Eurasian Development Bank

Resources Manager of EurAsEC Anti-Crisis Fund

25.04.2013

ACF Financial Credit for the Republic of Belarus: Compliance with the Control Target of Monthly Credit Growth of Maximum 1.5% in January-March 2013

The Fund's Council of Experts met on March 28, 2013 and recommended to the ACF Council to consider disbursement of the fifth tranche of the ACF Financial Credit for the Republic of Belarus based on the evaluation of compliance with the control target of credit growth for January-March 2013, which is not to exceed 1.5% on average per month. This indicator was fixed in the letter of the Government and the National Bank of the Republic of Belarus to the ACF Resource Manager of January 24, 2013.

The average monthly growth of credit to the economy for January-March this year was 1.73% at the new programme exchange rate (US $1=BYR 8,570). The target has been exceeded owing to the faster growth of foreign currency lending (2.7% on average per month), while ruble lending increase was only 1% monthly. The credit to the economy extended by state-owned banks engaged in lending under government programmes grew at a significantly slower pace during that period (1.55% monthly) compared to private banks (2.3%).

As of April 22, the average rate of credit growth was 1.62% per month at the programme exchange rate. If there is no further increase of credit to the economy until the end of April, the average monthly growth for the four months will be 1.52%.

To make sure that the credit growth target of no more than 19% for 2013 is met unconditionally, and the monthly rate of growth is within the agreed scope, the Manager recommends to the National Bank of the Republic of Belarus to consider tightening conditions for the foreign currency lending.

Eurasian Development Bank

Resources Manager of EurAsEC Anti-Crisis Fund

20.04.2013

Updated Review of the Report by the Ministry of Finance of the Republic of Belarus on Compliance with Conditions of the Fifth Tranche of the ACF Financial Credit

Conclusions

Having reviewed the progress in implementation of the Stabilization Program of the Government and the National Bank of the Republic of Belarus and the status of compliance with the conditions of the fifth tranche of the ACF financial credit, the Manager hereby submits for the consideration of the Fund's Council of Experts the following conclusions and recommendations:

1. Stabilisation policies of the Belarusian economy, implementation of which started at end-2011 with the exchange rate unification and containment of domestic demand, were loosened in the second half of 2012 that led to controversial results. On the one hand, the success of stabilisation was obvious: in 2012, the price growth did not exceed the Authorities' projected targets, while the current account deficit and the augmented general government budget deficit were significantly reduced. However, these achievements stemmed mainly from the favourable external environment and to a lesser degree – from the Authorities' economic policies, and they could be lost due to the premature policy loosening and new imbalances building up.

2. Late 2011 and the first months of 2012 were characterised by tight monetary policies, unification of the Belarusian ruble exchange rate, state budget surplus, and reduced quasifiscal operations. These measures played a significant role in the overall stabilisation of the economy. At the same time, such exogenous factors Authoritiesas a decline in contractual prices of imported energy resourcesfrom Russia, sales of chemical industry products manufactured from Russian oil products outside the Customs Union, and the favourable external demand situation combined with the sharp drop in car imports also had a positive effect on the balance of payment stabilisation.

3. However, loosening of economic policies starting from the second quarter of 2012 through accelerated growth of credit to the economy and real wage growth outpacing productivity growth—led to an increase in domestic demand. Continuation of such policies against the background of the trade balance deterioration starting from August 2012 negatively impacted the balance of payments, the pattern of international reserves growth, and the exchange rate.

4. A significant slow-down in the rate of inflation observed last year was supported by use of administrative price controls. About 40% of the weight of goods in the CPI

basket is either directly or indirectly regulated by the State via the mechanisms of setting trade margins for wholesale or retail prices for socially important goods.Against the background of the wage growth in excess of the rate of growth of labour productivity, the price regulation negatively affects enterprises' profitability and the potential for economic growth.

5. For the first time since 2005, the current account balance was in surplus in the first half of 2012, but then deteriorated in the second half of the year and turned out to be negative for 2012 as a whole. The foreign trade balance was negatively impacted by the excessive credit growth in the second half of the year combined with a swift reduction of the refinancing rate. Adjustment measures undertaken by the Belarusian Authorities to tighten credit policies at end-November, including a commitment to have no further reductions of the nominal refinancing rate, had a limited effect on the credit growth deceleration.

6. Monetary policy loosening resulted in non-compliance with some of the conditions set for the 5th tranche. The reserve money target (indicative target) was exceeded by BYR 5.6 trillion; while banks' claims on other sectors of the economy (indicative target) grew twice as fast compared to the targeted level (30% against the target of 15%). Most other indicative targets for the 5th tranche were not met either (a complete list of indicators and information on a status of compliance therewith are available in Section III of this document).

7. A new Letter of Intent for 2013—currently being cleared by the Belarusian Authorities and the Manager—contains measures to tighten monetary policies. The ceiling for the growth of credit to the economy is set at 19% for the year, while its monthly increase should not exceed 1.5%. This indicator is reclassified as a control target. Its implementation will be monitored on a monthly basis. In the Manager's opinion, if the current account deteriorates further and devaluation expectations increase, an even larger reduction of the increase in credit to the economy may be called for. Maintaining tight monetary and fiscal policies will promote further stabilisation of the economy, including lowering the inflation to a single-digit level, improving the current account balance, and raising gross international reserves to an economically safe level.

8. At the same time, the Manager notes that Belarus can ensure sustainable long-term economic growth only with the launch of structural reforms aimed at reducing the role of the state in the management of the economy and improving the country's business environment to make it conducive to small and medium business development and investment inflows.

9. The Manager notes that the Borrower's non-compliance with meeting five indicative targets has significantly undermined the effect of the stabilisation programme and may lead to losing its positive achievements. The Manager recommends considering the disbursement of the fifth tranche of US $440 million depending on compliance with the control target of credit growth (no more than 1.5% on average per month) based on performance in January-May 2013.

Key Results of Macroeconomic Stabilisation in 2012

Last year, the rates of inflation significantly decelerated and remained within the projected range, while the GDP grew moderately. Introduction the equilibrium exchange rate at end-2011 and foreign exchange market stabilisation that followed, as well as tight monetary policies in early 2012 promoted a significant deceleration of inflation. In 2012, the annual inflation rate was 21.7% compared to 108.7% in 2011. The price stabilisation stimulated net export growth, which became the key factor for economic growth during the first half of the year. However, discontinued exports of solvents and lower exports of potash fertilizers observed from August 2012 brought the rate of GDP growth down by about 1 percentage point for the year as a whole. In spite of domestic demand expansion in response to the negative contribution of net exports in the second half of the year, the annual rate of GDP growth slowed down to 1.5%.

External imbalances were reduced primarily owing to improved external environment and other exogenous factors. The external imbalances improved owing to the prices for Russian gas going down by 36.6%, as well as to exports of solvents, lubricant oils, and biodiesel fuel, a net effect of which is estimated at US $2 billion. A total contribution of these factors to the foreign trade balance improvement is estimated at 6% of GDP. A positive effect of optimising the geographical structure of oil imports (discontinued imports of expensive oil from Azerbaijan and Venezuela) is estimated at around 1.5% of GDP. Besides, because of the higher rates of customs duties, car imports went down dramatically compared to 2011 that resulted in an improvement of the trade balance for this group of goods by 1.7% of GDP. A more flexible exchange rate regime and tight monetary policies followed in early 2012 also contributed to the external balance improvement. As a result, the current account deficit compared to 2011 went down from 8.5% of GDP to 2.9% of GDP.

The general government budget was executed with a surplus. Quasifiscal operations financed with government deposits were curtailed. The cash general government budget surplus made 0.7% of GDP for 2012. Lending under government programmes financed with government deposits went down from BYR 12 trillion in 2011 to BYR 6.8 trillion in 2012. This factor played a significant role in stabilising the balance of payment through curtailing inefficient investments. The augmented budget deficit, including the general government balance and that for quasifiscal operations, declined from 7.3% of GDP to 1.1% of GDP.[1]

At the same time, the measures taken to reduce imbalances in the economy of the Republic of Belarus could have been more efficient should the Authorities had followed more conservative and consistent economic policies. First of all, it applies to monetary policies. As a result of excessively rapid reduction of the refinancing rate, an average monthly rate of credit growth exceeded the optimal level already in March 2012. Despite that, the Authorities continued bringing the refinancing rate down and took no off-setting measures to contain excessive lending. By mid-July, the nominal refinancing rate had gone down from 45% as of early 2012 to 31%. The situation was exacerbated by significant excess liquidity in the banking system (BYR 10 trillion), which was used to fund lending. In August-September, credit growth accelerated correspondingly up to 4.4% and 3.6%[2]. Against the background of the trade balance deterioration, which began in August 2012, and increased pressure on the exchange rate, the National Bank of Belarus was forced to resort to interventions to prevent a sharp depreciation of national currency and rising inflation.

The policies of real wage growth at a rate above the rate of labour productivity growth followed by the Belarusian Authorities result in greater inflation overhang, real exchange rate appreciation, and worsening of external imbalances. In 2012, the real wage growth was 21.9%[3], while the GDP grew by 1.5%[4]. , The growth rates of real wages began to steadily outpace labour

[1] In 2012, the Government did not have expenditures related to bank recapitalisation—which made BYR 14.5 trillion in 2011 (4.9 % of GDP)—that also contributed significantly to the deficit reduction.
[2] Compared to 2 % on average per month over the first half of the year.
[3] In the dollar equivalent, December 2012 wages were 63% above their level of December 2011.
[4] The real disposable incomes of the population increased by 21 % over that period.

productivity growth since the second quarter of 2012. Such policies resulted in domestic demand growth and led to trade balance deterioration.

Although the general government budget was executed in 2012 with a surplus, expenditures in the 4th quarter were significantly higher that budget revenues. To boost the GDP growth, which decelerated in the second half of the year, faster growth of credit to the economy was accompanied by budget expenditure increase. Starting from May, the budget surplus was consistently going down, and in the 4th quarter, the budget was executed with a deficit of 2.6% of GDP, *inter alia* owing to a marked increase in capital spending. Such a pattern of the budget balance is pretty much explained by the unbalanced growth of budget expenditures, including the faster growth of wage expenditures compared to productivity growth.

Worsening of the external market environment in the second half of 2012 resulted in increasing external imbalances, while the credit expansion and imbalanced wage growth only aggravated the situation. In the second half of the year, the current account balance was negative at 7.5% of GDP compared to a surplus of 2.4% of GDP for the first six months of the year. The negative trend resulted from a number of factors, including discontinued exports of solvents, lubricant oils, and biodiesel fuel, and lower exports of potash fertilizers in the second half of the year[5], that led to trade balance deterioration over that period estimated at about 2% of GDP[6]. Credit growth resulted in higher investment imports in 2012, which increased as compared to the previous year by 28.2% or 1.8% of GDP. The growth of incomes of the population by 21 % and ruble real exchange rate appreciation by 7.3 % led to expansion of demand for imported consumer goods. According to some preliminary calculations, the share of imports of non-food products in the retail trade increased by 10 percentage points compared to 2011.

The radical deterioration of the current account balance in the fourth quarter of 2012, in spite of the decline in contractual prices of imported energy resources from the Russian Federation, reflects the growing threats for the balance of payment sustainability. In the fourth quarter, the current account deficit reached its post-crisis peak of 11.1% of GDP. The financing gap under conditions of the traditionally insignificant foreign direct investment inflow was closed over that period at the expence of worsening of the banks' net external position throughta reduction of foreign assets of the banking system (by US $830 million) and growth liabilities (by US $880 million). Besides this, National Bank sold foreigh assets to support exchange rate. The trade balance deterioration continued in the first quarter of 2013 – primarily due to growth of consumer imports and declining physical volumes of traditional Belarusian exports.

Gross international reserves (GIR) in 2012 remained at the level equivalent to 2 months of imports, not changing much since the beginning of the year. Lack of marked improvement in the GIR is explained not only by the external market environment deterioration and significant external debt–related payments (US $0.9 billion[7]), but also by the loosening of economic policy, including the measures to accelerate recovery of household incomes.

Despite the money supply expansion, no steady acceleration of inflation was registered. This is explained by the continued administrative price controls and deferred inflation related to the time lag between the money supply increase and its impact on inflation. About 40% of the weight of goods in the CPI basket is either directly or indirectly regulated by the State via the mechanisms of setting trade margin ceilings or retail prices for socially important goods. Against the background of the rapid recovery of incomes in excess of the rate of growth of labour productivity, the price regulation negatively affects enterprises' profitability and the economic growth potential. Delay with housing and utility tariff increases provided for in the Programme also helped to contain the price growth while increasing the scale of cross subsidisation. Some part of the inflation overhang was absorbed through net sale of foreign currency from National Bank reserves.

---

[5] As compared to the 1st half of the year, potash exports dropped by 19 % owing to lower external demand.

[6] Calculations of the Manager's experts.

[7] Only the principal amount.

The inflation risks related to credit expansion in 2012 can be realised in 2013. The rate of inflation in January-February 2013 was 4.3% compared to 3.5% for the same period of 2012. As of end-February this year there was excess liquidity of BYR 6.5 trillion in the banking system. In the absence of measures to contain money supply growth and discontinue expansionary policies, the rate of inflation can go up to 30% in 2013. To achieve the inflation rate projected by the Authorities of no more than 12% by end-2013, the growth of credit to the economy should not exceed 19 % at the programme exchange rate.[8]

Key Recommendations of the Manager

While noting the achievements of the Belarusian Authorities in macroeconomic stabilisation, the Manager stresses that this process is incomplete and the positive results of 2012 were to a large extent shaped by the favourable external market environment, and to a lesser degree – by consistent domestic policies.

Taking into account the significant trade balance deterioration starting from the second half of 2012, the Manager urges the Authorities of the Republic of Belarus to take immediate measures to contain still significant internal and external imbalances putting in place a basis for sustainable and balanced medium-term growth. To that end, the following minimum set of measures is needed:

- monetary policy tightening through maintaining the real refinance rate positive and credit growth containing to ensure end-2013 inflation rate of no more than 12 %;
- implementation of more balanced policies of household income growth, which should not exceed the rate of labour productivity growth; and
- implementation of conservative fiscal policies and further reduction of all quasifiscal operations of the Government.

At the same time, the Manager notes that long-term sustainable economic growth is possible in Belarus only on condition of structural reforms aimed at reducing the role of the state in economic management and improving the business environment to make it conducive to small and medium business development and high technology investment inflow into the country.

III. Status of Compliance with Conditions of the Fifth Tranche of the ACF Financial Credit

The condition for the disbursement of the fifth tranche is compliance with 15 targets. As of the control date of January 1, 2013, 5 indicative targets are considered as not met.

1. Quantitative control target 1.2: as of January 1, 2013 the level of gross international reserves (GIR) of the National Bank should be at least 2 months of imports.

Status: met

As of January 1, 2013 GIRs were US $8,095 million or 2 months of imports. This is US $4.3 billion above the level of May 2011, when the ACF programme started. GIRs were mainly replenished in 2011, while in 2012 their volume did not practically change owing to the increase in external public debt service expenditures and growing imbalances caused by the deteriorated external market environment and loosened economic policies in the second half of 2012.

2. Quantitative control target 1.3: as of January 1, 2013 the level of net international reserves (NIR) of the National Bank should be at least the same as on May 1, 2011.

Status: met

3. Quantitative control target 1.4: as of January 1, 2013 net domestic assets (NDA) of the National Bank should be no more than BYR 29.7 trillion at the programme exchange rate.[9]

[8] The degree of adjustment of the ceiling on credit to the economy depends on the current level of inflation.

[9] The control NDA level has changed from BYR 33.5 trillion to BYR 29,7 trillion owing to the NIR level adjustment (- BYR 10.5 trillion), and further NDA adjustment to the increase in reserve requirement (+ BYR 1.5 trillion) and the amount of the exchange rate difference related to NBRB's purchases of foreign exchange (+ BYR 5.2 trillion: the actual purchase of US $1 billion

Status: met

As of January 1, 2013 the level of NDA was BYR 26.97 trillion.

4. Indicative target 1.5: the reserve money of the National Bank at the programme exchange rate as of January 1, 2013 should be BYR 24.5 trillion[10].

Status: not met.

As of January 1, 2013 the reserve money was BYR 30.1 trillion. The target was exceeded by BYR 5.6 trillion, which is explained by high volumes of foreign exchange purchases by the NBRB in the market not accompanied by operations to mop up excess money supply.

5. Indicative target 1.6: the overall growth of banks' credit to the economy at the programme exchange rate will not exceed 15 % as of January 1, 2013.

Status: not met.

As of January 1, 2013 the growth of banks' claims to the economy reached 29.9 % at the programme exchange rate, thus exceeding the 5th tranche threshold by the factor of two. The key reason for non-compliance was loosening of monetary policies by the National Bank through excessively rapid reduction of the refinancing rate in the first half of 2012 and exceeding the threshold for reserve money.

6. Quantitative control target 1.7: as of February 1, 2013 the liabilities of the National Bank of the Republic of Belarus to commercial banks should have declined by US $724.7 million as compared to the level of May 1, 2011.

Status: met.

The National Bank is repaying its liabilities to commercial banks ahead of schedule. As of February 1, 2013 the NBRB had repaid US $1,298.5 million. ruble

7. Indicative target 1.8: regular revision of the level of the refinancing rate to ensure that it remains positive in real terms.

Status: the target is considered to be met on condition that the increase of banks' claims on the economy in 2013 will not exceed 19%, as stated in the letter of the Government and the National Bank of January 24, 2013.

As of January 1, 2013 the nominal refinance rate was 30%.

8. Quantitative control target 2.1: the 2012 general government budget should be deficit-free.

Status: met.

In 2012, the general government budget was executed with a surplus of 0.7 % of GDP. The republican budget had a deficit of 0.1% of GDP, while local budgets and the budget of the Social Protection Fund were executed with a surplus of 0.7% of GDP and 0.1% of GDP correspondingly.

9. Structural control target 2.2: in 2012, the share of budget sector wages in total consolidated budget expenditures should remain at the level of 2011.

Status: met.

In 2012, the wage expenditures were 28.6% (including contributions paid to the Social Protection Fund), while in 2011 these expenditures made 29.8% of total expenditures.

10. Indicative target 2.3: as of end-2012, the level of housing and utility tariffs for households should ensure coverage of at least 35% of the cost of providing such services.

---

by the NBRB cased an increase in the money supply by BYR 8.3 trillion, while the NIR increased by BYR 3.1 trillion at the programme exchange rate).

[10] The control level of reserve money changed from BYR 33.5 trillion to BYR 24.5 trillion owing to an adjustment of the NIR level and further reserve money adjustment to increased reserve requirements.

Status: not met.

Based on the level of tariffs for households applicable in December 2012, the cost recovery ratio for housing and utilities (including heating, gas, and electricity supplied by organisations of the Ministry of Energy) was about 22%.

11. Indicative target 2.4: as of end-2012, the level of tariffs for transport services for households should ensure coverage of at least 85% of the cost of providing such services.

    Status: not met.

According to some preliminary data provided by the Ministry of Finance of the Republic of Belarus, the cost recovery ratio for city public passenger transportation was about 60% on average for oblasts, and around 30% in Minsk.

12. Indicative target 2.6: excise rates for strong alcoholic beverages should be set at the level of 90-95% of those applicable in the Russian Federation. Excise rates for tobacco products of medium and premium classes should be set at the level of 75-80% of those applicable in the Russian Federation. Excise rates for other tobacco products should be set at the level of up to 30% of those applicable in the Russian Federation.

Status: met, with the caveat that some lagging behind the targets for tobacco is explained by fluctuations in the Belarusian ruble exchange rate vis-a-vis the Russian ruble.

As of January 1, 2013 excise rates for strong alcoholic beverages were 92.6% of those applicable in the Russian Federation that is consistent with the targets set. However, the rates for tobacco products of medium and premium classes averaged at 73.2%, and those for products of the lowest price category – at 29.2%, which is slightly below the targeted levels. Some lagging behind the targeted levels is explained by fluctuations of the Belarusian ruble exchange rate vis-a-vis the Russian ruble.

13. Indicative target 3.1: budget revenues from sales of state-owned assets should make at least US $2.5 billion in 2012.

Status: not met.

In 2012, consolidated budget revenues from sales of state-owned assets made US $23.3 million, of which those of the republican budget – US $7.95 million.

14. Quantitative control target 4.1: net lending under government programmes funded with Government resources in 2012 should not exceed BYR 7 trillion.

Status: met.

As per report of the Ministry of Finance of the Republic of Belarus, net financing of government programmes with government deposits was BYR 6.8 trillion in 2012, of which BYR 1 trillion – via the Development Bank.

15. Structural control target 4.1: all the operations related to lending under government programmes, which are not tendered, should be performed through the Development Bank.

Status: met, except for the transfer of the housing construction programme, with understanding that transfer of this programme to the Development Bank is not possible owing to the fact that the Development Bank lacks a wide network of branches needed to service the programme.

In accordance with the decision of the Presidium of the Council of Ministers of the Republic of Belarus of August 21, 2012, lending under all government programmes funded with government resources is transferred to the Development Bank of the Republic of Belarus OJSC starting from 2013 (except for the housing construction programme). In 2012, there were actually 3 programmes funded with government deposits, 2 of which are related to housing construction and implemented through state-owned commercial banks, and one is aimed at developing the dairy industry and financed through the Development Bank.

The Government argues that the decision to finance government housing construction programme through commercial banks was taken because of a significant number of the programme participants (mainly private individuals), whose credit histories can be managed only on condition that the agent bank has a wide network of branches.

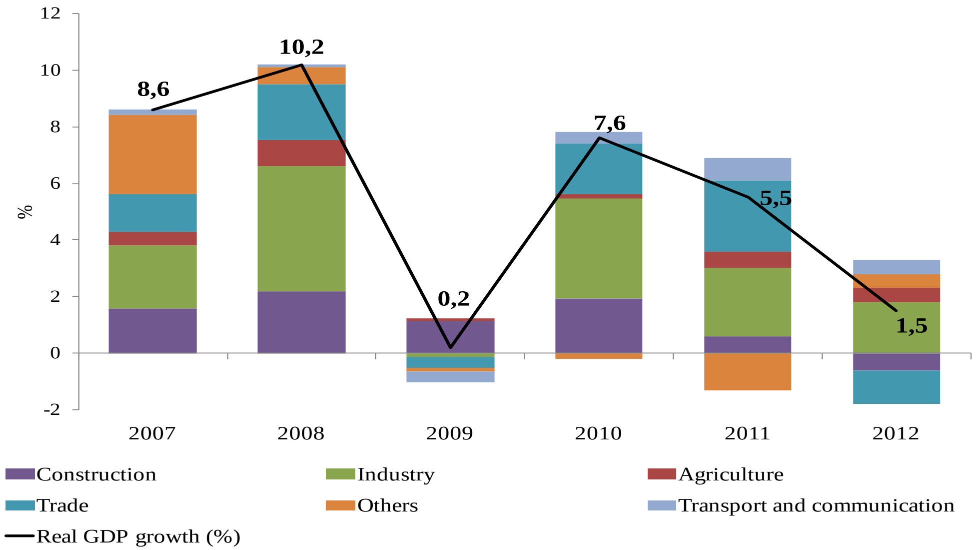
Annex 1. Tables and Charts.

Republic of Belarus: Mail economic indicators, 2010-2012

	2010	1 q 2011	2 q 2011	3 q 2011	4 q 2011	2011	1 q 2012	2 q 2012	3 q 2012	4 q 2012	2012
GDP (BYR billion)	164 476,1	44 671,9	62 412,1	83 240,1	106 833,6	297 157,7	106 600,1	136 229,4	147 489,8	137 065,8	527 385,1
ВВП (млн. долл.)	55 086,7	14 673,3	14 841,4	15 879,8	13 370,3	58 764,7	12 904,5	16 654,8	17 637,2	16 040,0	63 236,6
GDP growth in real terms (% yoy)	7,7	10,9	11,6	2,1	0,6	5,5	3,4	3,0	3,1	-1,5	1,5
Fixed assets investments (% yoy)	15,8	26,9	25,3	-2,9	13,2	17,9	-15,9	-19,0	3,7	-11,9	-13,8
Consumer price index (eop), cumulative	109,9	106,1	136,2	174,5	208,7	208,7	105,0	110,5	116,1	121,8	121,8
Baseline consumer price index (eop), cumulative	109,7	103,8	141,1	186,1	218,1	218,1	104,9	109,5	113,3	117,1	117,1
Producer's price index (eop), cumulative	118,8	107,7	148,5	182,5	249,4	249,4	105,2	112,0	116,1	121,0	121,0
Exports of goods (USD million)	25 225,9	7 978,7	10 927,7	10 625,3	10 741,8	40 273,5	12 090,7	13 131,8	10 954,7	9 814,2	45 991,4
Exports of goods (% of GDP)	45,8	54,4	73,6	66,9	80,3	68,5	93,7	78,8	62,1	61,2	72,7
Imports of goods (USD million)	34 868,2	10 813,7	11 892,4	10 920,9	12 120,1	45 747,1	11 194,2	12 160,1	11 453,1	11 596,7	46 404,1
Imports of goods and services (USD million)	36 820,9	11 197,5	12 343,4	11 492,3	12 729,1	47 762,3	11 847,6	11 855,7	11 959,3	13 159,9	48 822,5
Imports of goods (% of GDP)	63,3	73,7	80,1	68,8	90,6	77,8	86,7	73,0	64,9	72,3	73,4
Trade balance (USD million)	-9 642,3	-2 835,0	-964,7	-295,6	-1 378,3	-5 473,6	896,5	971,7	-498,4	-1 782,5	-412,7
Trade balance (% of GDP)	-17,5	-19,3	-6,5	-1,9	-10,3	-9,3	6,9	5,8	-2,8	-11,1	-0,7
Exports of goods' volume index (%), cumulative	102,5	124,4	132,7	133,5	129,5	129,5	138,5	129,0	119,4	110,6	110,6
Imports of goods' volume index (%), cumulative	107,7	145,4	132,4	123,2	115,8	115,8	103,5	109,8	111,4	109,4	109,4
Exports of goods' average price index(%), cumulative	115,5	120,1	125,5	125,8	123,1	123,1	109,14	103,3	100,1	100,4	100,4
Imports of goods' average price index (%), cumulative	113,3	114,3	115,9	116,0	113,2	113,2	100,01	93,7	92,8	92,7	92,7
Terms of trade index (%), cumulative	101,9	105,1	108,3	108,4	108,7	108,7	109,1	110,2	107,9	108,3	108,3
BYR vs. currency basket REER (2005=1)	0,936	1,001	0,943	0,909	0,886	0,886	0,759	0,828	0,877	0,929	0,929
Current account balance (USD million)	-8 277,7	-3 657,6	-1 639,2	80,1	-557,9	-5 774,6	9,4	701,8	-784,3	-1 795,2	-1 868,3
Current account balance (% of GDP)	-15,0	-24,9	-11,0	0,5	-4,2	-9,8	0,1	4,2	-4,4	-11,2	-3,0
Consolidated budget revenue (BYR billion)	48 754,2	13 129,3	17 721,8	21 386,9	33 370,3	85 608,3	34 296,9	38 308,5	39 938,7	45 409,8	157 953,9
Consolidated budget revenue (% of GDP)	29,6	29,4	28,4	25,7	31,2	28,8	32,2	28,1	27,1	33,1	30,0
Consolidated budget expenditure (BYR billion)	51 672,7	11 149,7	12 170,0	22 767,3	31 351,2	77 438,2	30 887,5	37 978,6	38 150,4	48 151,5	155 168,0
Consolidated budget expenditure (% of GDP)	31,4	25,0	19,5	27,4	29,3	26,1	29,0	27,9	25,9	35,1	29,4
Consolidated budget balance (% of GDP)	-1,8	4,4	8,9	-1,7	1,9	2,7	3,2	0,2	1,2	-2,0	0,5
General government budget balance (BYR billion)	-2 944,1	788,9	2 332,5	2 345,1	3 109,4	8 575,9	4 089,1	618,0	2 474,6	-3 625,9	3 555,8
General government budget balance (%GDP)	-1,8	1,8	3,7	2,8	2,9	2,9	3,8	0,5	1,7	-2,6	0,7
Real wages (yoy, %)	115,0	125,2	115,8	108,2	101,3	101,3	95,8	107,6	115,4	121,9	121,9
BYR vs. currency basket exchange rate of (eop)	1054,68	1118,3	1844,7	1958,46	2865,83	2865,83	2880,5	2 797,0	2 916,8	3 015,0	3014,96
BYR vs currency basket changes in value (compare to the beginning of the year)	1,7	5,5	42,7	46,0	63,1	63,1	0,5	-2,5	1,7	4,9	4,9
BYR vs. USD exchange rate (eop)	3 000,0	3 045,0	4 964,0	5 599,0	8 350,0	8 350,0	8 070,0	8 320,0	8 500,0	8 570,0	8 570,0
BYR vs. USD exchange rate (average)	2 978,1	3 016,9	3 775,5	5 113,7	7 845,0	6 432,1	8 260,7	8 179,6	8 362,4	8 545,2	8 335,9
BYR vs USD changes in value (compare to the beginning of the year)	4,9	1,5	65,5	86,6	178,3	178,3	-3,4	-0,4	1,8	2,6	2,6
Credit to economy (BYR billion), stock	96234,0	107 799,4	128 867,0	141 237,7	171 652,2	171652,2	179 118,3	191 999,4	214 133,4	234 584,8	234584,8
Credit to economy growth (eop)	40,1	12,0	33,9	46,8	78,4	78,4	4,3	11,9	24,7	36,7	36,7
Credit to economy growth on program ER (eop)	37,6	12,2	19,2	27,8	37,7	37,7	3,9	9,7	21,0	29,2	29,2
Reserve money (eop, BYR billion)	10 187,6	9 965,5	11 688,7	16 331,4	18 757,5	18 757,5	13 064,7	26 901,6	26 964,2	30 318,4	30 318,4
Reserve money (eop, %)	49,5	-2,2	14,7	60,3	84,1	84,1	-30,3	43,4	43,8	61,6	61,6
Broad money (BYR billion), end of the period, cumulative	50 260,2	51 018,4	67 229,7	78 920,2	111 195,3	111 195,3	118 482,7	134 342,4	150 986,8	161 293,8	161 293,8
Broad money (eop, %)	31,9	1,5	33,8	57,0	121,2	121,2	6,6	20,8	35,8	45,1	45,1
Money multiplier	4,9	5,1	5,8	4,8	5,9	5,9	9,1	5,0	5,6	5,3	5,3
Refinancing rate (eop, %)	10,5	12,0	18,0	30,0	45,0	45,0	36,0	32,0	30,0	30,0	30,0
Gross international reserves (eop, USD million)	5 030,7	3 761,4	4 150,9	4 715,8	7 915,9	7 915,9	8 085,2	8 329,5	8 126,0	8 095,0	8 095,0
Gross international reserves (in months of imports)	1,6	1,1	1,1	0,8	2,0	2,0	2,0	2,1	1,2	2,0	2,0
Gross foreign debt (USD million, beginning of the period)	28 512,0	31 771,8	33 101,1	32515,7	34 028,4	34 028,4	33 728,8	33 141,0	32 965,9	н/д	н/д
Gross foreign debt (% of GDP)	51,8	53,9	54,1	53,4	57,9	57,9	59,2	56,4	54,4	-	-
Public foreign debt (USD million, as of beginning of the period)	9 687,2	10 998,0	12000,3	12465,3	12 351,0	12 351,0	12 458,3	12 679,1	12 778,7	н/д	н/д
Public foreign debt (% of GDP)	17,6	18,6	19,6	20,5	21,0		21,9	21,6	21,1	-	-

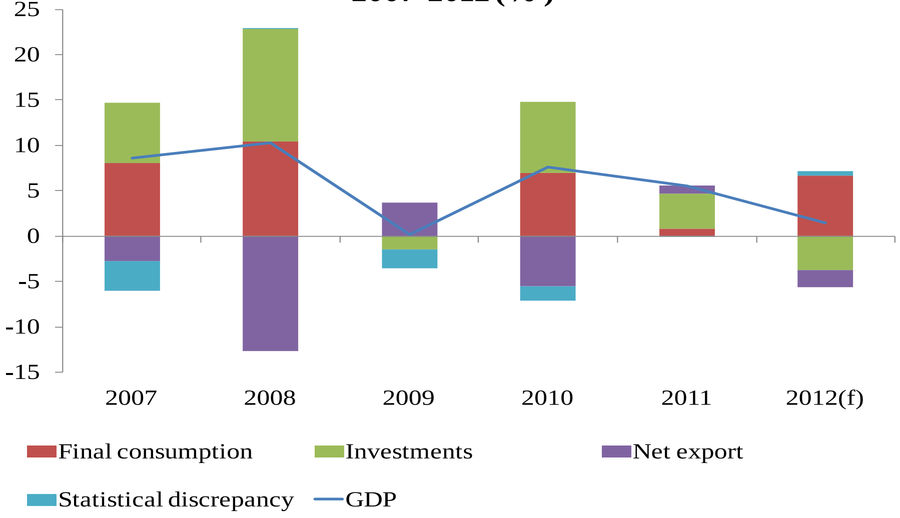
Source: Belstat, MF RB, NB RB, ACF staff calculation

Chart 1. GDP growth by sectors, 2007-2012 (%)



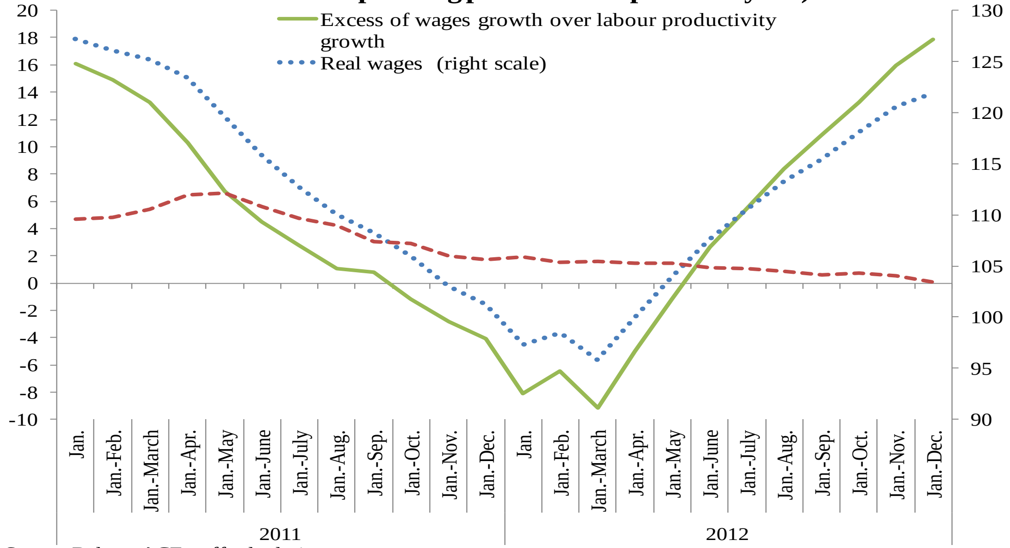
Source: Belstat, ACF staff calculations

Chart 2. GDP growth by factors of final consumption, 2007-2012 (%)



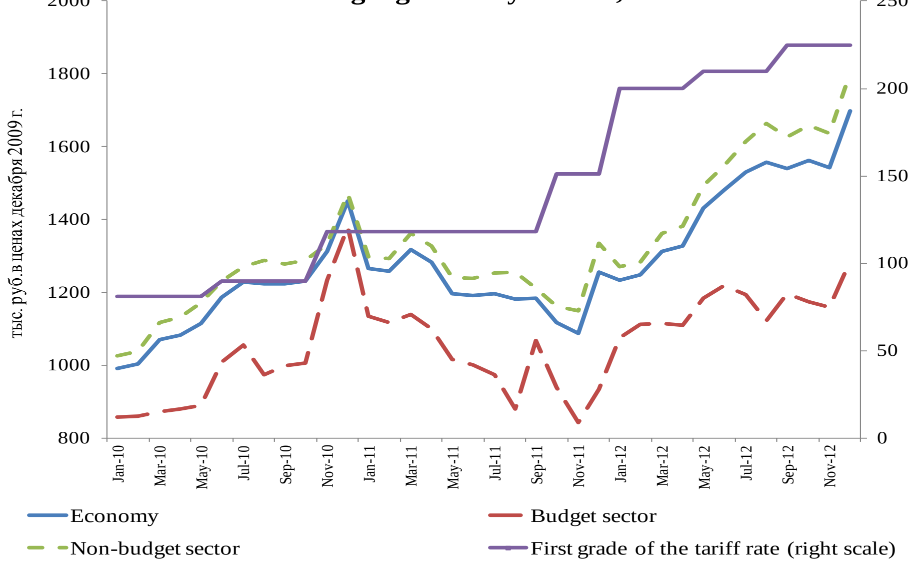
Source: Belstat, ACF staff calculations

Chart 3. Labor productivity and real wages, % (as compared with a corresponding period of the previous year)

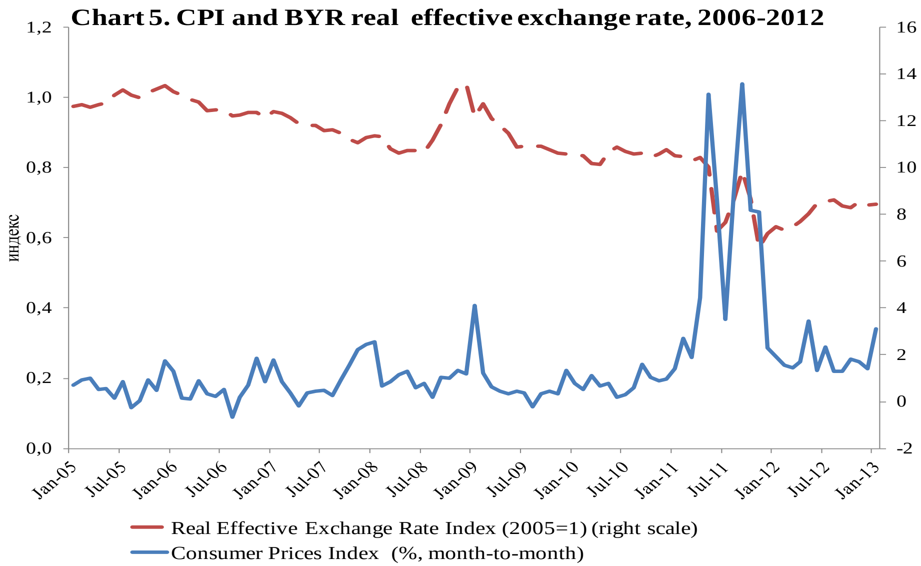


Source: Belstat, ACF staff calculations

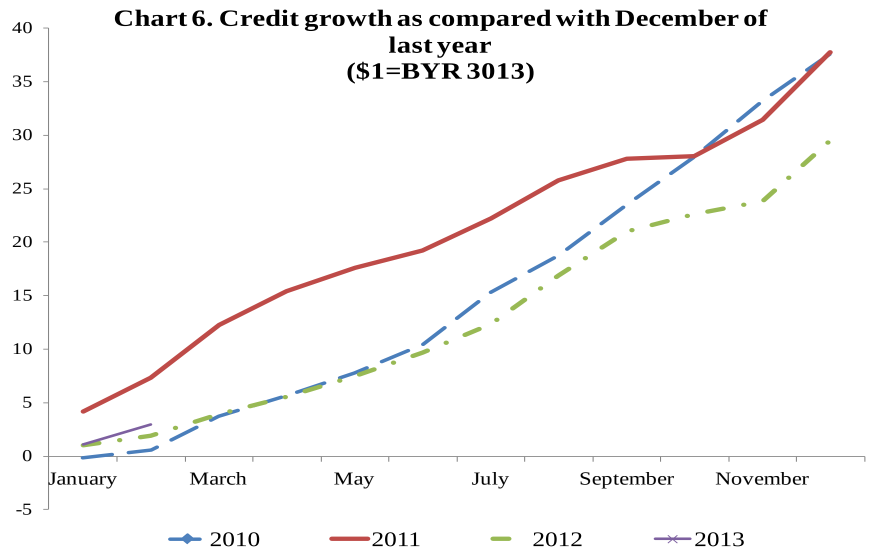
Chart 4. Real wages growth by sectors, thou. rubels



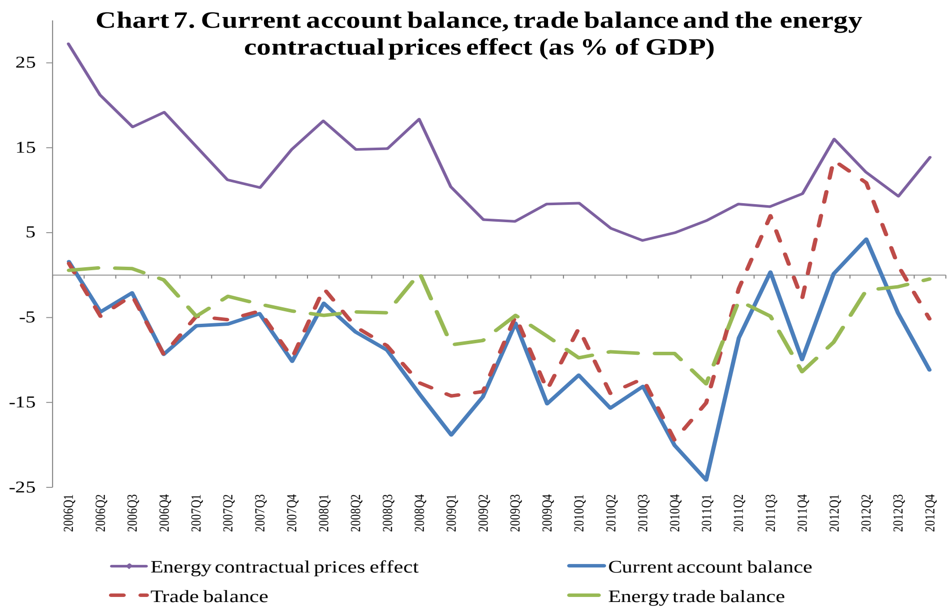
Source: Belstat, ACF staff calculations



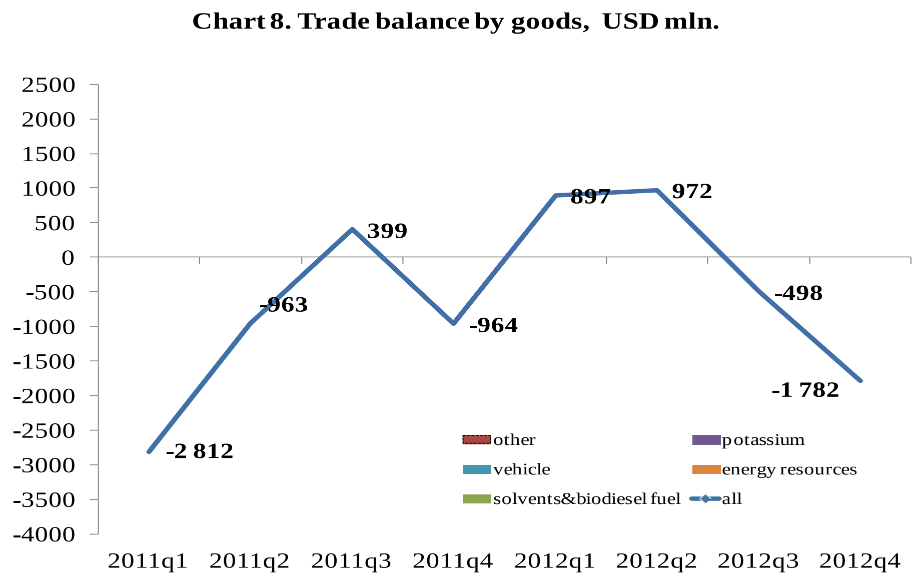
Source: Belstat, NB RB, ACF staff calculations



Source: NB RB, ACF staff calculations



Source: NB RB, ACF staff calculations



Source: Belstat, ACF staff calculations
*Volume of energy resources was adjusted for exports and imports volumes related solvents, lubricant oils, and biodiesel fuel manufactured from Russian oil products.