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

Key short-term priorities
Ensure continued external financing, support SMEs and vulnerable households, develop the economic recovery plan

EBRD Policy Comparator

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.

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 impact indicators
- EBRD GDP growth outlook (Oct 2020)
  2020: -3.5%
  2021: 1.0%
- GDP January-September 2020: -1.3% y/y
- Goods exports January-September 2020: -17.7% y/y
- Exchange rate change, against USD January-13 November 2020: -17.9%

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

To learn more about EBRD’s support to Belarus: [https://www.ebrd.com-belarus.html](https://www.ebrd.com-belarus.html)