Белорусский экономический
исследовательско-образовательный центр
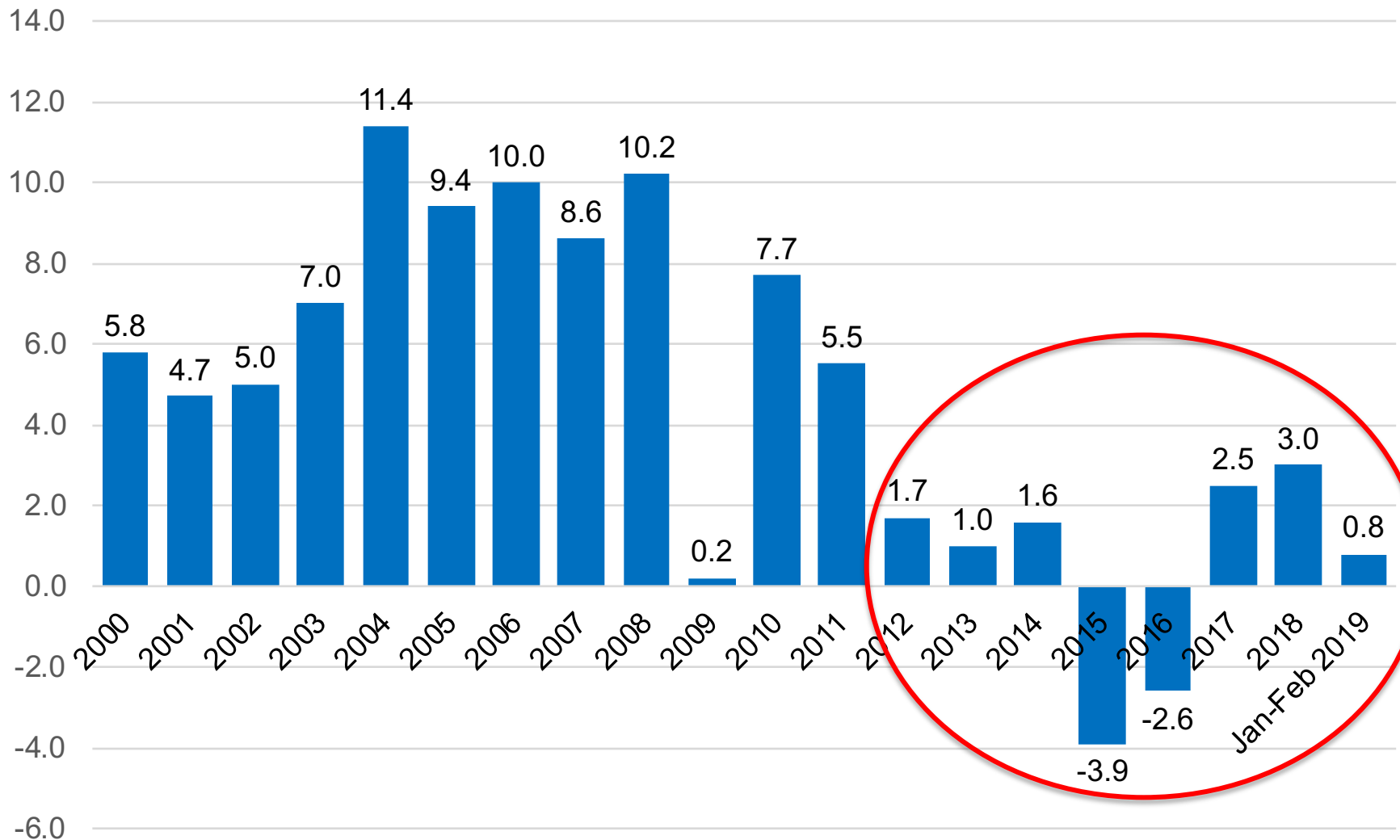
Belarusian Economic Research
and Outreach Center
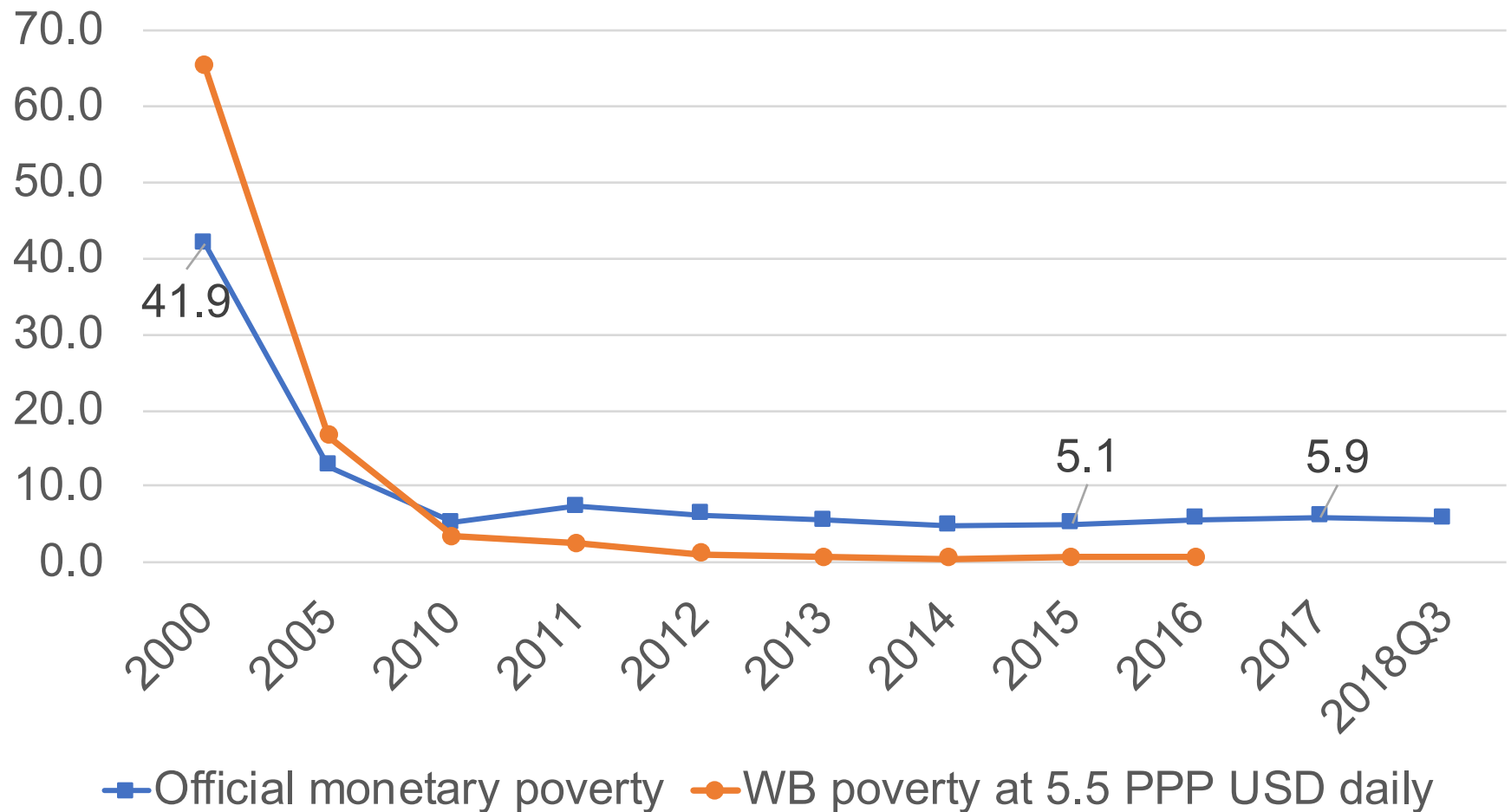
BEROC

Poverty in Belarus:
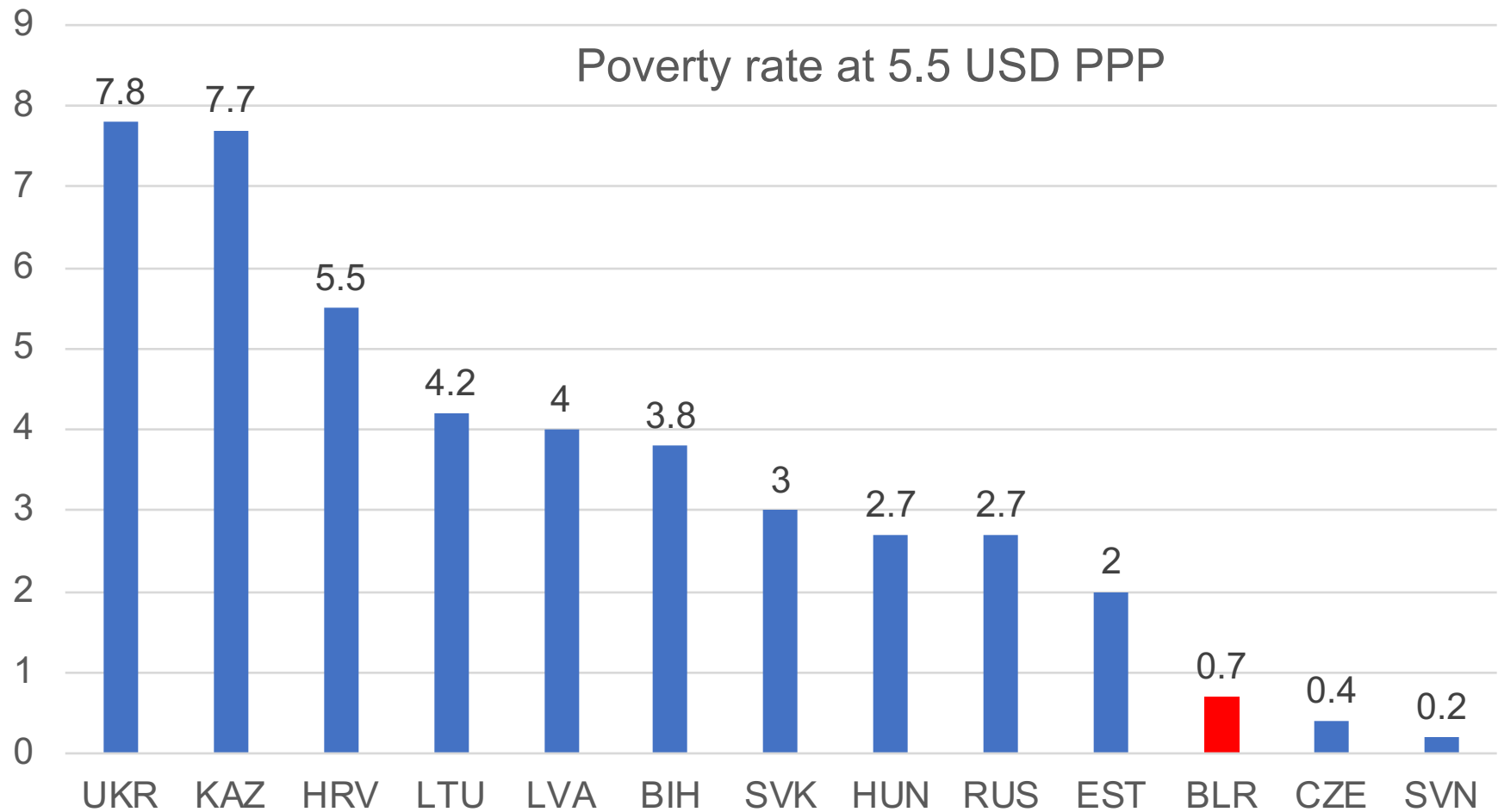# An Overview

Kateryna Bornukova, BEROC

Minsk, March 2019

GDP Growth in Belarus

Year	GDP Growth
2000	5.8
2001	4.7
2002	5.0
2003	7.0
2004	11.4
2005	9.4
2006	10.0
2007	8.6
2008	10.2
2009	0.2
2010	7.7
2011	5.5
2012	1.7
2013	1.0
2014	1.6
2015	-3.9
2016	-2.6
2017	2.5
2018	3.0
Jan-Feb 2019	0.8

Belarus effectively fights poverty

Official monetary poverty — WB poverty at 5.5 PPP USD daily

Belarus is a regional champion

Poverty rate at 5.5 USD PPP

7.8	7.7	5.5	4.2	4	3.8	3	2.7	2.7	2	0.7	0.4	0.2
UKR	KAZ	HRV	LTU	LVA	BIH	SVK	HUN	RUS	EST	BLR	CZE	SVN

Alternative measures of poverty
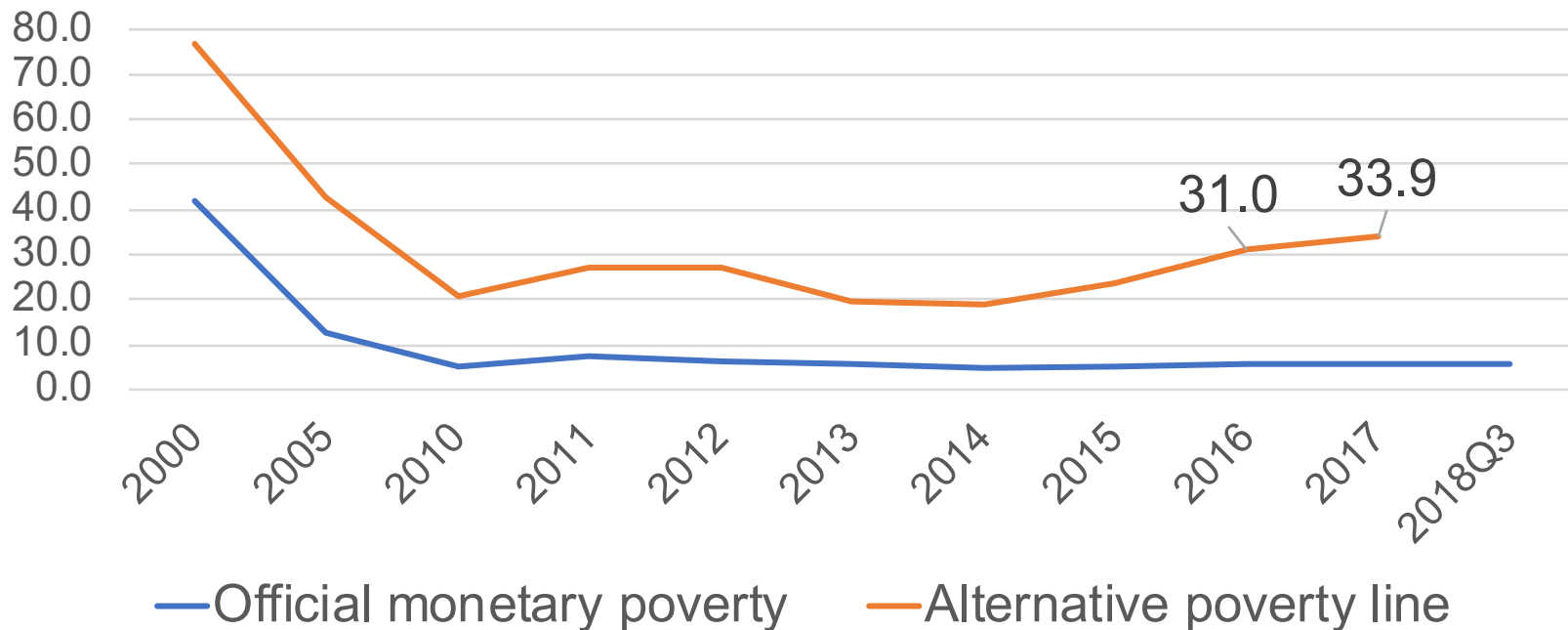
- Official poverty line: 240.8 BYN
- Alternative poverty line: 451 BYN
- Mazol (2017), WB methodology: 29% poor in 2016

Vulnerable groups

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

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

- Unemployed
  - 13.5% (Shymanovich, 2017)

How does Belarus fight poverty?

- Pensions

- Child benefits (universal 0-2)
  - But very low unemployment benefit
  - Very low benefits on poverty assistance

- Less formal forms of support
  - Indirect subsidies (utilities)
  - Employment opportunities on state-owned enterprises (SOEs)

Major social expenditures, % of GDP
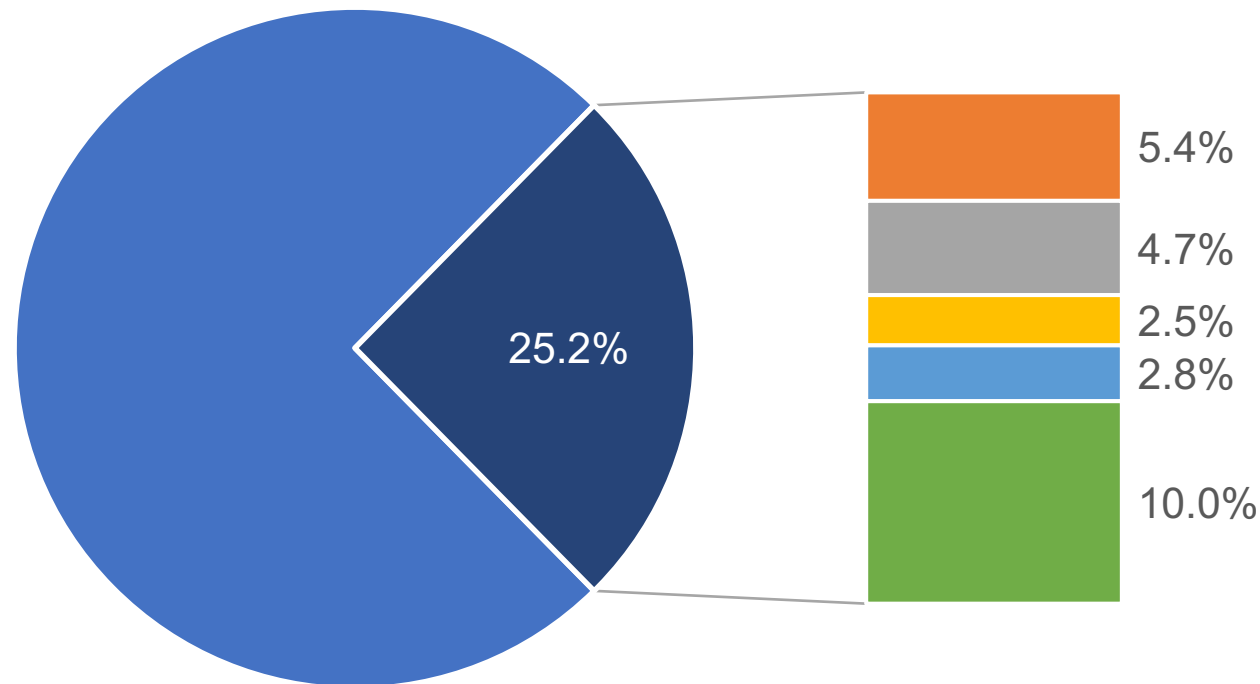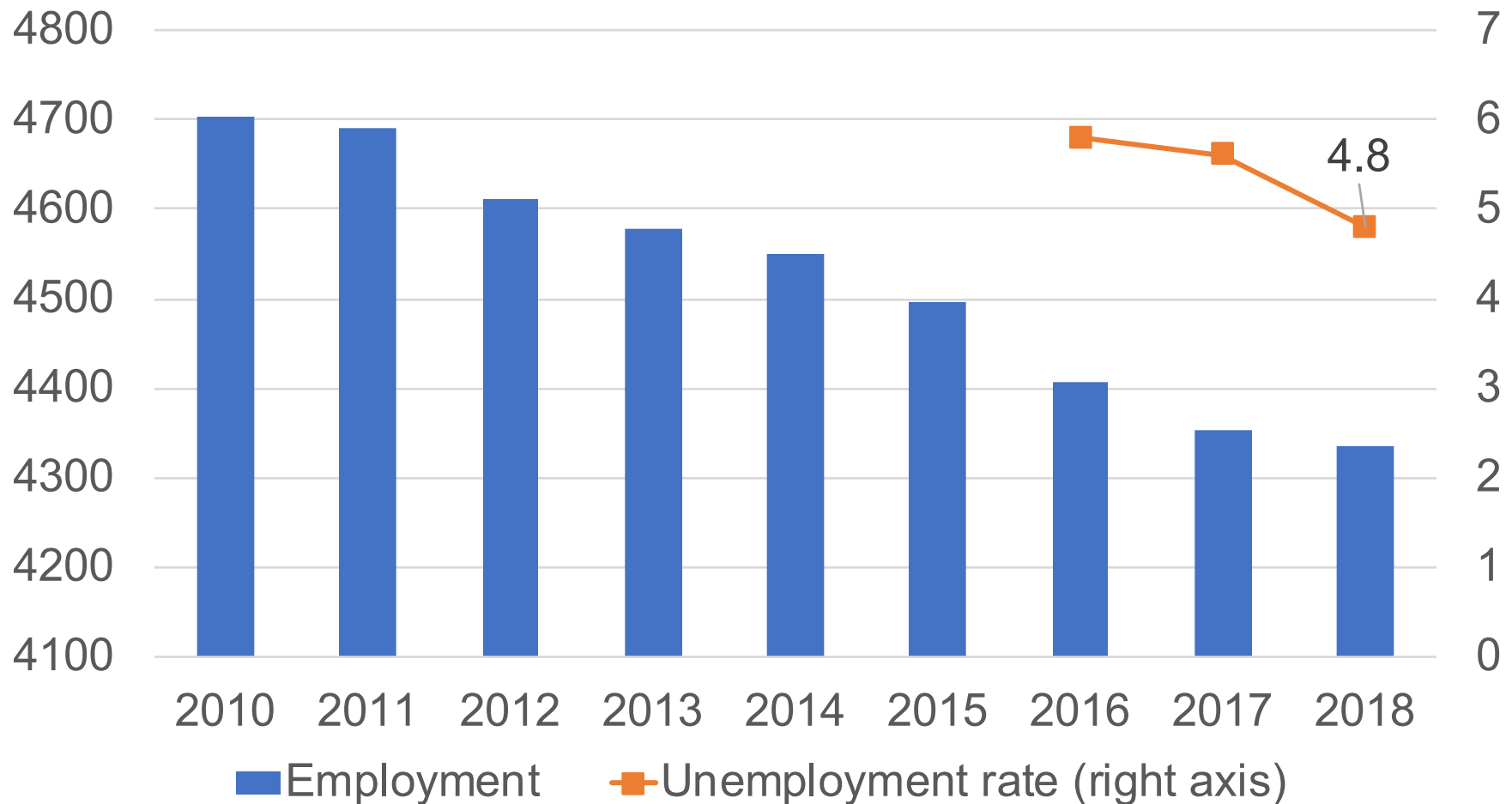

- Education
- Health
- Social assistance
- Benefits (through Social Fund)
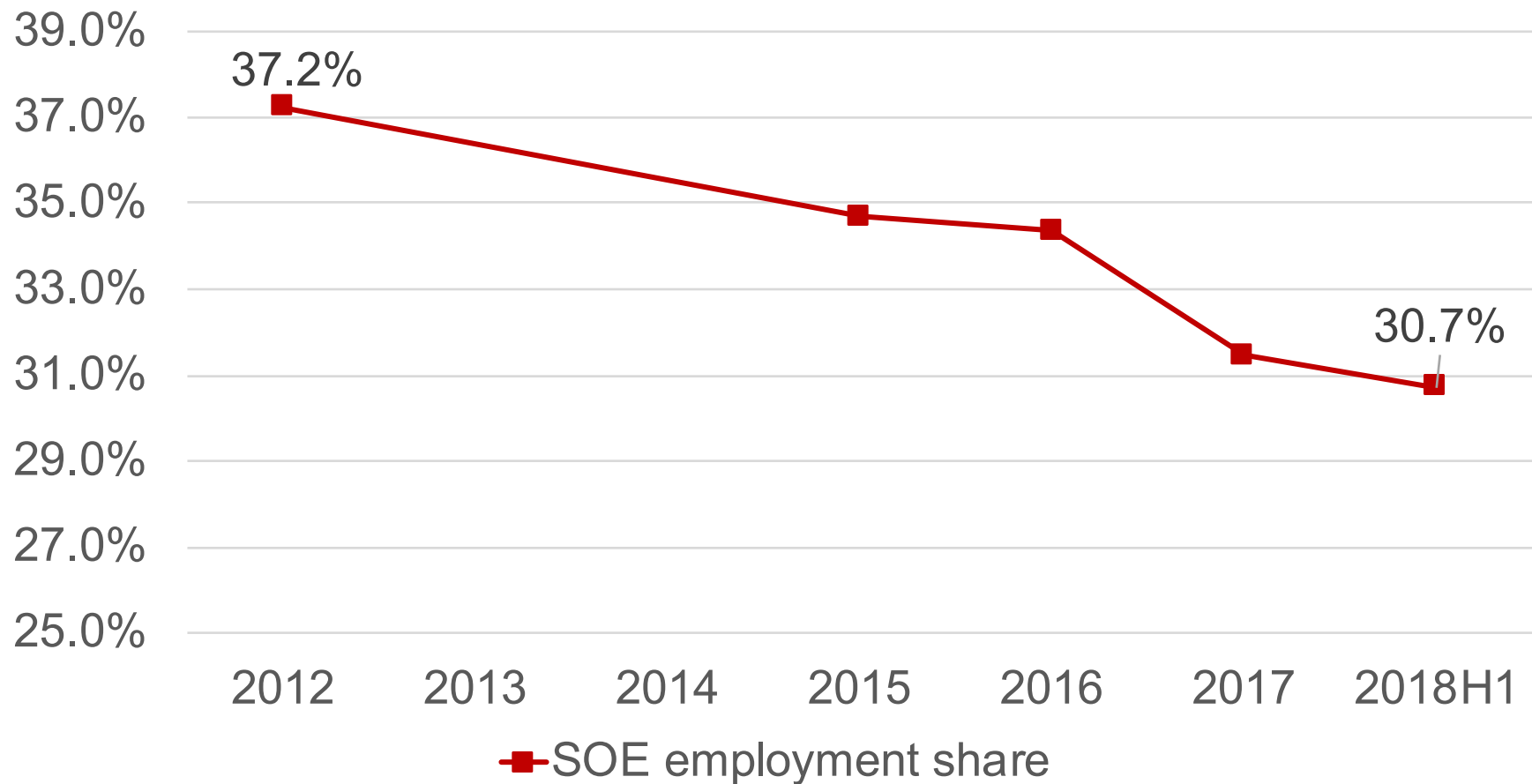- Pensions

5.4%
4.7%
2.5%
2.8%
10.0%

25.2%

What is effective in reducing poverty?

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

- What is cost-effective?
  - Pensions and child benefits ok
  - Unemployment benefits small but efficient
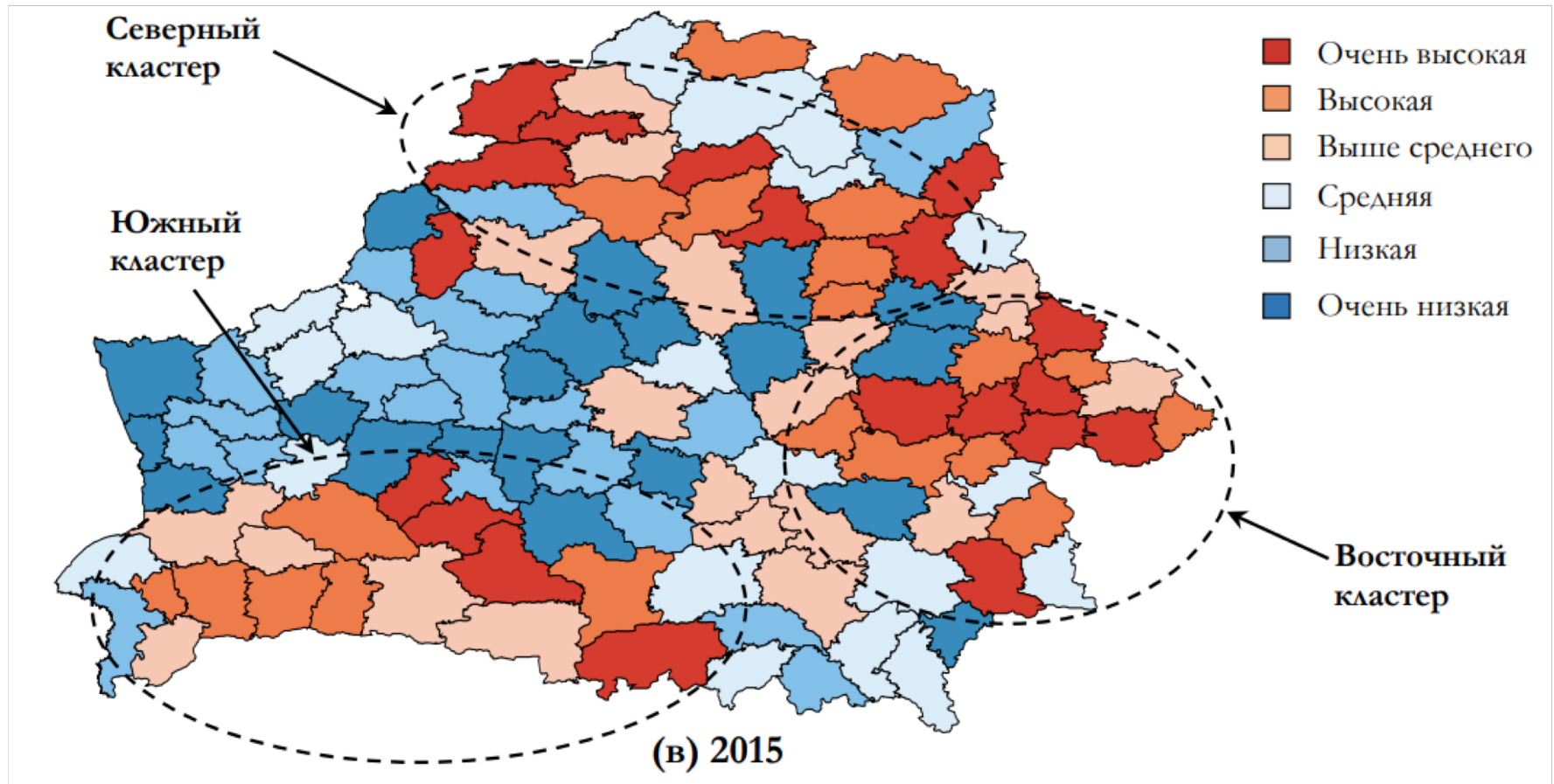 - Indirect utilities subsidies are inefficient

# What about (un)employment?

Can SOE's provide employment?

SOE employment share values: 37.2% (2012), 34.6% (2015), 34.3% (2016), 31.5% (2017), 30.7% (2018H1)

Social "Parasites"

(в) 2015

Legend:
- Очень высокая
- Высокая
- Выше среднего
- Средняя
- Низкая
- Очень низкая

Северный кластер

Южный кластер

Восточный кластер

- The "social parasite" clusters coincide with low income and consumption areas

Healthcare

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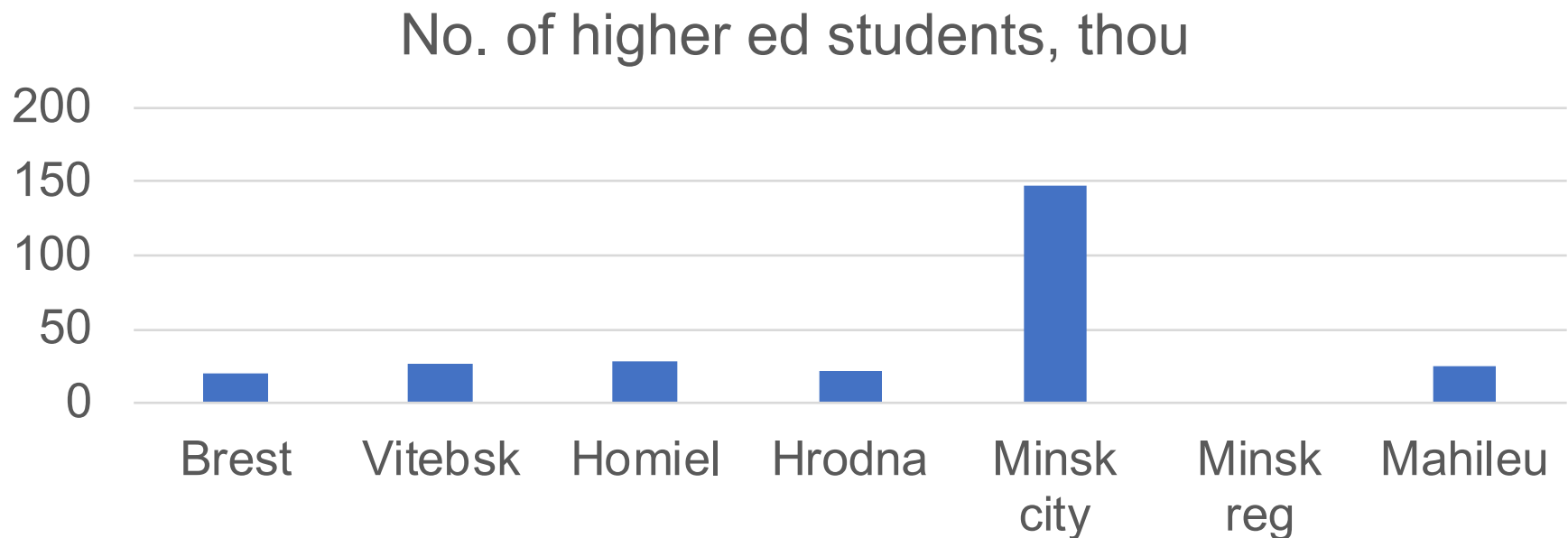
- But: low life expectancy

Life expectancy, 2016
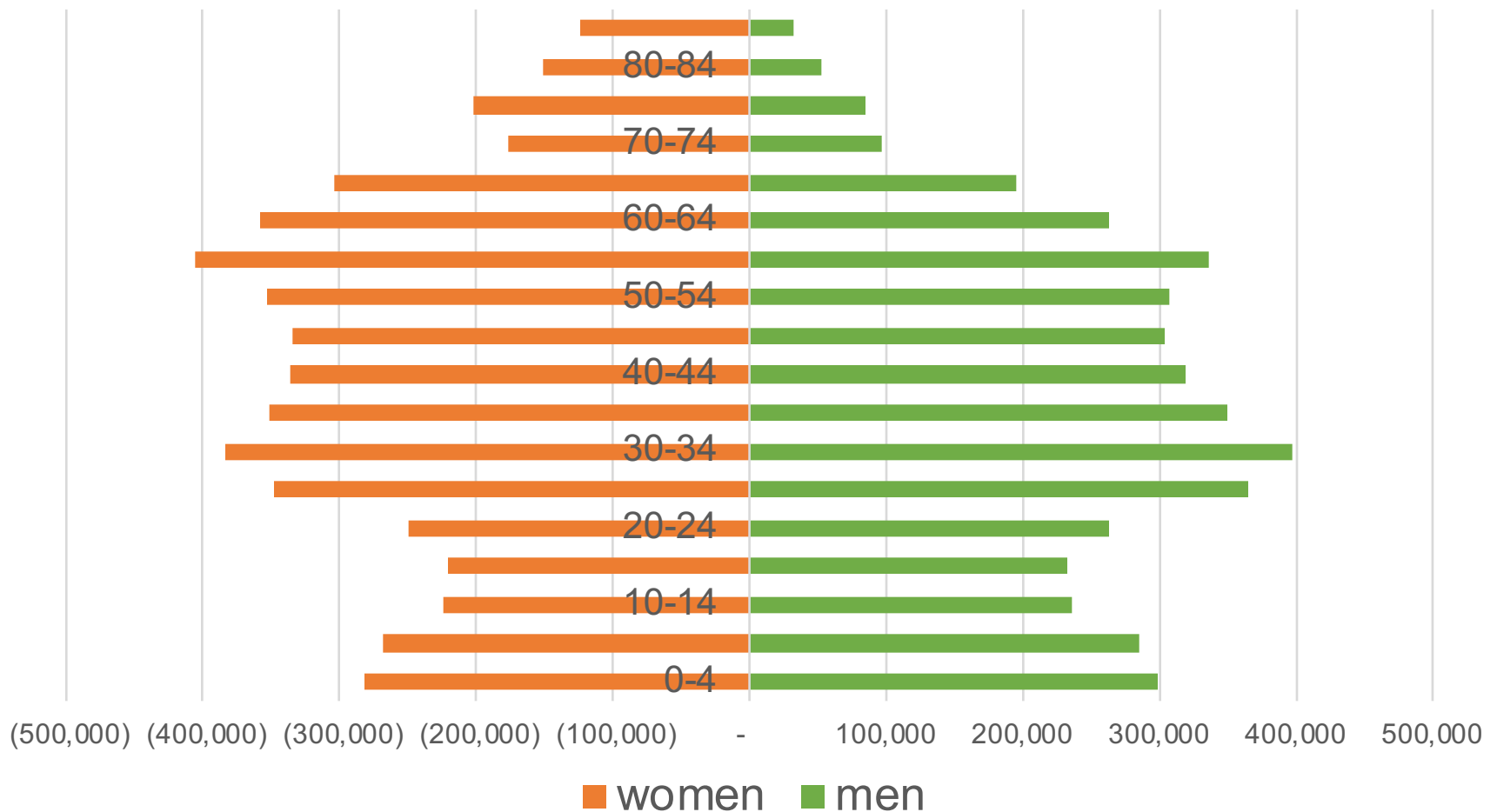
Access to healthcare

No. of doctors, per 10 000   Life expectancy (right axis)
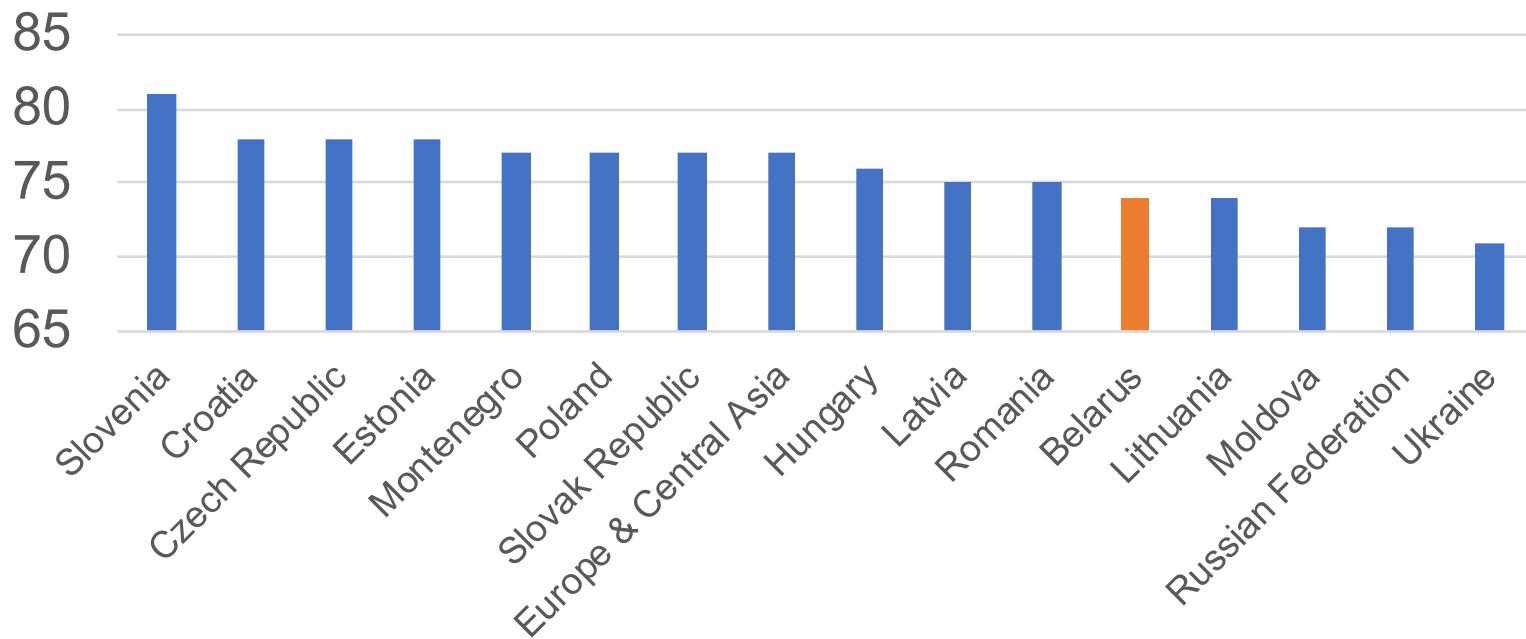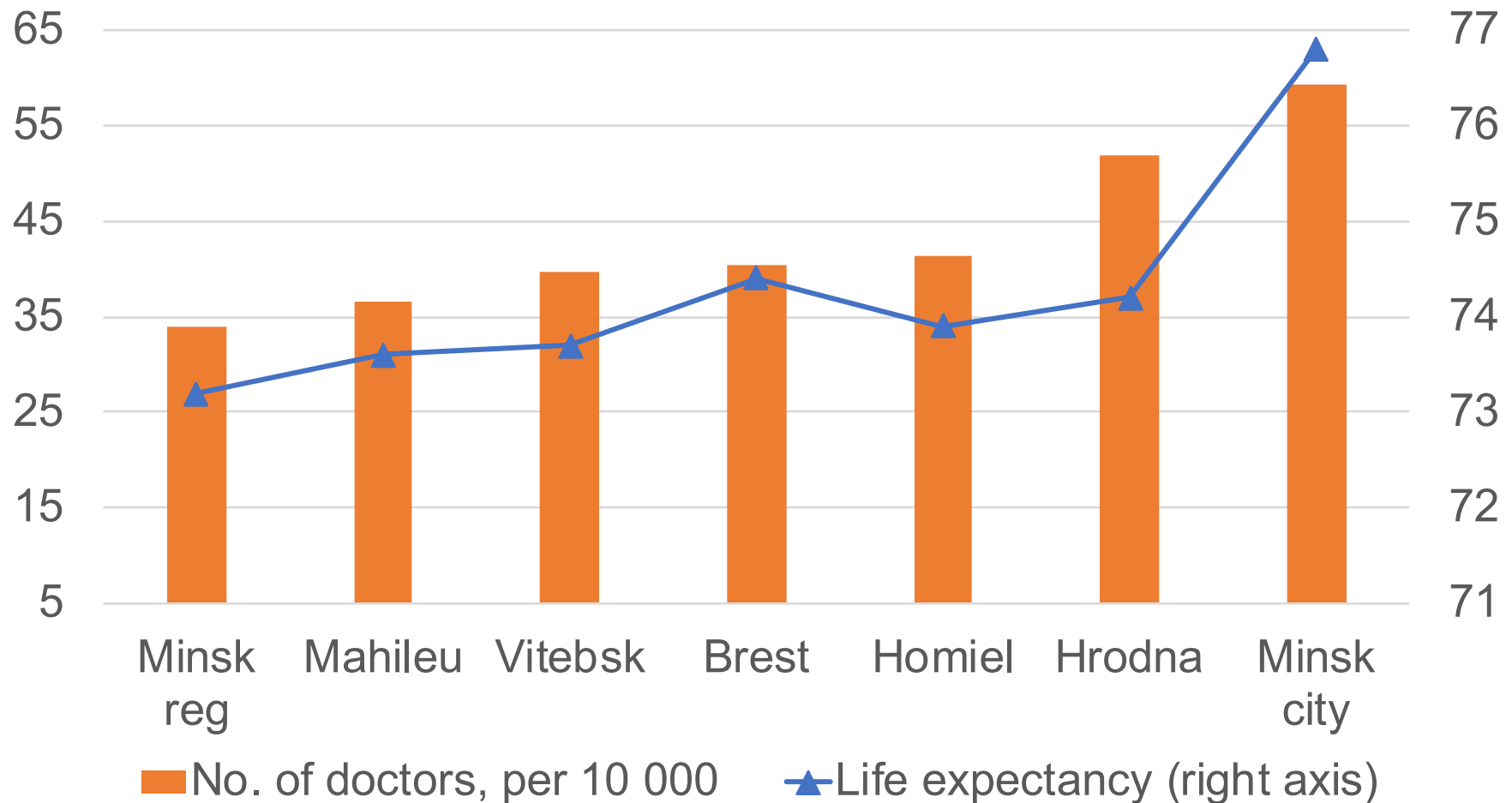
Education

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

No. of higher ed students, thou

Brest	Vitebsk	Homiel	Hrodna	Minsk city	Minsk reg	Mahileu

Demography

Demography Tree, 2018

Ageing Population: Challenges

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

- Healthcare & Education
  - How to satisfy demand?
  - Big "waves"

- Fertility: how to boost it?

- Labor market

Conclusions

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

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

- Demographic challenges

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