

Coronavirus response in 2021: building back better

Update on Belarus (06 December 2021)



Covid-19 policy response

- **The government extended its 2020 package of fiscal measures to end 2021**, including additional resources for the healthcare sector (such as salary allowances for essential personnel), tax relief and deferral measures to support affected businesses, as well as social support measures. Employers at risk of having to reduce their staff or close down could apply for wage subsidies for their employees. Monthly allowances for eligible citizens were extended to August 2021.
- **Belarus's economic recovery faces significant short-term uncertainty due to sanctions.** Growth slowed in the third quarter. The IMF special drawing rights (SDR) allocation of US\$ 1 billion helped to ease immediate external financing pressures amid the rollout of international sanctions.

Macroeconomic indicators (per cent)

	2018	2019	2020	
GDP growth	3.1	1.4	-0.9	Short-term indicators EBRD GDP growth forecast (Nov 2021) 2021: 2.0%; 2022: 0.2% Quarterly GDP growth: 5.8% y/y (Q2 2021), 2.4% y/y (Jan-Oct 2021) Industrial production: -0.1% y/y (Oct 2021), 7.1% y/y (Jan-Oct 2021) Retail turnover: 3.5% y/y (Oct 2021) Exports of goods and services: 32.7% y/y (Sept 2021), 32.3% y/y (Jan-Sept 2021) Annual inflation: 10.5% y/y (Oct 2021)
Annual inflation (year end)	4.9	5.6	5.5	
Government balance/GDP	1.8	0.9	-2.9	
Current-account balance/GDP	0.0	-1.9	-0.4	
Net FDI/GDP	-2.3	-2.0	-2.2	
General government debt/GDP (year end)	47.5	41.0	48.0	
Unemployment rate (year end)	4.8	4.2	4.0	

Key short-term priorities

- A resumption of the gradual phase-out of directed lending is needed to promote competitiveness.
- 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), 2021¹



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.

Well-governed

- Currency control regulations were further liberalised in April 2021, with legislation to abolish restrictions on foreign-exchange operations.

Integrated

- The accession of the Ministry of Finance to associate membership of the International Organization of Securities Commissions (IOSCO) 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>.

¹ For more details on ATQs, see EBRD (2021), *Transition Report 2021-22: System Upgrade: Delivering the Digital Dividend*, London.