

# Analytical Paper: Belarusian business education – from a command economy to the market

The Belarusian authorities have recently shown interest in developing business education; evidence of this can be found in the Concept adopted by the Belarusian government in 2015. However, the Ministry of Education has not yet done much to adjust state regulations to match the situation on the ground.

Three key problems exist today. Representatives of the government, the international community, and business educators would do well to focus on them: state regulations, poor integration into the international educational space and lack of affordable business education in the regions of Belarus.

These are some of the conclusions found in a new analytical paper [Belarusian Business Education: from a Command Economy to the Market](#) released by the [Ostrogorski Centre](#) today.

## Introduction

Business education is probably the education sector most sensitive to the economic climate. Whereas neighbouring countries, such as Poland or Russia, experienced a boom in business education in the early 1990s – due to an increase of the private sector share of the economy – in Belarus the business education sector grew slowly. Belarusian business educators did not have powerful clients, such as Gazprom in Russia, and resembled training centres oriented towards small business.

The rapid growth of the Belarusian economy, accompanied by

private sector expansion, was mirrored by growth in the sector of business education, reinforced by business schools at universities and long-term programmes in private business schools. In 2009, economic growth faltered and the business education market shrank correspondingly. This situation was exacerbated by the the current economic crisis.

*[Conference](#) panel on business education in Belarus (December 2016, mostly in Russian)*

This crisis has left Belarusian business education in the lurch, as it is probably here for the long run. Providers of business education, like many others, will have to adjust to life in this 'new normality'. Nowadays, the clients of business educators are raising their expectations and demand more of a practical outlook from education offerings. This is apparently connected with the maturing of the Belarusian private sector, which currently assesses and oversees its own effectiveness.

## **Trends in the development of Belarusian business education**

At present, four main actors dominate the business education market: the Business School at the Institute of Privatisation and Management, the consulting group 'Here and Now', and 'Business School 21st Century' (all private institutions), along with the state-run Institute of Business and Management of Technologies at the Belarusian State University. Together, these institutions account for about half of the business education market.



According to representatives of business education, the annual scope of the market of private companies has decreased two-fold since the beginning of the crisis in 2014, when it amounted to \$6,5 million – \$10,5 million. Currently, the market is starting to revive, as many companies believe improving their effectiveness might be a way out of the crisis. In addition, universities have experienced growth in the number of students enrolled in Master's programmes in business-related specialties.

However, this growth has not been felt to the same extent in the regions, where prices for business education remain prohibitive for most entrepreneurs, as their salaries are on average one third lower. Generally speaking, according to market actors, only about 10-20% of business education takes place outside Minsk. The few exceptions include state regional universities offering business-related degree programmes, and the IPM business school, which has opened branches in all the regional centres of Belarus and uses distance learning technologies to keep prices for trainings relatively low.

Belarusian authorities have exhibited some interest in developing business education. This is evinced by the adoption of a corresponding Concept by the Belarusian government in 2015. Unfortunately, the targets proposed by the Concept are unrealistic and it is not being properly implemented. For example, it remains unclear how the business education market will grow to \$50 million by 2020 in conditions of economic stagnation.

Nevertheless, the authorities have accomplished little in the way of adjusting state regulations to the situation on the ground. More concrete plans for the implementation of the Concept will most likely be hammered out after the establishment of the Republican Council on Development of the Business Education System, planned for 2017.

The main demand of business school representatives (both private and public) for the upcoming Republican Council is that state regulations be made more pragmatic. For example, many methods used by business schools, such as coaching or case-studies, simply do not conform to the regulations of academic universities. Thus, it is quite natural that representatives of private business schools would like to see the market liberalise as much as possible.

<b>Association's name</b>	<b>Association of Business Education</b>	<b>Association of Management Development</b>	<b>Association of Companies Providing Consulting Services and Business Education</b>
<b>Type of organisations-participants</b>	Mostly state providers of business education	Mostly major private providers of business education	Mostly minor private providers of business education
<b>Number of organisations-participants</b>	18	6	5
<b>Website</b>	<a href="http://www.belabe.by">www.belabe.by</a>	<a href="http://www.amdbelarus.wordpress.com">www.amdbelarus.wordpress.com</a>	No website

Today none of the private providers of business education, apart from the IPM business school, possess the status of 'educational type-establishments'. This means that they cannot issue state-recognised diplomas in re-skilling and advanced training and they are not eligible for tax benefits enjoyed by state education providers. Obtaining the status of 'educational type establishment' is a complicated and labour-intensive procedure.

# Basic problems for the business learning sphere

**State regulations.** Although state officials openly advocate 'real equality of all actors on the business education market', two key issues remain unsolved. First, private and state business educators are subject to different taxation regimes. Secondly, private companies which do not possess the status of educational establishments cannot issue state-recognised diplomas on re-skilling and advanced training of specialists.

These regulations harm not only private educators, but state universities as well. For state universities, it remains important that academic programmes be flexible (this means that state-mandated compulsory components of the curriculum should not exceed 50% of academic programmes). Also important is that the status of MBA graduates be reflected in the documents of the Ministry of Labour and Social Protection, and that people with no academic degrees but with practical experience in business could be allowed to become lecturers at university business schools

**Poor integration into the international educational space.** Belarusian business educators struggle with a lack of international accreditation from such organisations as the Association to Advance Collegiate Schools of Business, the Association of MBAs, or the European Quality Improvement System. This is a significant problem on the world business education market. The only exception is the IPM business-school, which has an accredited programme (AMBA) with the Kozminski University in Poland.

## **Lack of affordable business education in the regions of Belarus.**

As prices for business education are set in the capital, many educational programmes are not affordable to regional business structures. One-day seminars,



costing \$ 70-90, can only attract the wealthiest regional businessmen, even though demand for such seminars could be quite high.

Therefore, the under-representation of business education in the regions creates a situation in which many entrepreneurs are simply unaware of the existence of business schools. According to an analysis conducted by the Research Centre of the IPM, over 40% of surveyed small and medium companies in Belarus do not know of a single business school.

## **Recommendations**

As economic stimuli for market growth are absent, the Belarusian government could free sphere from unnecessary regulations which stand in the way of the development of business education. This would foster healthy competition between business schools. State schools too would benefit from deregulation, as they would no longer need to adjust their programmes to regulations on universities from the Ministry of Education. They would also be able to involve investors.

The international community can play a positive role by supporting the methodological development of business educators in Belarus. Today, Belarusian business schools require methodological training before they can offer long-term educational programmes. This is especially true for blended programmes which need valid methodology for distance learning. Moreover, foreign internships at Western business

schools could be an invaluable experience for business educators who have no one to learn from in Belarus. These measures would increase the quality of work and the competence of teachers at business schools.

Given the competition between different business educators, assistance from the international community should be as broad as possible so as not to become a tool in competition. State-run and commercial companies may sometimes fail to meet the requirements of their grantors due to their status. Therefore, associations which bring together various providers of business education are the best fit for receiving foreign funds.

Moreover, foreign funds could be channelled into developing education in the regions of Belarus, where prices for business education remain prohibitive. Besides improving educational programmes, Belarusian business educators could use foreign assets to improve their presence in the regions, which would create a new administrative class for Belarusian companies.

- Read full paper: [Belarusian Business Education: from a Command Economy to the Market](#)
- Чытаць аналітычны дакумент: [Беларуская бізнес-адукацыя: ад каманднай эканомікі да рынку](#)

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**Economic and Financial  
Reforms, Defensive Military  
Strategy – Western Press**

# Digest

Belarus's economy continues to shrink, and the government tries to sell proposed reforms for financial support from international organisations. Meanwhile, the IMF notices "considerable progress" in discussing reforms and the World Bank puts forward its vision of the reforms that are necessary to restore growth in Belarus.

Belarus continues to boost its military potential by modernising old weapons while acquiring new ones, but its strategy will remain exclusively defensive. Minsk celebrates the anniversary of the 1917 Bolshevik revolution and commemorates Czech Jews killed by the Nazis in 1945. All of this and more in the new edition of the Western Press Digest.

[Russia's financial crisis has started to impact Belarus' economic growth](#). According to the Financial Times, due to falling level of Russian imports, Belarus' GDP will most likely shrink to 4% in 2015. Additionally, the Belarusian ruble has decreased by nearly 50% in dollar terms. Any remaining foreign investment has nearly evaporated as a result of the economic downturn. [Aliaksandr Čubryk](#), Director of the IPM Research Centre, remarked that, "the story of this economy is the story of inefficient state-owned enterprises."

The Finance Ministry and the Central Bank are working with international financial institutions to roll out reforms with the hope of securing financial support from the International Monetary Fund. On 9 November an IMF delegation visited Belarus to discuss a new facility that has an estimated worth of between \$2 and \$3 billion dollars. The government, in addition, wishes to distribute a Eurobond next year worth €1 billion.

[The International Monetary Fund released a statement on the current mission in Belarus](#) – On 20 November the IMF visited



Minsk. The purpose of the mission, led by Peter Dohlman, was to evaluate recent economic developments and to begin discussing a new economic program that would potentially receive financial assistance from the IMF. Mr. Dohlman observed that, “the staff team and the Belarusian authorities made considerable progress in discussing a set of policies which could be supported by a three-year Extended Fund Facility (EFF) arrangement.”

**World Bank discusses restoring economic growth in Belarus through sequenced reforms** – Belarus’ economy, according to the World Bank, requires institutional changes that assist in fostering enterprise performance, innovation, and the diversification and establishment of new markets for Belarusian products. Such reforms include managerial incentives, job skills development and overall improvement in Belarus’ business climate. Weak foreign and domestic demand will cause the economy to contract by 3.5% in 2015 and by 0.5% in 2016.

Mr. Young Chul Kim, the World Bank’s country manager for Belarus, stated that, “The purpose of a comprehensive reform is to remove structural constraints which have prevented the Belarusian economy from realising its maximum potential.” In addition to sequenced reforms, potential membership accession into the World Trade Organisation (WTO) could help stimulate substantial income growth.

**Fitch rating for the Belarusian National Reinsurance Organisation (Belarus Re) Insurer Financial Strength (IFS) received a B minus** – Belarus Re functions as the national monopoly reinsurer. This monopoly has grown to 100% in 2014 from 10% in 2006. The rating received is a reflection of 100% state ownership of Belarus Re. Although there is no direct agreement between the company and the government, various capital injections at its inception have occurred over the recent years.

In Fitch's view Belarus Re's investment portfolio is of lower quality due to the constraints of sovereign risk, the presence of issuer concentration and the quality of local investment instruments. Belarus Re's has limited options to diversify due to a limited investment market and strict insurer's investment policy regulation.

**Belarus military strategy is exclusively defensive** – *Polish Rzeczpospolita* quotes Lukashenka, as he visited the military industry plant in Dziaržynsk district. Belarus will cause unrecoverable loss to those who dare to attack it, and the development of rocket forces is a major goal in this strategy, Lukashenka said. Belarus has been boosting its military potential in recent months, receiving four Jak-130 jets. By 2020 it will have replaced its MiG-29 with Su-30SM jets and have purchased new Jak-152 training planes from Russia. Also, Belarus will receive four surface-to-air missile systems, the S-300, and it is currently in negotiations with Russia to acquire the more modern S-400 systems.

In 2015 Belarus strongman Lukashenka repeatedly said that his country will not give any land to an aggressor. According to him, Belarus became one of the most militarily powerful countries in Eastern Europe after the considerable modernisation of existing forces and the development of its own weapons.

**Minsk celebrates the anniversary of the 1917 Bolshevik Revolution** – In celebration of the anniversary of the 1917 Bolshevik Revolution a new Soviet-themed shopping mall has been opened in Minsk. The Leningrad Mall, a four-floor glass building, is decorated with Soviet memorabilia and propaganda paraphernalia. The shopping centre is a growing reminder of Lukashenka's Soviet nostalgia and ritualistic opening of shops and centres during the anniversary of the Bolshevik Revolution.

**Unveiling of a memorial for Czech Jews killed in Belarus** –

Radio Free Europe/Radio Liberty covered the ceremonial unveiling of a memorial for 6,000 Czech Jews who were deported from Czechoslovakia and then killed in Minsk in 1945. The ceremony was held on 23 November on the 70<sup>th</sup> anniversary of the first groups deportation from Czechoslovakia to Belarus. The Minsk Educational Centre of Johannes Rau established the memorial. Milan Ekert, the Czech Ambassador to Belarus, was in attendance.

[Man is sentenced to death in Belarus](#) – On 20 November a Hrodna court in western Belarus found Ivan Kulish guilty of murdering three female salesclerks during two separate store robberies. Mr. Kulish has been sentenced to death. Belarus remains the only country in Europe that still utilises capital punishment. Since Belarus' independence in 1991, roughly 400 felons have been sentenced to death.

*Aaron Ostrovsky*

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## **Will Belarus Ever Become a WTO Member?**

Two weeks ago, Belarusian Deputy Foreign Minister Aliaksandr Hurjanau declared Belarus was planning to finish all of the necessary technical work for the country's accession to the World Trade Organisation (WTO) in one year's time. However, exactly three years ago he also projected that Belarus would join the WTO by the end of 2013. Is this time going to be any different?

The history of Belarus applying to join the WTO is a story of unfulfilled promises to liberalise and privatise the economy.

Instead of firmly declaring its aspirations to join the WTO by establishing its strong political commitment that could motivate it to introduce reforms, the Belarusian authorities have preferred to imitate engagement.

Belarus remains one of the very few countries in the world that does not belong to the WTO. To name but two issues, the overwhelming role of the state in the economy and its extensive agricultural subsidies are the clearest obstacles for Belarus' accession to the WTO.

## **Everyone but Belarus**

The WTO's mission is to negotiate global rules for export-import relationships, developing multilateral trade agreements and reducing trade barriers. To date, 161 countries, which account for over 98 per cent of global GDP, have joined the WTO. Another 23 countries, including Belarus, are in the process of negotiating their accession, and only 14 states have shown no interest in joining. No country has ever left the WTO.

Russia's accession to the WTO in 2012 automatically forced other members of the Customs Union of Belarus, Kazakhstan, and Russia to comply with trade liberalisation policies in accordance with Russia's obligations to the WTO.

Therefore, since 2012 Belarus has experienced the negative impact of Russia's membership in the WTO with no direct benefits to its own economy. Goods made in Belarus neither have easier access to foreign markets, nor does Belarus have the right to use the WTO's protection regulations for litigation purposes. Yet, Russia's accession to the WTO has raised the level of competition within the Customs Union and squeezed out a number of Belarusian manufacturers from the market.

# Unfulfilled Promises of Successive Governments

Belarus started negotiations on entering the WTO in 1993. After 22 years its WTO membership remains a distant prospect, though other countries in the world have a track record of between 3 years (Kyrgyzstan) to 19 years (Russia) in their attempts to join the organisation.

In 2014 the Russian government decreed it would spend \$0.6m on initiatives supporting Belarus' accession to the WTO

In over 20 years Belarus participated in numerous events to bring the national economy closer to the global organisation. The Working Party on the Accession of Belarus to the WTO, which is comprised of 41 countries, assesses the progress of Belarus in bringing national legislation into compliance with WTO agreements. To date, the Working Party has already held 7 formal meetings in 1997-2005 and five rounds of informal consultations between 2006-2013.

In 2008-2013 the UN Conference on Trade and Development (UNCTAD) and the United Nations Development Programme (UNDP) Country Office in Belarus conducted a technical assistance project in support of reforms. The project consisted of many analytical studies, expert study tours, technical know-how exchange, seminars, and round tables. Two independent think tanks, Warsaw-based CASE and Minsk-based IPM, implemented another minor project in 2013. Last but not least, in December 2014 the Russian government decreed it would spend \$0.6m on initiatives supporting Belarus' accession to the WTO.

Minsk, however, has only been putting on a facade of deep concern about its quick accession to the WTO. Belarus' application process is abound with numerous declarations by the Belarusian authorities to accelerate the process. In 2005, 2010 and 2012 Minsk claimed that it would successfully wrap up

negotiations in a year. Meanwhile, all of its neighbours and all of the current members of the Eurasian Economic Union have already joined the WTO (see the table below). □

Selected countries	Year of accession	Private sector share in GDP in the accession year
Armenia	2000	70
Kazakhstan	2015*	65
Kyrgyzstan	1998	60
Russia	2012	65
Ukraine	2008	65

Source: *Transition Report (1995-2012)*, EBRD

\* The year of completion the negotiation with the WTO

## Stumbling Blocks for Belarus's Accession to the WTO

With an economy where state-owned enterprises produce about 70 per cent of GDP according to the European Bank for Reconstruction and Development (many of which are subsidised), Belarus does not have the slightest chance of joining the WTO.

WTO membership requires that candidate-country commits to liberalise their economy and reduce the role of the state. The WTO has never admitted a country with such a quasi-socialist economy. For instance, the private sector in all 22 (out of 29) post-socialist countries in Central and Eastern Europe and in Central Asia that have successfully joined the WTO accounted for 50 to 75 per cent of GDP at the moment of accession. The private sector's minor role in Belarus's GDP clearly reflects the scope of its lack of transition towards a market economy.

The agricultural sector would immediately go bankrupt without the support of state subsidies

State support for the agricultural sector remains a particularly sensitive area of negotiations for Belarus' potential accession to the WTO. Although its role in the economy has been diminishing over the last 25 years – from 23

per cent GDP in 1990 to 7 per cent in 2013, it still accounts for a rather significant part of the economy, employing 9.5 per cent of the total workforce according to the official government statistics.

The agricultural sector is comprised mainly of state-owned collective farms which would immediately go bankrupt without the support of state subsidies. Only 10 per cent of agricultural firms could operate profitably without this support according to a study published in December 2013 by the Economic Research Institute of the Ministry of Economy. If Belarus were to join the WTO, it would have to cut significantly its financial support to this sector. Without the prior liberalisation and privatisation of the agricultural sector, this would likely signal its collapse.

Yet, Belarus's membership in the Eurasian Economic Union does not interfere with its aspiration of joining the WTO. On the contrary, since the customs policy in the Eurasian Economic Union is the same for Belarus and all other member-countries that have already joined the WTO, it means that Belarus is generally ready to instate a WTO-compliant customs policy. In other words, Belarus and the WTO could rather easily find some compromise in negotiations on tariff and non-tariff regulations of market access for goods and services.

## **Keeping The Quasi-Socialist Economy Alive**

Though international competition defines growth in the long run, for an unreformed economy it poses a significant threat. The Belarusian authorities are aware of all of this, but remain reluctant to transform the economy. This is precisely why they continue to stall on implementing their promises towards quickly gaining membership in the WTO.

Without deep structural reforms, Belarus neither has a chance

of join the WTO nor will it receive the benefits from accession. For the sake of its own national interests Belarus should at first advance its economic transition towards a market economy, including small and large scale privatisation, and at a later point focus on further foreign trade liberalisation, including its accession to the WTO.

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## What do Belarus Businesses Think? – Online Broadcast

Belarus Digest will broadcast live open panel discussion in series “What Do Belarusians Think?” organised by the [Eastern Europe Studies Centre](#) (EESC, Lithuania) and the [Belarus Research Council](#) (BRC).

The broadcast will start on 31 January at 2 pm (Vilnius time).□

The fourth discussion “What do Belarus Businesses Think?” will analyse the results of the latest research on the competitiveness of the regions in Belarus, carried out by the [Research Center of the Institute for Privatization and Management](#) (IPM RC).

**Alexander Chubrik**, director of the IPM RC will present research on “[Competitiveness of Regions in Belarus: General Review](#)”, which analyses the integrated indicators of competitiveness in the regions of Belarus. The research was based on the latest official statistical data and polls of entrepreneurs.



After the presentation, representatives of various Belarusian business associations and independent experts will discuss what Belarusian businessmen think about the business climate in their country, as well as the country's infrastructure, institutions and policies.

**Vadim Sehovich** from the Belarusian news portal [“Ezhednevnik”](#) will compare and contrast the results from the ratings of the most successful Belarusian businesses. **Sergei Nikoliuk** from the [Institute of Independent Socio-Economic and Political Studies](#) will discuss the public's attitude towards the business climate in Belarus. The discussion will be moderated by journalist **Maria Sadovskaya-Komlach**.

**Alexander Chubrik** earned his Master's degree in Economics from the Department of Economics at the Belarusian State University (BSU) in 2000 and attended post-graduate studies at the BSU in 2000-2003. He has also worked as a vice president of CASE Belarus (2007-2012). Currently, he is a director of the Research Centre of the Institute for Privatization and Management (since 2011), a CASE fellow, and a lecturer at the European Humanities University (EHU). His expertise includes macroeconomics and private sector development in Belarus.

**Siarhei Nikaliuk** has been an expert of the Independent Institute of Socio-Economic and Political Studies (IISEPS) since 2006. Mr. Nikaliuk graduated from the Department of Chemistry at the Belarusian State University in 1974. He has worked as a journalist after registering the first independent newspaper in Belarus. His interests include the social, political and cultural particularities of the Belarusian society as a society that has not completed its process of modernization.

**Vadim Sehovich** is the deputy editor-in-chief of the Belarusian news portal “Ezhednevnik” and the lead author of the list of the “200 most successful and influential businessmen in Belarus.”

**Maria Sadovskaya-Komlach** is a Belarusian journalist with 15 years of professional experience. She graduated from the Columbia University School of Journalism (New York) in 2011. Maria writes about international affairs and, in particular, EU policies and Belarus-EU relations. She cooperates with Belarusian print, broadcasting and online media.

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## **Kastrychnicki Economic Forum: Why the Belarusian Economy Stagnates**

Slow economic growth, inefficient capital accumulation and the steady outflow of its labour force from Belarus became the hottest topics at the Kastrychnicki Economic Forum (KEF) held on 5 November in Minsk.

For many years authorities responded to the criticism toward the Belarusian economic model using the argument that the Belarusian economy is growing. Today even official economists would agree that the economy is stagnating. At the forum, experts discussed the reasons why the economy grew and why it is now stagnating.

Three key economic think-tanks in Belarus organised the event: The Research Centre of the Institute for Privatisation and Management (IPM Research Centre), the Belarusian Economic Research and Outreach Centre (BEROC) and the Centre for Social and Economic Research – Belarus (CASE-Belarus). Belarus Digest broadcasted the conference live.

**Belarus has exhausted its potential for economic growth**

The global economic crisis had a decidedly negative influence on economic growth throughout Europe, but it was not the global economic crisis alone that became the impetus for the economic hardship faced by Belarus. According to research carried out by BEROC experts Dmitry Kruk and Katerina Bornukova: "Factors of economic growth in Belarus: Analysis of productivity by sectors", the productivity of the economy continues to stagnate and the level of economic growth in recent years was in part due to the country's accumulation of capital. The authors claim that it is a systemic problem and such growth cannot be sustainable.

They also noted that Belarus lost its exporting competitiveness as a result of inefficient capital accumulation and its overall lack of productivity. Comparing the growth of productivity in Belarus with the Czech Republic and Sweden the researchers found out that the productivity gap with developed countries is declining very slowly and has even grown in comparison to other leading economies.

When analysing economic growth by certain sectors, it became evident that only three sectors demonstrated any strong growth in productivity. Growth in fuel, chemistry and petro-chemistry industries with ties to preferential access to Russian oil were the clear leaders. The growth in productivity in the construction materials industry and hotel business occurred due to the artificial stimulation of internal demand.

Kruk and Bornukova suggested that the quickest and cheapest way to increase productivity would be to ensure free redistribution of resources. But it is almost impossible for a "welfare state" like Belarus. The Belarusian government has too made too many promises and commitments to inefficient industries, structures and other economic actors to be able to change the situation at present.

**Low income differentiation stimulates emigration**

Approximately 130–180 thousand Belarusians works in Russia. An expert from CASE Belarus, Uladzimir Valetka, researched how money transfers from migrants influence the Belarusian economy. He claims that in 2012 economy received from migrants around USD 950 million. The actual sum is likely much higher.

Valetka concluded that the most productive and active citizens migrate from the countryside. This is the consequence of low income differentiation in Belarus and a significant difference in income between Belarus and Russia. Under these conditions qualified professionals decide to work in Russia instead staying in Belarus and earn less money.

The effect of migrant remittances influences the economy both positively and negatively. On the one hand, this causes an increase in domestic consumption and brings in investment. On the other hand, it leads to brain drain and a reduction in incentives for government agencies to change their policies – in other words, the unemployment problem has solved itself.

Valetka believes that the state needs to increase income inequality to retain the most active labour force and to give them an opportunity to earn at home. In addition, he proposed to establish a bureau of remittances within the National Bank to allow the Diaspora to invest their capital in the country with privileges and preferences. This would effectively increase the amount of investment coming into the country.

### **Improvements may come through reforms**

The Institute for Privatisation and Management researchers Ihar Pelipas and Iryna Tachytskaya claim that to improve the investment climate, Belarus needs reforms and only the state authorities can these initiate changes.

Their research project entitled "Assessment of the Competitiveness of Belarusian Regions" ranked Belarusian regions competitiveness using the methodology employed by

the World Economic Forum, which regularly prepares a global competitiveness index. Taking a poll of 403 state and private enterprises, the researchers measured competitiveness by measuring three indicators.

The first group of factors describes the basics of competitiveness. It includes the country's transportation infrastructure, macroeconomic environment, institutions and public health – and these factors dominate in the regions. The second group of factors estimates the effectiveness of growth: higher education, commodities, labor and financial markets. The third includes the innovation potential and business skills of the country.

The results showed that Minsk and the Minsk region have become the most competitive regions. The Homel and Hrodna regions closely trail the capital in this regard. The Brest region was last on the list of competitiveness. The differences between the Belarusian regions' competitiveness at appears to be insignificant. On a seven-point scale all of them are situated between 3.5 and 4.

According to Ihar Pelipas, if Belarus participated in the international ranking of the World Economic Forum the country would be located between 60th and 80th place. To move up in the rankings Belarus needs to improve the key problems for generating business.

Primarily they should solve the issues related to legislative and legal instability, inflation, tax rates and the complexity of the tax code. Local authorities do not have the power to deal with these issues, as only the central government can initiate reforms for improving the investment climate.

### **The inevitability of reform?**

For a long time many experts have proclaimed the necessity of economic reform in Belarus. The Kastrыchnicki Economic Forum once again demonstrated that the Belarusian economy faces

challenges and needs to undergo a process of transformation.

Belarus features a poor business climate and substandard public administration. With a large public sector, the lack of development of its financial markets, a lack of human capital, restrictions on foreign investment, populism and an excessive social policy burden – this partial list of issues that the Belarusian economy has to deal with, if solved, could help Belarus overcome its own economic downturn.

The real question is if the Belarusian political elite are capable of initiating these economic reforms. Nothing they have done has stakeholders their intentions to do so at the moment. Reforms would mean the transformation of its management system, unpopular economic measures and liberalisation which can lead to the disruption of the status quo in Belarusian politics. Under these conditions one can expect only half-measures and partial reforms.

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## **KEF Forum Brings Together Officials and Independent Experts to Discuss Belarus Economy**

On 5 November experts on the Belarusian economy and government officials will take a closer look at the challenges the Belarusian economy faces at the October Economic Forum (KEF) in Minsk. Hotel Europa will host [a one day conference](#) 'New Opportunities or Old Challenges? Scenarios for the Economy of Belarus.'

Deputy Minister of Economy Dzmitry Holukhau will open the event which will include speakers such as Pavel Daneyko from the Institute for Privatisation and Management, Marek Dąbrowski from CASE Warsaw and the academic director of the Belarusian Institute for Strategic Studies Aleksei Pikulik.

KEF is an abbreviation for Kastryčnicki Ekanamičny Forum, which in English means October Economic Forum. October is a month when many countries traditionally celebrate a harvest festival – and it is for this reason that the organizers decided to do something similar: they want to gather the most interesting ideas on the economy in Belarus that have accumulated over the past year.

Participants will ask questions through the [news portal tut.by](http://news.portal.tut.by) and Belarus Digest will broadcast the conference live. Belarus Digest interviewed Alexander Chubrik, director of the IPM Research Centre, about the idea of the Kastryčnicki Ekanamičny Forum and its first conference in Minsk.

### **Influencing the Decision-Makers**

The key organisers include three economics think tanks – Research Centre of the Institute for Privatisation and Management (IPM Research Centre), Belarusian Economic Research and Outreach Centre (BEROC) and Centre for Social and Economic Research – Belarus (CASE-Belarus).

IPM Research Centre is an independent think tank which since 1999 works on economic and social research. BEROC is another Minsk-based think tank which conducts academic and applied research and arranges educational programmes on modern economics and outreach activities. The Centre for Social and Economic Research – Belarus (CASE-Belarus) – is a Warsaw-based economic think tank working on the development of a market economy and civil society in Belarus.

These think tanks want to not only organise the conference

with its focus on Belarus, but also show that there is much more in Belarus than the label of the last dictatorship in Europe. The approach of the organisers of the Forum is twofold: discussion of internal economic problems, but in the wider regional and global context.

Alexander Chubrik, director of the IPM Research Centre, told Belarus Digest that the organisers want to present Belarus to the world and the world to discussions about Belarusian economy. The organisers believe that their event can address the most pressing economic problems: "Certainly, the event will not give any ready prescriptions to all economic challenges, but it rather proposes a thorough diagnosis of the current economic situation of Belarus through involvement of various experts," Chubrik said.

### **Involving Ordinary Belarusians**

The organisers make the whole event as open and available for potential viewers as possible. In addition to establishing a platform for discussing the economy, they hope to familiarise ordinary Belarusians with current economic problems and their roots.

Chubrik points out the idea of the KEF to make conditions for a professional dialogue open to the public – those people interested in the issues raised will have a chance to address questions to the experts through the news portal tut.by. Belarus Digest will also be hosting a live stream of the conference.

The involvement of high level experts on the economy, including economic policymakers, combined with the openness of discussion for ordinary Belarusians via the Internet has rarely been practised in the past.

According to Chubrik society's confidence in the government's economic policies has dropped over the past years in Belarus. The openness of the conference may contribute to raising



Belarusians level of in current or future economic policies. The interactive aspect of the conference allows ordinary people to get involved and raise issues that interest them.

### **Addressing the Economic Challenges**

The first section of the Forum will look at trends on markets of the main trade partners of Belarus. After the currency crisis of 2011, an increase in exports briefly became the "engine" of Belarusian economic growth. But shortly thereafter the cost advantages that Belarus received after the 2011 devaluation and falling wages disappeared. The situation on foreign markets also worsened: its main trading partners do not have good relations with Belarus or are themselves in recession. The economic effects of integration initiatives, which involve Belarus, remain controversial.

The second section will look at the limitations of and opportunities present in the current Belarusian socio-economic model. Belarus has exhausted the usual sources of economic growth – evidence for which can be found in a number of recent studies. But stagnation, which characterises the current state of the economy, and slow economic growth, is creating additional problems: Belarusian business now faces a lack of qualified personnel, and without an increase in productivity and wages in the country, its labor market problems will be exacerbated and migration will only increase.

After the currency crisis of 2011, inflation and devaluation expectations have improved significantly, which not only reduces the effectiveness of Belarus' monetary policy, but also makes the money market particularly vulnerable to internal and external shocks. These challenges require decisive action, which cannot but affect the welfare of ordinary Belarusians.

This poses additional challenges to social policy – to support the most vulnerable groups and to develop mechanisms of social

integration for those who lose their jobs as a result of changes in economic policy. These issues and challenges for social and economic policies will be considered in the work section.

The third section will look at the opportunities and limitations of regional development in Belarus. The panel will discuss the competitive advantages and weaknesses of the Belarusian regions, and possible directions for reform that would fully unleash the potential of each and maximize the potential to mitigate any negative impact at the regional level. The most important topics include the restructuring of public enterprises and the tightening of macroeconomic policies.

The Forum will also address the current tendencies of the global economy and also discuss those reforms which Belarus missed out on which its neighbours already completed back the 1990s.

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## **Belarus' Model of Economic Development May Fail to Pass the 'Endurance Test'**

The Belarusian authorities count on the country's economic growth without taking into account dangerous trends in the demographic situation and its consequences for the labour market. These conclusions appear in a study made by economists of the IPM Research Center, shared with Interfax-West news agency.

"Intentions of the Belarusian authorities to proceed with

large-scale modernization of public enterprises imply that accumulation of capital which formed the basis of the expansionary policy is still deemed to be a major factor of the long-term growth", the study says.

Meanwhile, the economists point out that growth of the potential GDP slowed down in 2012 compared to mid-2010s, economic impact of investments decreased, and further extensive accumulation of production factors cannot serve as a basis of the GDP growth in the long-run period. These conclusions also appear in last-year analytical papers of the World Bank and forecasts of the Eurasian Development Bank as well as of a number of international financial institutes.

At the same time, the global financial and economic crisis of 2007-2009 and the currency crisis in **Belarus** in 2011 "raised the issue of limits of resources of the **Belarusian** economic policy model", the researchers point out.

According to them, the question is foremost of the risks which are already present in the country's labour market and caused by demographic problems and an increase in labour migration.

### **There will be no one to work?**

The researchers point out that since 2005, the economic growth in the country was positively influenced by the demographic situation. At this particular time, people born in early 1980s, during the previous fertility peak, reached reproductive age. However, today the birth rate is significantly lower, while the death rate keeps up at a consistently high level: its decline was recorded only in 2012.

"Before 2007-2008, in the population structure there was a decrease of share of people in the under-working age and simultaneous growth of share of population in the working age. In the late 2000s, trends became even less favourable. Thus, along with population decline in Belarus, ageing of population

began, which has negative impact on the labour market", the study says.

Relying upon the Belstat data, the researchers acknowledge that a decrease in economically active population was recorded in Belarus in 2011-2012. "A decline in employment is evidenced during the last two years. According to the Belstat data, at the end of 2012, the total decline against the maximum level of 2010 was 2%, or almost 100,000 people. If the current demographic trends remain unchanged, the situation in the labour market will worsen", the IPM economists forecast.

These forecasts are supported by a Belstat forecast, in accordance with which in 2020 the working-age population will decrease by 0.5 mln compared to 2012.

"Forecasts of the United Nations Population Department are even more pessimistic. In accordance with the middle scenario, Belarus is faced with a decline in population at the age of 15 to 59 from 6.4 to 5.7 mln during 2010-2020", the researchers say. Moreover, according to the UN, the situation will not improve before 2050.

### **Extent of Labour Migration**

As noted in the study, the demographic situation is aggravated by the fact that they proceed from neutral assumptions of relative migration and suppose that migration flows will remain at the same level. "In the case of Belarus, there is a danger that such an assumption may be too optimistic", the experts believe.

The researchers remind that migration flows in Belarus intensified in 1990s when after the restoration of independence of ex-Soviet republics people began returning to their historic homeland. Later on, the extent of migration dramatically decreased, and already since 1996 the number of migrants never surpassed 20,000 people a year.

Besides, Belarus shows a positive migration balance. "However, an analysis of official documents shows that between 2000 and 2009, 254,000 people, or 2,5% of population who lived in Belarus at the beginning of 2000, and not 113,000 people, left the country", the study says.

The researchers also point out that no reliable data is available in Belarus about the number of Belarusian citizens who left the country to work abroad. "The official statistics isolate people working abroad. However, these figures include only those who went working abroad under an official contract. These statistics do not reckon in those who have seasonal employment nor those who do not register the fact of being employed abroad nor those who are employed unofficially", the experts say.

According to them, this problem is especially acute in the case of labour migration to Russia which does not have border control on its border with Belarus, and where all employment barriers were removed after the Common Economic Space was established.

"The extent of labour migration is difficult to estimate. Officially, according to statistics, about 4,000 Belarusians work abroad, which is at least one order of magnitude less than the actual value", the study notes. According to the census of 2009, 41,900 people worked outside of Belarus, including 37,700 who worked in Russia, which is by an order of magnitude less than the data received through the analysis of employment contracts concluded by the Belarusians abroad.

### **Why Do They Leave?**

The Belarusians are actively considering employment opportunities abroad, as evidenced by a poll conducted by the Belarusian Institute for Strategic Studies (BISS) in 2009. The results of the poll show that 18.8% of respondents would like to leave the country, and many of those who were inclined to

stay in the country took this decision only because they lacked money for emigration (12% of respondents). Other 6.4% of respondents were not sure that they would find jobs abroad.

"The main reason which prompts people to move to another country is a desire to improve their financial situation. This reason for a possible emigration from Belarus was cited by 81.8% of respondents wishing to emigrate ", the IPM experts say.

The researchers point out that after the crisis of 2011 these trends gathered momentum, and pretexts for emigration strengthened.

Russia continues to lead the way in the list of countries which are the most attractive for labour migrants. Thus, despite the fact that after the stabilization of the Belarusian economy in late 2011 the income gap for work in Belarus and Russia narrowed, Russia attracts Belarusian citizens by lack of language barrier and simple employment procedure.

The experts also point out that the labour outflow to Russia is more apparent in eastern regions of the country as well as in small towns.

### **Look Who Left**

"However, one cannot assert that poverty pushes people to seek employment abroad. The most socially vulnerable groups in Belarus are unemployed and economically inactive population which cannot find jobs even in the country. The international labour migration is chosen by rather well-off city dwellers who in such a way receive additional income for improving their financial situation and not for combatting poverty", the experts stress.

The average age of labour migrants is now just over 37 years (economically active population – 39 years), and it is

basically the same for all areas of labour migration. At the same time, those who go to Russia include young professionals as well as people of middle and older age, while EU countries attract skilled youth mostly.

Studies conducted by the IPM show that men dominate among those who go to Russia to earn money, and women amount to 9.4% only, while in other directions their share amounts to about one third. "Gender differences can be explained by differences in demand for workforce: probably, "traditionally male" professions are in higher demand in the Russian labour market", the researchers say.

The labour migration is simplified by the fact that some Belarusians can get the Pole's Card and go to work in Poland, for example. Some people have relatives in Russia, which facilitates their adaptation to a new job.

The experts also point out to usually higher level of education and skills of people going to work abroad. Almost a half of labour migrants from Belarus employed in Russia work in construction, about 30% are working in transport, retail trade and provision of other communal, social and personal services.

### **Impact on the Economy**

The researchers note that the labour migration has an ambiguous effect on social policy in Belarus. On the one hand, the population has a short-term effect of additional income in the form of transfers from labour migrants. However, on the macro level, labour migration places additional burden on the Social Protection Fund as a part of contributions to pension benefits are lost.

While the amount of transfers from labour migration in 2011 is realistically estimated at 3.2% of GDP, the Belarusians are by no means inclined to invest these funds in new businesses or to make long-term savings in their bank accounts.

The researchers point out that Belarus faced a large scale labour outflow in 2011. It was felt most acutely in construction, health care and IT domain.

"In the medium term, Belarus, according to demographic projections, faces reduction in workforce. Thus, the need to resolve macroeconomic problems is complemented by the need to reform the social protection system and the labour market, without which the reform in other sectors will not be efficient enough", the researchers sum up.

In their opinion, we need not only changes in regulation of labour market (employment policy and wages) but also far-reaching reforms in the real sector: privatization and restructuring of public enterprises, improvement of business climate and liberalization of product markets.

The experts note that the recommendations made by the World Bank in the Country Economic Memorandum 2012 and some other documents are still relevant for the country. In particular, this concerns abolition of administrative control over wages and employment in public enterprises, improvement of social protection for unemployed and reform of the pension system.

*The original article appeared in Russian on [interfax.by](http://interfax.by).*

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**Language of Democracy and  
Language of Dictatorship –  
Digest of Belarusian**



# Analytics

Belarusian analysts discuss the role of language in Belarusian society, media barometer, abolition of death penalty, European and Eurasian integration among other topics.

[Language of Democracy and Language of Dictatorship](#) – brief but probably the most popular article of the week authored by journalist Siarhei Dubavets states that the Belarusian democracy remains the only value – Belarusian. Language (Belarusian or Russian) is the main criterion for distinction opposition and the government, democracy and dictatorship, independence and provinciality, genuine culture and serving at the tsar's table. Dubavets says he is speaking the humiliated in Belarus but his native language of democracy while Russian speaking opposition activists use the colonial language of dictatorship forced upon them.

[The creation of the “sixth column”?](#) – Belarusian Security Blog notes the increasing of activity of the pro-Moscow “initiative” in Belarus which “buys” local activists. The experts see that Moscow supported groups are working mainly in the free mode, and have the main task of the increasing the number of activists. More strict and clear requirements for their activities will appear near 2015, when presidential elections are to be held. As a result, Alexander Lukashenka may well face a rival far more powerful than even the candidate from the united national democratic opposition.

## Politics

[BISS Political Media Barometer №1](#) – Belarusian Institute for Political Studies (BISS) presents the first public issue of a new quarterly report– BISS Political Media Barometer covering April-June BISS designed this product with one major goal in mind: to scientifically analyse the quality of the

political communication between the Belarusian democratic political forces and the society, and contribute to its improvement. The new BISS product has already got some [feedback of the politicians](#).

[Lukashenka is running out of arguments in public speeches](#) – Alexander Zimouski, media consultant and former head of Belarusian state television and radio company, states that Alexander Lukashenka goes to the public "archi poor" prepared. The expert refers not to rhetoric, but content of the speeches, which contain only a set of old templates. Zimovski suggests that the president's associates cannot grasp the new rapidly changing trends and therefore not able to offer a new image of the father of the nation.

[What Could be a Transition to Democracy?](#) – a politician Vital Karatysh notices that the transition to democracy in the current Belarusian context does not mean a change of power and the existing laws, but only change of the vector of the existing political system in Belarus. Accordingly, he believes that "any strategy of the opposition, which claims to be effective, must include the achievement of the unity of the democratic forces. Their leaders should always remember that the art of politics is the ability to enter into agreements and to reach a compromise".

[Opposition Politics: the Art of the Possible](#) – political analyst Dmitry Kukhlei notes that the official results of the parliamentary elections of 2012 consolidated the trend of the last twelve years, according to which the electoral campaign does not cause changes in the political system. The election showed that neither the leading opposition force, nor an independent civil society did not demonstrate the capacity to mobilize people and create a pole of attraction for the supporters of the changes that have recently dominated in Belarusian society.

[National Security Brief: September 2012](#) – Belarusian Security

Blog has released its monthly brief paper covered the national security issues in September. In particular, the experts note that the recent parliamentary campaign demonstrated the authorities' loss in the domestic field. The regime was unable to mobilize the population to ensure the necessary turnout that confirms the idea of a low level of trust of the population to the government.

[Abolition of Death Penalty in Belarus is not Realistic](#) – defender Vyachaslau Bortnik speculates if it's possible that Belarus will abolish the death penalty. The expert gives an unambiguous answer: this question is political, and Belarusian authorities use it as a tool for dealing with foreign and domestic policy issues. Accordingly, its abolition is not realistic in the foreseeable future.

[European Integration Index for Eastern Partnership Countries](#) – The second edition of the European Integration Index for Eastern Partnership Countries has been published – a study aiming to explore the process of convergence between the six Eastern Partnership countries and the European Union. The work involved over 30 experts from various institutions in the EU and Eastern Partnership countries. Belarus was represented by the BISS who have participated in the preparation of the Index.

[BISS Launches Research in a New Field, to Analyze Eurasian Integration](#) – the Belarusian Institute for Strategic Studies (BISS) launches research in a new field in order to provide its expert analysis of Eurasian integration, taking into account that this is becoming a reality, which cannot be ignored and requires a thorough analysis by the expert community. The first paper authored by Maksim Karliuk centers on the institutional structure of Eurasian integration.

Economy

[Belarusian Monthly Economic Review, No.10, October 2012](#)The IPM Research Center released its monthly analysis of Belarusian economy. The October issue covers the following topics: Belarus held parliamentary elections; sharp slowdown in industrial growth; problems of external borrowing come to the fore; growth of imports outpaced growth of exports.

[What Model of Social Policy is Needed in Belarus?](#) – Belarusian social policy shows a number of successes, but it has a certain inconsistency, and the government's participation is too large. Such an assessment was given by Oksana Yerofeeva, Head of Department of Economics and Finance of The Belarusian State University, during her report at the 2<sup>nd</sup> International Congress of Belarusian Studies.

Civil Society

[Belarus Researchers Shared Their Knowledge Outside the Country](#) – [TUT.BY](#) journalist describes his impressions of the 2<sup>nd</sup> International Congress of Belarusian Studies held on September 28-30, in Kaunas. The author believes the event the largest Belarusian Science Conference in the Humanities, organised by NGOs. Particular emphasis is placed on the fact that the Congress is above politics and its main task is to give opportunity for scientists and researchers to share their knowledge.

[Results of the II Congress of Belarusian Researchers: Expected Topics and Unexpected Conclusions](#) – Natalya Ryabova elaborates at length on key results of the II International Congress of Belarusian Researchers, which took place in Kaunas on September 28-30, 2012. The author suggests that the Congress is becoming a 'happening' for Belarusian academic community, while establishment of national scientific data base of research and citation.

[Organizational Development: the Situation is Stable, but Need to Keep a Hand on the Pulse](#) – representatives of non-profit

organisations positively perceive the idea of the First Capacity Building Fair, that's confirmed with a blitz survey of the Fair participants. The event takes place on October 12 and brought together representatives of CSOs interested in receiving consulting services in organizational development, and consultants who are ready to offer their services.

*Belarus Digest prepared this overview on the basis of materials provided by Pact. This digest attempts to give a richer picture of the recent political and civil society events in Belarus. It often goes beyond the hot stories already available in English-language media.*

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# **Ideological Restrictions on Employment in Belarus – Digest of Belarusian Analytics**

Belarusian experts analyse discrimination in the workplace based on political convictions, social networks preferences of Belarusians, the effect of income increase on political loyalty and media coverage of parliamentary elections among other topics.

[Idiologial Emloyment Restrictionsin Belarus](#) - Tatiana Vodolazhskaya Andrei Shutov (Centre for European Transformation) present an analysis of politically motivated employment restrictions in Belarus. The experts consider employment ban as any barriers to employment based on ideological and political reasons. One of the main ways to implement employment discrimination is a fixed term contract system which is a cornerstone of employment relations in Belarus.

Using "the profession ban" the regime punishes for unauthorized social and political activities, gets rid of ideologically disloyal citizens of areas in which we are working with education, formulation of policies and ideas, fights emergence and activities of influential public figures who manifest disloyalty.

[What social networks like Belarusians?](#) – Andrei Dubanevich based on the research of the Ignite Social Media concludes that the Belarusians, as before, are conservative in their choice of social networking and related online resources. In particular, the Belarusians love free content, including music, for example, portal Last.fm. Belarus occupies 3rd place in the list of Livejournal; Belarus takes a prize-winning 3rd place in the top of the region's most educated Web users – 36.5% of them have higher education.

[Belarusian Security Brief](#) – Belarusian Security Blog has released its monthly review of national security of Belarus. The experts note a new conflict between Belarus and the West in August increased by a new "front", this time with Sweden. Political crisis is complicated by the doubtful ability of a regime to ensure the development of the country as well as growing lack of people to work in government positions

[Are "Bobruisk Anarchists" victims of "the patriot games"?](#) Anatoliy Sanotenko writes for Mediakritika.by recalling the two-year-old case of three youngsters sentenced to 7 years in prison for an alleged attempt to set the KGB building on fire. Given the different backgrounds of the three young men, and leaked to the internet examples of KGB-assigned straw-men attempting to recruit young activists to commit unlawful actions, the author makes an assumption that the whole story might have been set up and staged by the KGB.

[Draft bill on the political parties and NGOs](#). On July 31, 2012, the Council of Ministers introduced it in the

Parliament, but the development of the bill was not discussed in public, it had been published only in the end of August on the National Legal Portal. The analysis showed that the bill provides some positive changes compared with the existing legislation, but generally not focused on the improvement of the situation with freedom of association and the introduction of regulations to promote their development.

## **Elections**

[The Coverage of the 2012 Parliamentary Elections in the Belarusian Media](#). The Belarusian Association of Journalists concludes that electoral campaign and its coverage demonstrate political stagnation, which the authorities try to depict as political stability. Candidates' presentations are announced in printed TV programs as "Elections-2012" – without naming the candidates or the parties. There is a noticeable depersonalisation of the main participants of the electoral process is taking place. Communication as exchange of opinions is absent – it is rather an exchange of pre-defined messages, but not a free exchange of thoughts.

[Weekly Report of Election Observation Results](#), September 3-9. Human rights defenders for free elections campaign in its weekly report notes that election campaigning takes place in the climate of pressure on democratic candidates and civic activists from the state bodies. TV-presentations of the opposition candidates and their platforms continue to undergo censorship in the state press. Observers note massive use of administrative resources in support of pro-government candidates.

## **Foreign Policy**

[Why Belarus Ignores "Eastern European Davos"?](#) – Yuri Zisser ([TUT.BY](#)) visited XXII Economic Forum in Poland, and shares his impressions. In particular, the author wonders at the lack of Belarusian officials on such a large and prestigious event:

"Our state finds millions on ice palaces and control teenagers in social networks, but did not want to find a penny to forward experts to participate in the Belarusian section on "Eastern European Davos".

[Belarus Aims to Rebuild Its Ties with the West](#) – Grigory Ioffe analyses two top personnel changes – the Belarusian foreign minister, Sergei Martynov was replaced by Vladimir Makei, President Alyaksandr Lukashenka's now ex-chief of staff, whose position was assigned to Andrei Kobiakov, until recently Belarus's ambassador to Russia. The analyst concludes that despite the years of Western sanctions leveled on Belarus following the December 2010 post-election crackdown, efforts continue by both sides to maintain and resurrect withering ties between Minsk and the West.

## **Economy**

[Political Business Cycle in Belarus, or the Political Economy of Confidence to the President](#) – Alexander Avtushko-Sikorski (BISS) investigated why many Belarusians' support the political status quo. The expert notes that the growth rate of real wages directly affect the level of confidence in the president: an increase in the rate of growth increases the level of trust, and their reduction – to reduce the number of citizens supporting Lukashenka.

The growth rate of real wages affect the "market" orientation of the Belarusians with slowing growth increases the number of supporters of the economy with little government regulation. With the acceleration of the growth rate of real wages opposite trend: people want to see in the economy there is a "strong hand" of the state. Income growth does not affect the dynamics of the geopolitical orientations Belarusians.

[Belarusian Monthly Economic Review, #9, September 2012](#) – IPM Research Centre has released the September review



of Belarusian economy. In particular, the experts note that GDP growth on the demand side still relies on external factors – the increase in exports and a reduction in non-energy imports – but the trend of recovery in domestic demand and a proportional restore of imports is traced quite clearly. The report highlights the decreasing share of high-tech production and vulnerability of Belarusian economy caused by its dependence on Russian oil imports.

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## **How to Make Foreign Aid More Effective – Digest of Belarusian Analytics**

Belarusian analytical reports and papers focused on effectiveness of foreign aid to Belarusian civil society, impact of poverty on political activism and foreign policy. Amnesty International and the US Department of State published their annual human rights reports which touch upon the situation in Belarus.

[Neighborhood Program: View from Belarus](#) – Ulad Vialichka, head of International Consortium "EuroBelarus", identifies a number of drawbacks of the international programs of development of civil society, in particular the Danish strategy for Neighbourhood countries. In his opinion, the civil society is concerned that local actors are excluded from the system of

planning programs and strategies and the increasing role of external intermediaries.

His article calls for introduction of the principle of publicity and better efficiency evaluation. He notes that the absence of investments into «basic means» such as buildings, offices, personnel, etc. makes civil society organisations weak and totally dependent on external financing.

[Belarusian Monthly Economic Review. May 2012](#) – The IPM Research Center issued the May issue of monthly bulletin which reviews recent developments in political and economic life of the country. The main topics of issue: exhaustion of the acute phase of the conflict with the EU; chemical and petrochemical industry are the leaders of growth; the surplus in foreign trade has grown; the monetary base decreased.

[EESC Analytical study](#). Eastern Europe Studies Centre (EESC) presents the analytical study on the independent Belarusian trade unions “Are the Independent Democratic Trade Unions of Belarus the Engine of Social Reforms?” 31 respondents, who are the representatives of the leading entities of the democratic trade unions of Belarus, were interviewed in the process of the survey. On the basis of the given survey its authors propose certain recommendations for the successful development of the civic society in Belarus, consolidation of the role of public organisations and first of all that of the independent trade union amalgamations.

[How to Survive on \\$ 4,000?](#) – Journalist Viktor Martinovich reacts to the article of a girl on onliner.by which exploded the Bynet last week. The girl told that her monthly salary in \$ 700 is not enough for a decent life. Analyzing numerous comments below the text, Martinovich concludes that the Belarusians live in poverty, they are not ashamed of poor level of their live, and more importantly – the social

situation in no way translates in people's heads into dissatisfaction with the authorities.

## **Foreign policy**

[Belarus' Foreign Policy Index #7](#) – Belarusian Institute for Strategic Studies (BISS) released a new issue of Belarus' Foreign Policy Index covering the developments in March and April 2012. They observe deepening of cooperation in the Russian vector, a weakening of negative rhetoric in the European vector and an aggravation in the relationship with Ukraine. Furthermore, certain contradictions in Belarus' relations with China became visible for the first time ever. The diplomatic crisis has been resolved as soon as Andrei Sannikau and Zmicier Bandarenka were released from prison and EU ambassadors got back to Minsk. However, despite the obvious willingness of the Belarusian side to put an end to the conflict with the European Union, its actions remained extremely contradictory.

[Ninth issue of BISS Trends](#) – Belarusian Institute for Strategic Studies (BISS) presents the ninth issue of the BISS Trends – quarterly monitoring of the Belarus's political, social and economic development. The experts note that the first quarter of 2012 can be regarded as a pause before Belarus finally has to address a crucial geopolitical challenge. The end of this period saw the country in a position of considerable uncertainty, which is largely due to the impending geopolitical choice of its administration: Belarus will either embark on a multi-vector policy, or aim exclusively at further integration with Russia.

[Belarus National Security Blog analytical paper: April 2012](#) – the Blog's experts note that April is remarkable with two events: the beginning of a rapprochement with the West, which resulted in the release of Andrei Sannikov and Dmitry Bondarenko, suspend the practice of the ban on travel abroad for the opposition; and strengthening the populist rhetoric of

the authorities (again, a promise to bring the average salary up to \$500).

[Top 7 Secrets about the "Eastern Partnership" and Belarus from «Wikileaks»](#) – Andrei Eliseev recalls that the initiative Eastern Partnership started three years ago. After reviewing the diplomatic correspondence declassified by «Wikileaks», the expert concludes that the negotiations on the inclusion of Minsk in the initiative were not easy. Belarus, however, almost did not use the benefits of the Eastern Partnership initiative.

## **Human rights**

[Review-Chronicle of Human Rights Violations](#). April 2012. Human Rights Centre Viasna released its monthly Review-Chronicle of Human Rights violations in Belarus. The experts note that April was marked with the first steps toward de-escalation of political conflict between the Belarusian authorities and the EU, in particular, releasing of two political prisoners (Andrei Sannikov and Dmitry Bondarenko) and returning of EU ambassadors to Minsk.

[Belarus among 10 Most LGBT rights violating states in Europe](#). Ilga Europe, a Brussels-based NGO campaigning for equal rights for LGBTI people, launched the project to become its annual report on the state of play of LGBTI rights in Europe. According to the report, Belarus is on the list of top-10 sexual minorities most oppressing countries. The survey covers 49 European countries.

[Amnesty International Report 2012](#). On May 24, human rights organization "Amnesty International" has published an annual report 2012 "The state of the world's human rights". In particular in Belarus, the report indicates the worsening economic situation, growth of tension in society and, consequently, an even greater restriction of freedom by the authorities.

[Country Reports on Human Rights Practices for 2011](#). On May 24, Bureau of Democracy, Human Rights and Labor, U.S. State Department, published the report on the situation of human rights in 2011. The report notes that the most significant human rights problems in Belarus continued to be the inability of citizens to change their government; a system bereft of checks and balances in which authorities committed frequent, serious abuses; and the government's politically motivated imprisonments of hundreds of people during the year.

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## **NGO Assembly, Here you can Be Served in Belarusian – Civil Society Digest**

NGO Assembly was refused to hold its Congress the last minute.

“Here you can be served in Belarusian” campaign kicks off in Gomel. The Office for the Rights of People with Disabilities presents its survey on attitudes towards people with disabilities. EHU returns to Minsk – for the sake of an art presentation.

**Congress of the Assembly of NGOs cancelled.** The 7th Congress of the Assembly of pro-democratic NGOs, which was to be held on May 5-6 at the Minsk International Educational Centre (IBB), [did not take place](#). IBB management referred to the directions from Minsk city authorities and cancelled all

former arrangements two days before the Congress.

Representatives of nearly 200 NGOs from all over Belarus were aiming to attend the Congress in order to discuss problems and further steps in development of the country's civil society. Now the organising committee of the Congress considers postponing the event further to June. *According to the Assembly of NGOs newsletter.*

**Belarusian stickers for the stores.** Civil campaign "Paperwork in Belarusian" starts a new phase of popularisation of the Belarusian language in the service and advertising. The activists developed a special sticker that says "[Here, you can be served in Belarusian.](#)" The stickers will be offered to the stores, ready to communicate with customers in Belarusian. Now the new initiative is tested in Gomel.

**EHU project in Minsk.** On May 03-25, the Minsk Gallery "Ź" hosts an art and educational project [Artes Liberales](#). The project starts with an exhibition of design works of students of European Humanities University. During three weeks the exposition will vary according to the agenda of the project, implemented by EHU students and teachers.

**Viasna's new editions.** Human rights Centre ["Viasna" marked its 16<sup>th</sup> anniversary](#) with a presentation of two books – a photo album "For the Right to Elect: Portraits of Convicts" featuring photographs of participants in the post-election demonstration of December 2010 and a book "Our Viasna. History via people". The presentation was held on May 02 in Minsk and was attended by journalists, human rights activists, public figures, former political prisoners and their relatives.

**IPM Research Center** launched [a new version of its website](#) with the latest information on the studies of the Belarusian economy, economic reviews and forecasts developments in the economy, as well as announcements

of IPM Research Center events.

**"Free Word" Contest Winners.** The day before the World Press Freedom Day, the Belarusian Association of Journalists (BAJ) administrative board announced the winners of the yearly journalistic contest "[Free Word](#)". The [awarding ceremony](#) took place in Minsk on May 03. Not only representatives of the independent, but also of the state-owned media have become the award winners, which illustrates BAJ's aspiration to keep the professional standards in the whole journalistic community in Belarus.

**Meeting on regional development and agriculture.** On May 03, in Minsk, the "Clearing House" project conducted the working group meeting on regional development and agriculture for Belarusian organisations and initiatives. The discussion on the perspectives of regional and local development was followed by presenting different opportunities to participate in EU programmes and calls for proposals for organisations and initiatives working in the sphere of regional and local development. *According to the Clearing House newsletter.*

**Small projects competition** is announced for educational initiatives aimed at expanding the ideas of democracy and human rights, increasing civic competence, and the development of critical thinking among children, youth, teachers, parents, local communities. Project budget should not be more than \$500. *According to [belngo.info](#) newsletter.*

**Invitation to event in Brussels.** On May 08, in Brussels, the Solidarity with Belarus Office (Warsaw, Poland) invites to attend [a discussion on the current situation in Belarus: Lukashenka is ready to start a new game with the EU, who defines the rules?](#) The leading Belarusian experts will share their views on the current political, economic and the human rights situation and the state of affairs in the media sector. The discussion will be followed by a presentation of the book 'Belarus in Focus: through the eyes of international

journalists' representing 14 winning articles at an international competition Belarus in Focus.

**The sixth stage of the German-Belarusian partnership.** On May 01, Support Program for Belarus launched the sixth stage of the German-Belarusian partnership. As part of the stage the [Support Program for Belarus of German Federal Government](#) announces a call for proposals. The aim of the Program is to support non-state actors such as NGOs, networks and other institutionalised structures involved in the processes of sustainable development and promoting reforms at the national and regional level.

**Information Meeting on NSA-LA Call for Proposals for Belarus.** On May 11, the EU Delegation to Belarus will organise an information meeting on the ongoing call for proposals "[Non-State Actors and Local Authorities in Development: In-country Operations for Belarus](#)". The session will take place in Minsk, at the Hotel Viktoria, from 11.00 to 12.30.

**Office for the Rights of People with Disabilities** conducted a [study](#) to identify some aspects of attitudes towards people with disabilities in Belarus. The study was made by the Independent Institute of Socio-Economic and Political Studies (IISEPS) and the Centre of European Transformation (CET). Research results show that the public consciousness of Belarusians is determined with an archaic charity view both on disability and people with disabilities.

**Disability rally.** On May 05, [Republican Association of Wheelchair Users](#) conducts a rally aimed at supporting the international disability movement in Europe for equal rights and against discrimination, paying attention to barrier-free environment for disabled people. The event will be held at the Friendship Park in Minsk, from 12.00 to 15.00.

**Week against homophobia.** On May 12-17, a human rights project "[Gay Belarus](#)" organises a series of educational activities



titled "Action Week Against Homophobia in Belarus 2012." The events are devoted to the International Day against homophobia and transphobia, which is celebrated on May 17.

*Belarus Digest prepared this overview on the basis of materials provided by Pact. This digest attempts to give a richer picture of the recent political and civil society events in Belarus. It often goes beyond the hot stories already available in English-language media.*