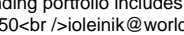




Importance of Comprehensive, Coherent and Credible Structural Transformation Agenda in Belarus

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The World Bank suggests priority structural transformation measures to tackle the multifaceted economic imbalances. Policies to ensure macroeconomic stability, create efficient financial markets, facilitate a dynamic labor market, put in place a robust social safety net, transform the state-owned sector, and to generate private sector growth and jobs are the core areas of the structural reform roadmap being elaborated by the Government with assistance from the World Bank. The commitment to the reforms is all the more important today as the World Bank projects a negative growth outlook for Belarus in 2015-2016. According to the World Bank Economic Update for Belarus, the economy expected to contract by 3.5 percent in 2015 and by 1.0 percent in 2016, partly due to the weak demand in Belarus main trading partners as well as the low oil prices. In response to the bleak outlook, the Government seems committed to maintaining fiscal discipline, and the current account deficit is expected to narrow to 4.4 percent of GDP in 2015. The Belarusian currency depreciated by almost 40 percent against US dollar between December 2014 and February 2015, but exchange rate pressures may persist, particularly since foreign exchange reserves are exceptionally low. "Comprehensive, Coherent and credible structural reforms would allow Belarus to adjust to the changing environment and to return to strong growth. But it is also of the utmost importance to enhance labor market programs, align workforce skills with the needs of the economy and reinforce income support mechanisms to mitigate the adverse social impacts of economic restructuring," - said Mr. Ruslan Piontkivsky, World Bank Senior Economist. A Special Focus Note on Labor Market Policies to Support Structural Reforms in Belarus outlines the significance of adjusting Belarus labor market and its social protection system in line with the economic transformation and suggests introducing active labor market program directed at job search and training, reinforcing vocational training programs in the formal education system. "The current economic challenges reinforce the need for structural reforms. Belarus can achieve significant productivity gains from policies that engender reallocation of capital and labor from less productive to more productive sectors, particularly private ones. With significant underlying capabilities in science, technology, and engineering field, as well as good physical infrastructure and an advantageous geographic location, there is no reason for Belarus to remain in a low growth path. The World Bank is therefore committed to support the Government in its renewed effort to implement key structural reforms," - stresses Mr. Young Chul Kim, World Bank Country Manager in Belarus. Since the Republic of Belarus joined the World Bank in 1992, lending commitments to the country have totaled US\$1.43 billion. In addition, grant financing totaling US\$28 million has been provided to various programs, including those with civil society organizations. The current investment lending portfolio includes seven operations totaling US\$938 million. In Minsk
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