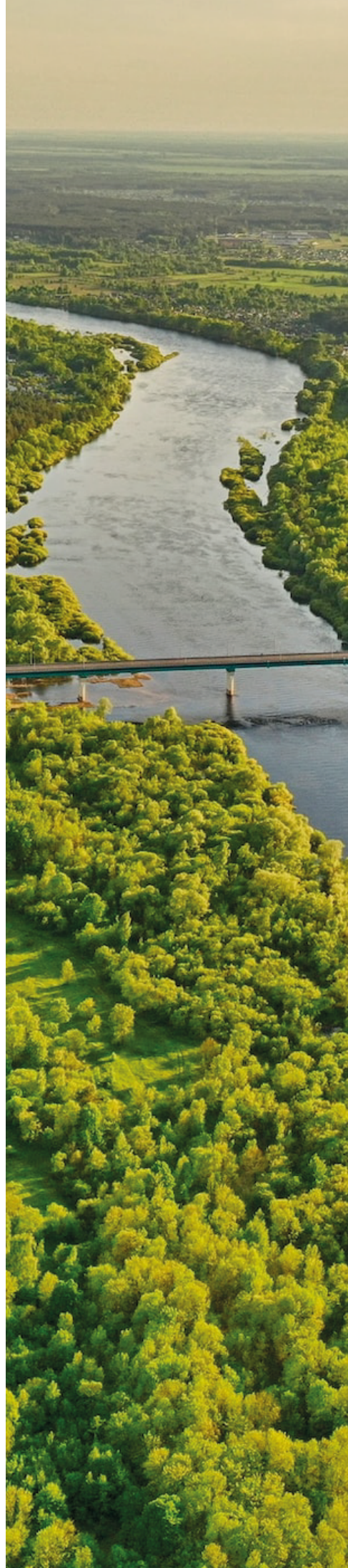




Eurasian
Development
Bank

Progress Report on the EDB Country Strategy for the Republic of Belarus: 2022



1

Overview of Country Strategy Progress in 2022

Republic
of Belarus

Minsk

Executive Summary

In 2022, the EDB launched its new Country Strategy for the Republic of Belarus ("Country Strategy"). The Bank maintains its presence in the region and promotes the sustainable development and regional economic integration of Belarus.

As of 1 December 2022, the following results had been achieved:

→ **The EDB continued to build its expertise in cultivating and initiating projects in Belarus.**

For the first time, the EDB allocated resources from its Technical Assistance Fund (TAF) to engage a consultant for the initial audit of an investment project to construct a kraft paper workshop.

→ **The EDB signed new agreements for projects in Belarus's key sectors.**

The Bank met its indicative financing targets for 2022 and made agreements on new investment projects, totalling US \$102 million in investment.

→ **The most significant progress in Belarus was made in modernising and developing industry.**

An agreement was signed for the EDB's first project in the pharmaceutical sector to establish full-cycle production of the Sputnik V anti-coronavirus vaccine in Belarus.

→ **The Bank's digital transformation efforts earned international recognition.**

The Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) awarded its COVID-19-Free Travel app, which lists 78 labs across Belarus, with its Sustainable Awards 2022. In early 2023, the EDB Fund for Digital Initiatives plans to launch Belarus's national segment in its "Work in the EAEU" app.

Year 2022 in Figures

As of 1 December 2022



\$2,300m

Cumulative portfolio



\$364m

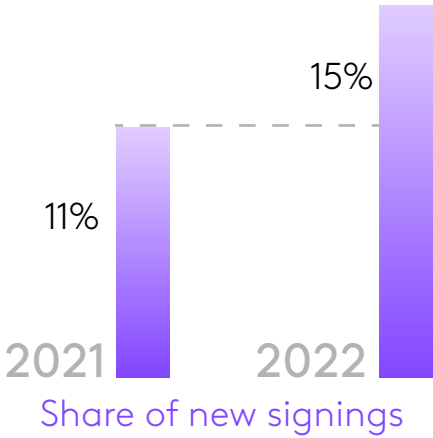
Текущий инвестиционный
портфель



Total for 2022

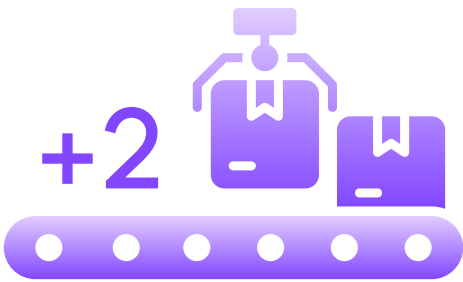
\$102m

Value of new signings



In 2022

In 2022, the Bank was actively scaling up its portfolio of promising projects in Belarus.



The EDB signed agreements on two new projects in the real sector.

The EDB's current portfolio investments contribute to:



Increased outputs in
Belarus's economy

\$672.4m
per year



Increased tax revenues

\$22.7m
per year



New jobs created

>550
jobs

2

Progress on Strategic Objectives in 2022



In 2022, the EDB’s project activities in Belarus were constrained by reduced investment activity in the country’s economy. Long-term credit ratings for Belarus, its major banks and insurance organisations were downgraded. In the first seven months of 2022, Belarus’s GDP decreased by 5.2%, with a projected decline of 6.5% by the end of the year.

Objective 1



Developing basic infrastructure

↓ What we do



↓ Achievements



1.1 Developing transport infrastructure

Reviewing a project to develop the transport system

1.2 Supporting the development of logistics and warehousing infrastructure

Preparing to implement the concept of the Eurasian Agricultural Goods Distribution System

Exploring the possibility to finance a project to construct a bimodal container terminal at the China-Belarus Great Stone Industrial Park

1.3 Promoting e-transport production and the related infrastructure

Exploring the possibility of participation in a programme to establish a public charging network for e-vehicles*



Building 1,304 EV charging stations

1.4 Supporting the development of social infrastructure, housing and utilities

Exploring the possibility to finance a project to reconstruct housing and utilities infrastructure in Minsk

Completed the review of a project to develop the transport system

€400m

Project value

€360m

The EDB's potential share

> 150 km

roads of national significance

* The programme to establish a public charging network for e-vehicles was approved by Resolution 731 of the Belarus's Council of Ministers on 10 October 2018.





The review of a project to reconstruct the Minsk Sewage Treatment Plant was completed

- o The project was initially planned to be financed through loans from the European Bank for Reconstruction and Development and the European Investment Bank

€84m

Project value



Implementing the Concept of the Eurasian Agricultural Goods Distribution System

- o Groundwork was laid for negotiations with stakeholders on implementing the necessary activities



Programme to establish a public charging network for e-vehicles

- o Preliminary efforts were made to support the development of e-transport production and the related infrastructure in future periods

Objective 2



Facilitating the sustainable development of Belarus's energy system

↓ What we do



- 1.1 **Transition to a green agenda**
Exploring promising renewable energy initiatives
- 1.2 **Creating and modernising energy infrastructure**
Work on Minskenergo project continued

↓ Achievements



Minskenergo's project

- o Constructing a peaking power plant at Minsk CHPP 5
- o Promoting the safety and reliability of Belarus's energy system



Wind farm in the Vitebsk Region

Completed the review of a project to finance wind farm construction

- o The feasibility of financing was confirmed, as the Government of Belarus introduced a special tariff for purchasing generated electricity and supplying it to the national unified energy system.

₽2.6bn

Project value

25 MW

Wind farm capacity

Objective 3



Modernising and developing industry

↓ What we do



↓ Achievements



1.1 Modernising industry

Exploring promising areas of cooperation on initiatives implemented by Belarusian businesses, including in:



metallurgy



pharmaceuticals

Significant integration effects from the initiatives:



mutual trade



import substitution

between EDB member countries

1.2 Promoting the establishment and development of new industries

The Bank actively prepared to finance new investment projects

An agreement was signed on the EDB's first project in the pharmaceutical sector

- o Establishing a full-cycle production of the Sputnik V anti-coronavirus vaccine in Belarus
- o The project uses the equity financing instrument as envisaged in the Country Strategy

Financing for the construction of a kraft paper workshop was approved

- o TAF resources were used to conduct technical audit

¥1.2bn

Project value

Objective 4



Developing export potential and business support

↓ What we do



- 1.1 **Promoting cooperation and trade ties, with EAEU countries in the first place**
The Bank actively prepared to finance new investment projects
- 1.2 **Supporting small and medium-sized enterprises**
The Bank continued to implement joint initiatives with its partner commercial banks in Belarus to finance targeted lending programmes



↓ Achievements



A trade finance loan for exports of finished products was provided

- o Financing poultry exports to Russia

₽3bn
Financing

Objective 5



Digital transformation

↓ What we do



Our focus: developing the projects of the EDB Fund for Digital Initiatives in Belarus

1.1 Reviewing a project for digital trade in jewellery to promote joint exports

- o The project is being explored at the request of Belarus and Russia's Ministries of Finance
- o The project was supported by the High-Level Group of the Union State Council of Ministers



1.2 Launching, organising and implementing a pilot project to ensure the legal validity of electronic documents

- implemented in cooperation with Belarus and Russia's authorities
- project objective: testing technical, organisational, and regulatory solutions outlined in the draft Treaty on Cross-Border Information Exchange between the Countries



1.3 Digital project competition

Promoting collaboration between the Bank's member countries through digital projects

↓ Achievements



Belarus joined the COVID-19-Free Travel project developed by the EDB Fund for Digital Initiatives

78

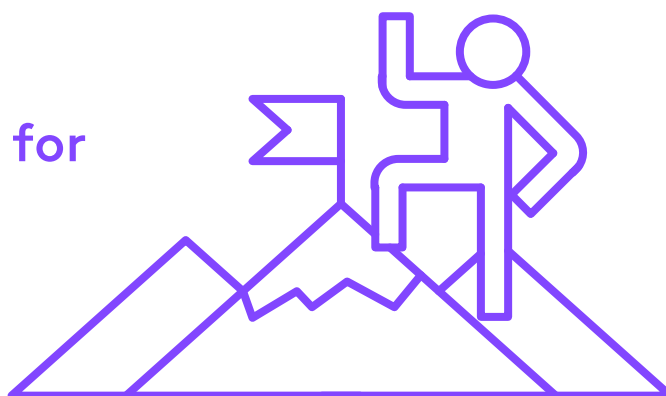
labs connected to the app in Belarus

> 700,000

times used by country residents

3

Strategic Objectives for the Next Period



Plans

Belarus's GDP is projected to decrease by 3.0% in 2023, with a weak recovery of 1.5% in 2024 as the economy adapts to functioning in a changed environment. External constraints, including limited access to advanced technologies and the global market, are anticipated to have long long-term negative implications on economic growth.

The EDB will be driven by the following objectives in 2023:

Increased investment diversification.

In addition to projects in industry, the Bank will seek to develop cooperation on investment initiatives in other sectors.

Enlarging the forms of investment project financing by implementing new approaches to structuring signings.

The EDB will make more active use of mechanisms such as equity participation and loans for acquiring full or partial shares in the capital of other commercial organisations.

Reviewing the possibility to implement TAF initiatives within promising real-sector projects.

The Bank will continue preparing and reviewing projects that include the active use of TAF resources as a tool for investment project preparation. In addition, the Bank plans to actively use technical assistance and, in collaboration with Belarusian business organisations and financial institutions, host workshops and training sessions for employees of potential investment projects participants to foster a comprehensive approach and build competencies in preparing and executing investment projects in Belarus in the current conditions.

Activities to Achieve Strategic Objectives

Objective 1



Developing basic infrastructure

↓ What we will do



The Bank plans to explore the possibility of cooperation with the manufacturers of charging stations, electric buses and electric trucks in Belarus

Objective

Supporting the implementation of the programme to establish a public charging network for e-vehicles in Belarus

The Bank will continue to work with stakeholders on introducing the concept of the Eurasian Agricultural Goods Distribution System in Belarus

Objective 2



Facilitating the sustainable development of Belarus's energy system

↓ What we will do



The Bank will continue to search and develop renewable energy initiatives

Objective 3



Modernising and developing industry

↓ What we will do



The EDB will prioritise projects in:

-  mechanical engineering
-  pharmaceuticals
-  chemical sector

\$180m

The volume of EDB's potential financing

Objective: stimulating import substitution and increasing trade between the Bank's member countries

Objective 4



Developing export potential and business support

↓ What we will do



The Bank will continue to search for clients to organise pre-export or trade finance for supplies between counterparties in the member states.

Objective 5



Digital transformation

↓ What we will do



Launching Belarus's national segment in the EDB Fund for Digital Initiatives' "Work in the EAEU" mobile app
To realise the potential of the EDB digital competencies, the EDB Fund for Digital Initiatives conducts a Digital Project Competition.

Objective: promoting cooperation between Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan through digital projects.

The EDB will continue working on key digital transformation initiatives and implementing ongoing projects of its Fund for Digital Initiatives.

TELEGRAM



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