million loan to the Republic of Belarus for an energy efficiency project targeted at people living in Chernobyl-affected areas. The project marks a shift from humanitarian assistance towards longer-term sustainable development. Counterpart funding from the government of Belarus amounts to an additional US\$11 million.

“By providing people with cleaner, less contaminated sources of energy, the project delivers a vital public good and helps affected people move beyond the kind of dependency that has prevailed since the Chernobyl accident 20 years ago,” said Shigeo Katsu, World Bank Vice President for Europe and Central Asia.

The Post-Chernobyl Recovery Project will provide cleaner as well as more energy-efficient heating systems through the provision of new equipment and better insulation in schools, hospitals and orphanages. The project will replace inefficient communal boilers and dilapidated heat distribution systems. Investments in residential gas connections will also provide clean and improved space heating to households now burning contaminated wood, peat and other fuels inside their homes.

The project responds to the recommendations of the Chernobyl Forum which stress socio-economic factors in helping people living in the area to recover and prosper. The Chernobyl Forum, whose members are attending an international conference in Minsk this week on the occasion of the 20th anniversary of the accident, is an initiative of the International Atomic Energy Agency (IAEA). It is supported by WHO, FAO, UNDP, UNEP, the UN Office for the Coordination of Humanitarian Affairs, the UN Scientific Committee on the Effects of Atomic Radiation, the World Bank and the governments of Belarus, Russia and Ukraine.

“The new project is an important part of an international effort to improve the quality of life of people affected by the accident,” said Paul Bermingham, World Bank Country Director for Belarus, Ukraine and Moldova, who is representing the World Bank at the Minsk conference.

The accident at the Chernobyl power plant on April 26, 1986 contaminated Belarus with more than two-thirds of its fall-out. Contamination covered a quarter of the country's territory and affected some 2 million people, or one-fifth of the population. People in the fall-out zone have lived for years with the consequences of contamination and a legacy of depressed economic development.

"This project will change peoples lives for the better in the contaminated zones by providing a reliable supply of energy and a healthier environment in their homes, schools, hospitals and other community centers," said **Maha Armaly**, the World Bank staff member managing the project. Previous efforts by multilateral and bilateral institutions have focused mainly on technical, scientific, and humanitarian assistance.

Under the first \$48 million component, the project will fund the replacement or rehabilitation of inefficient old boilers and heat distribution systems in schools, orphanages, and hospitals. The project will also cover the costs of replacing windows, improving insulation, and introducing energy efficient lighting. Children and hospital patients who are among the country's most vulnerable groups will benefit directly from these improvements.

The second component, which will cost an estimated \$8.5 million, consists of investments in residential gas connections to provide clean space heating to about 3,000 homes. Many families now burn contaminated wood and other fuels inside their homes, jeopardizing their health and damaging the environment. Extensive public information activities and outreach will facilitate the participation of communities.

The third component, worth \$5 million, covers the design and supervision of project investments, and project management, staffing and fiduciary responsibilities. Project implementation will be closely monitored, with all works, equipment and services procured through competitive bidding. The World Bank's financial management procedures will ensure that funds are spent for the purposes intended in the project agreements. Annual, mid-term and final progress reviews will ensure that benefits reach the intended recipients.

Partnership arrangements

The design of the project was shaped by extensive consultations with the affected population, the government of Belarus, and other stakeholders. It benefited from consultations with international agencies working in the affected areas and has been discussed with UNDP, EU-TACIS, and bilateral organizations. The IAEA will continue to advise the World Bank and the Belarus government on radiological aspects of the project.

Terms of the loan

Funding will take the form of a Variable Spread Loan with repayment over a 17 year period, including five years' grace.

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