Responding to the Coronavirus Crisis
Update on Belarus (13/11/20)

European Bank
for Reconstruction and Development

EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
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Economic channels of disruption

External demand, recession in Russia, domestic uncertainty

- Growth outlook was weak before the economy was hit by the coronavirus. Events following the presidential elections in August 2020 have created additional disruption and uncertainty in the economy.
- In the absence of a full lockdown, the negative impact on non-tradeable services was less severe than in other countries.
- Some limitations on the economic activity introduced in Q4 2020 on the back of the second wave of the pandemic.
- Extended economic ties with Russia (41% of exports, 56% of imports of goods, 31% of total FDI stock) makes Belarus vulnerable to oil price declines and the recession in Russia.

Selected crisis impact indicators

EBRD GDP growth outlook (Oct 2020)	2020: -3.5% 2021: 1.0%
GDP	January-September 2020: -1.3% y/y
Goods exports (% change, in nominal values)	January-September 2020: -17.7% y/y
Exchange rate change, against USD (minus means depreciation)	January-13 November 2020: - 17.9%

Crisis response measures to date

No systemic financial response to the crisis so far

- Limited support package focused on additional resources for the healthcare sector and tax relief and tax deferral measures for most affected companies, largely designed and implemented at the local government level.
- Growth of prices and tariffs for socially important goods capped, rent payment holidays and a moratorium on raising the rent for state property introduced, wages delinked from productivity growth in the state sector to avoid a strong decline in real wages.
- Public sector organisations are subsidised in case their production was disrupted due to pandemic and the amount of new directed loans to SOEs increased significantly, reversing the trend in recent years of phasing them out.
- NBRB eased prudential requirements, issued guidance to the banks to offer loan holidays to targeted customers, partially released the capital buffers and extended the maturity of its refinancing loans.

Selected crisis response indicators

Support to employee salaries	Part of US$ 1 million to be used for salary increases of physicians
Payment holidays for loans	Not specified, left to banks to decide
Price controls	The state regulation of prices for staple goods limiting maximum profitability for manufacturers, importers and traders extended until year-end
Committed external assistance	US$ 1bn bilateral loan from Russia and US$ 500mn budget support loan from EFSD

Key short-term priorities

Ensure continued external financing, support SMEs and vulnerable households, develop the economic recovery plan