

Responding to the Coronavirus Crisis

Update on Belarus (15/05/20)



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, expected recession in Russia

- According to preliminary estimates, economic growth turned slightly negative in the first two months of 2020.
- Domestic trade is falling on the back of rising uncertainties.
- 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 expected recession in Russia.

Selected crisis impact indicators

EBRD GDP growth outlook (May 2020)	2020: -5.0%
	2021: 3.5%
GDP	Jan-March 2020: -0.3% y/y
Goods exports	Jan-March: -14.7% y/y
(% change, in nominal values)	
Exchange rate change	March: - 14.0% m/m
(minus means depreciation)	April: +6.8 %

Crisis response measures to date

No systemic financial response to the crisis so far

- Preference given to recommendations over closures of schools, universities and borders.
- Classes at universities were rescheduled to a later time in order not to create large gatherings of people in public transport during the morning rush hours.
- Health institutions took up mass targeted checks and quarantined the infected and those who were in close contact with them.
- National Bank of Belarus has decided to apply counter-cyclical measures related to the mitigation of a number of prudential requirements.

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 (months)

Not specified, left to banks to decide

Price controls

Without approval from price regulatory commission prices and tariffs are not allowed to grow by more than 0.5% m/m until the end of June

Committed external assistance

Negotiations with the WB for health and social sector support and request for rapid financing from the IMF

Key short-term priorities

Secure external financing, support SMEs and vulnerable households