

# Coronavirus response in 2021: building back better

## Update on Belarus (16 June 2021)



### Covid-19 policy response

- **The country's crisis-response measures in 2020 were limited and skewed towards support for the public sector, as well as recommendations rather than regulation.** Measures included capping price increases on socially important goods, delinking wages from productivity growth in the state sector, production subsidies for public-sector organisations and a significant increase in new directed loans to state-owned enterprises. The central bank eased prudential requirements, issued guidance to banks recommending loan holidays for targeted customers, released some of its capital buffers and extended the maturity of its refinancing loans.
- **The government has extended its 2020 package of fiscal measures to end 2021**, including additional resources for the healthcare sector (such as salary allowances for essential personnel) and tax relief and deferral measures to support affected businesses.

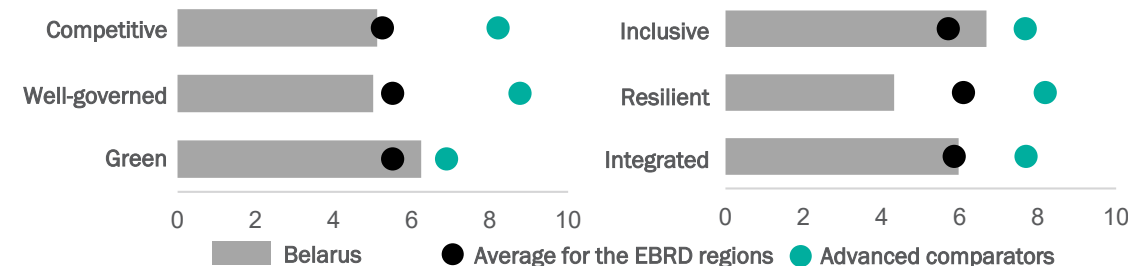
### Macroeconomic indicators (%)

	2018	2019	2020	
GDP growth	3.1	1.2	-0.9	<b>Short-term indicators</b> <b>EBRD GDP growth forecast (June 2021)</b> <b>2021: 0.5%; 2022: 0.5%</b> Quarterly GDP growth: 0.9% y/y (Q1 2021) Industrial production: 16.4% y/y (April 2021) Retail turnover: 6.7% y/y (April 2021) Exports: 24.3% y/y (goods), 4.9% y/y (services) (Jan-Mar 2021) Annual inflation: 9.4% y/y (May 2021)
Annual inflation (end-year)	4.9	5.6	5.5	
Government balance/GDP	1.8	0.8	-3.3	
Current-account balance/GDP	0.0	-1.9	-0.4	
Net FDI/GDP	-2.3	-1.9	-2.2	
General government debt/GDP (end-year)	47.5	41.0	48.0	
Unemployment rate (end-year)	4.8	4.2	4.0	

### Key short-term priorities

- Refocus on the gradual phase-out of directed lending.
- Corporate governance improvements and the commercialisation of the state-owned sector are urgently required.
- A level regulatory playing field would help to unleash the full potential of companies in private ownership.

### EBRD assessment of transition qualities (ATQs), 2020<sup>1</sup>



### Building back better: key ongoing initiatives

#### Competitive

- The government introduced a preferential tax regime for investment funds in December 2020 to stimulate the creation of new funds.

#### Integrated

- The accession of the Ministry of Finance to associate membership of IOSCO (the International Organization of Securities Commissions) in early 2021 may help to ease the integration of the securities market into the global financial system.

#### Digital

- The expansion of remote customer service systems in the non-banking segment of the financial market is ongoing.

To learn more about the EBRD's support for Belarus, visit: <https://www.ebrd.com/belarus.html>.

<sup>1</sup> For more details on ATQs, see EBRD (2020), [Transition Report 2020/21: The State Strikes Back](#), London.