GDP Growth in Belarus

- 2000: 5.8%
- 2001: 4.7%
- 2002: 5.0%
- 2003: 7.0%
- 2004: 11.4%
- 2005: 9.4%
- 2006: 10.0%
- 2007: 8.6%
- 2008: 10.2%
- 2009: 0.2%
- 2010: 7.7%
- 2011: 5.5%
- 2012: 1.7%
- 2013: 1.0%
- 2014: 1.6%
- 2015: 2.5%
- 2016: 3.0%
- 2017: 0.8%
- Jan-Feb 2019: -3.9%
Belarus effectively fights poverty

Official monetary poverty

WB poverty at 5.5 PPP USD daily
Belarus is a regional champion

Poverty rate at 5.5 USD PPP
Alternative measures of poverty

- Official poverty line: 240.8 BYN
- Alternative poverty line: 451 BYN
Vulnerable groups

- Households with children:
  - HH with 3 or more children: official poverty 26.5%
  - HH with single parent: 15.8%
  - Children: 10.3%

- Retirees
  - Not officially poor: minimal pension higher than poverty line
  - It does not take into account their needs

- Unemployed
  - 13.5% (Shymanovich, 2017)
How does Belarus fight poverty?

- Pensions
- Child benefits (universal 0-2)
  - But very low unemployment benefit
  - Very low benefits on poverty assistance
- Less formal forms of support
  - Indirect subsidies (utilities)
  - Employment opportunities on state-owned enterprises (SOEs)
Major social expenditures, % of GDP

- Education: 25.2%
- Social assistance: 10.0%
- Health: 5.4%
- Benefits (through Social Fund): 4.7%
- Pensions: 2.8%
What is effective in reducing poverty?

- Fiscal policy in Belarus reduces poverty by 17 p.p. and inequality (Gini) from 0.41 to 0.27
  - Pensions: -19.2 p.p. poverty
  - Child benefits: - 3.9 p.p. poverty
  - Indirect utilities subsidies: -1.2 p.p. poverty

- What is cost-effective?
  - Pensions and child benefits ok
  - Unemployment benefits small but efficient
  - Indirect utilities subsidies are inefficient
What about (un)employment?
Can SOE’s provide employment?

![SOE employment share graph]

- **2012**: 37.2%
- **2013**: 37.0%
- **2014**: 35.0%
- **2015**: 33.0%
- **2016**: 31.0%
- **2017**: 29.0%
- **2018 H1**: 27.0%
The “social parasite” clusters coincide with low income and consumption areas.
Healthcare

- Belarus ranked among top 10 countries with the lowest infant mortality rate
- But: low life expectancy

![Life expectancy, 2016 chart](chart.png)
Access to healthcare

- Minsk reg
- Mahileu
- Vitebsk
- Brest
- Homiel
- Hrodna
- Minsk city

No. of doctors, per 10 000

Life expectancy (right axis)
Education

- No good measures of quality
- High educational attainment (tertiary enrollment 86.7%)
- Problems with inclusion
Demography

Demography Tree, 2018

- women
- men
Ageing Population: Challenges

- Pressure on pension system
  - Retirement age increase (but health ageing at 60.5)
  - Entitlement “traps”

- Healthcare & Education
  - How to satisfy demand?
  - Big “waves”

- Fertility: how to boost it?

- Labor market
Conclusions

- Belarus effectively fights poverty
  - But: vulnerable groups; regional disparities
  - Increase in unemployment and poverty benefits would help

- Slow economic growth puts achievements at risk
  - How to make healthcare and education sustainable?

- Demographic challenges

- Can we sustain employment for all?
  - SOEs are not capable anymore