Belarus Gap Analysis:
Economic Reforms, Economic Performance, and Human Capital

USAID
E&E Bureau
Strategic Planning and Analysis Division
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USAID, Monitoring Country Progress (MCP) system. E&E Graduates (n=11): Bulgaria; Croatia; Czech Republic; Estonia; Hungary; Latvia; Lithuania; Poland; Romania; Slovakia; and Slovenia. Balkans (n=6): Albania; Bosnia-Herzegovina; Kosovo; Macedonia; Montenegro; and Serbia.
Figure 2

**Economic and Democratic Reforms, 2012**

The projections are extrapolations from the average annual trends from 2008-2012. The economic reform data are drawn from the EBRD’s annual Transition Report, and the democratic reform data are drawn from Freedom House’s annual Nations in Transit.
Belarus

Economic Reforms, 2011

- Infrastructure Reform, 1.5
- Non-bank Financial Reform, 1.7
- Banking Reform, 2.0
- Competition Policy, 2.0
- Enterprise Restructuring, 1.7
- Small-scale Privatization, 2.3
- Trade and Foreign Exchange, 2.0
- Price Liberalization, 3.0
- Large-scale Privatization, 1.7

Democratic Reforms, 2011

- Electoral Process, 1.0
- Corruption, 1.5
- Civil Society, 1.5
- Independent Media, 1.2
- Rule of Law, 1.0
- Local Governance, 1.2
- National Governance, 1.2
- USAID Country Graduates

Country graduates = Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.
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Economic Performance, 2009-2011

- GDP Growth, 5 yr, 5
- Income Inequality Ratio, 5.0
- Macro Stability, 3 yr, 3.2
- Export Share & Composition, 2.7
- Services as % GDP, 2.0
- Energy Security, 1.7
- Private Sector Share of GDP, 1.0
- FDI, 5 yr, 1.6
- Environmental Sustainability, 3.1
- Economic Performance, 2009 - 2011
  - GNI per capita, 1.5

Human Capital, 2009-2011

- Education Gaps, 5.0
- Public Exp. Education, 3.2
- Public Exp. Health, 3.0
- Under-5 Mortality Rate, 4.9
- Life Expectancy, 2.3
- Environmental Health, 4.1
- TB Incidence, 1.0

Peace & Security

- Counter-Terrorism, 4.5
- Combating Weapons of Mass Destruction, 3.0
- Stabilization and Security Reform, 2.8
- Counter-Narcotics, 3.1
- Transnational Crime, 2.5
- Conflict Mitigation, 2.8

Country graduates = Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.

USAID Country Graduates
Figure 6

Economic Reforms in Eastern Europe & Eurasia

USAID MCP system. Drawn from the EBRD Transition Report series. The E&E Graduates (n=11) consist of Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Czech Republic, Romania, Bulgaria, and Croatia. The Balkans (n=6): Albania, Bosnia & Herzegovina, Macedonia, Kosovo, Serbia, and Montenegro. E&E Eurasia (n=7): Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia, and Ukraine. The Central Asian Republics or the CARs (n=5): Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.
Figure 7

Macroeconomic Reforms in E&E Eurasia

Drawn from the EBRD Transition Report (2011 and earlier editions).
Figure 8

Macroeconomic Reforms in Belarus in 2012

Small-scale Privatization, 2.3
Trade and Foreign Exchange, 2.3
Price Liberalization, 3.0
Large-scale Privatization, 1.7
Enterprise Restructuring, 1.7
Competition Policy, 2.0
Banking Reform, 2.0
Non-bank Financial Reform, 1.7
Infrastructure Reform, 1.5

Belarus
USAID Country Graduates

Taken from MCP
World Bank, *Doing Business* (2013), 185 countries are included in the analysis. The business environment is gauged based on 10 aspects: starting a business; dealing with construction permits; getting electricity; registering a property; getting credit; protecting investors; paying taxes; trading across borders; enforcing contracts; and resolving insolvency.
Figure 10: Microeconomic Reforms: The Business Environment in Eurasia vs. E&E Graduates

World Bank, Doing Business 2012. Percentile rank was converted to MCP 1 to 5.
Figure 11

The Greatest Advances in the Business Environment since 2005

World Bank, Doing Business 2012. Percentile rank was converted to MCP 1 to 5. The greatest advances from among the Balkans (n=6) and E&E Eurasia (n=7).
Figure 12: Economic Performance in Belarus

- GDP Growth, 5 yr, 5
- Income Inequality Ratio, 5.0
- Macro Stability, 3 yr, 3.2
- FDI, 5 yr, 1.6
- Export Share & Composition, 2.7
- Services as % GDP, 2.0
- Energy Security, 1.7
- Environmental Sustainability, 3.1
- Private Sector Share of GDP, 1.0
- Services as % GDP, 2.0
Figure 13

Microeconomic Reforms vs. Macroeconomic Reforms

Business Environment
(Microeconomic Reforms)

Macroeconomic Reforms

Transparency International, *Corruption Perceptions Index*, 2011. Scores are based from 0 (highly corrupt) to 10 (very clean).
Economic Structural Change: Private Sector Share of GDP

EBRD, *Transition Report* (2011 and earlier editions). The E&E Graduates are Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Czech Republic, Romania, Bulgaria, and Croatia. The Balkans are Albania, Bosnia & Herzegovina, Macedonia, Kosovo, Serbia, and Montenegro. The E&E Eurasia countries are Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia, and Ukraine. The Central Asian Republics are Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.
The Lagging Economies in Economic Structural Change:
Private Sector Share of GDP

EBRD, *Transition Report* (2011 and earlier editions). The lagging economies from among the Balkans (n=6) and the E&E Eurasian countries (n=7).
Figure 17


IMF, World Economic Outlook, May 2013.
Figure 18


IMF, World Economic Outlook, May 2013.
Figure 19

Real GDP as a % of 1989 GDP in Georgia vs. E&E Eurasia Countries

Exports as a Percentage of GDP

Figure 21

Exports of Fuels, Metals, and Precious Stones in Eurasia

Figure 22

% of Total Exports

Azerbaijan, Kazakhstan, Russia, Armenia, Tajikistan, Kyrgyzstan, Ukraine, Belarus, Turkmenistan

Economist Intelligence Unit, individual country reports.
Energy Security, 2010

I. Efficient but Dependent
II. Inefficient and Dependent
III. Inefficient but Independent
IV. Efficient and Independent

Energy Imports (Net % of energy use)

GDP per unit of energy use

Figure 23

World Bank, World Development Indicators (2011).
Figure 24

Labor productivity in E&E vs. EU-15
(constant 2005 US$, thousands)

Fig. 25: Innovation: R&D Expenditures, Public and Private, 2005-2010
The percentage of businesses which perceives labor skills to be a significant business constraint.

Figure 27

Life Expectancy Gender Gap

World Bank, World Development Indicators (2012).
Figure 28

Male and Female Adult Mortality Rates

World Bank, World Development Indicators (2012).