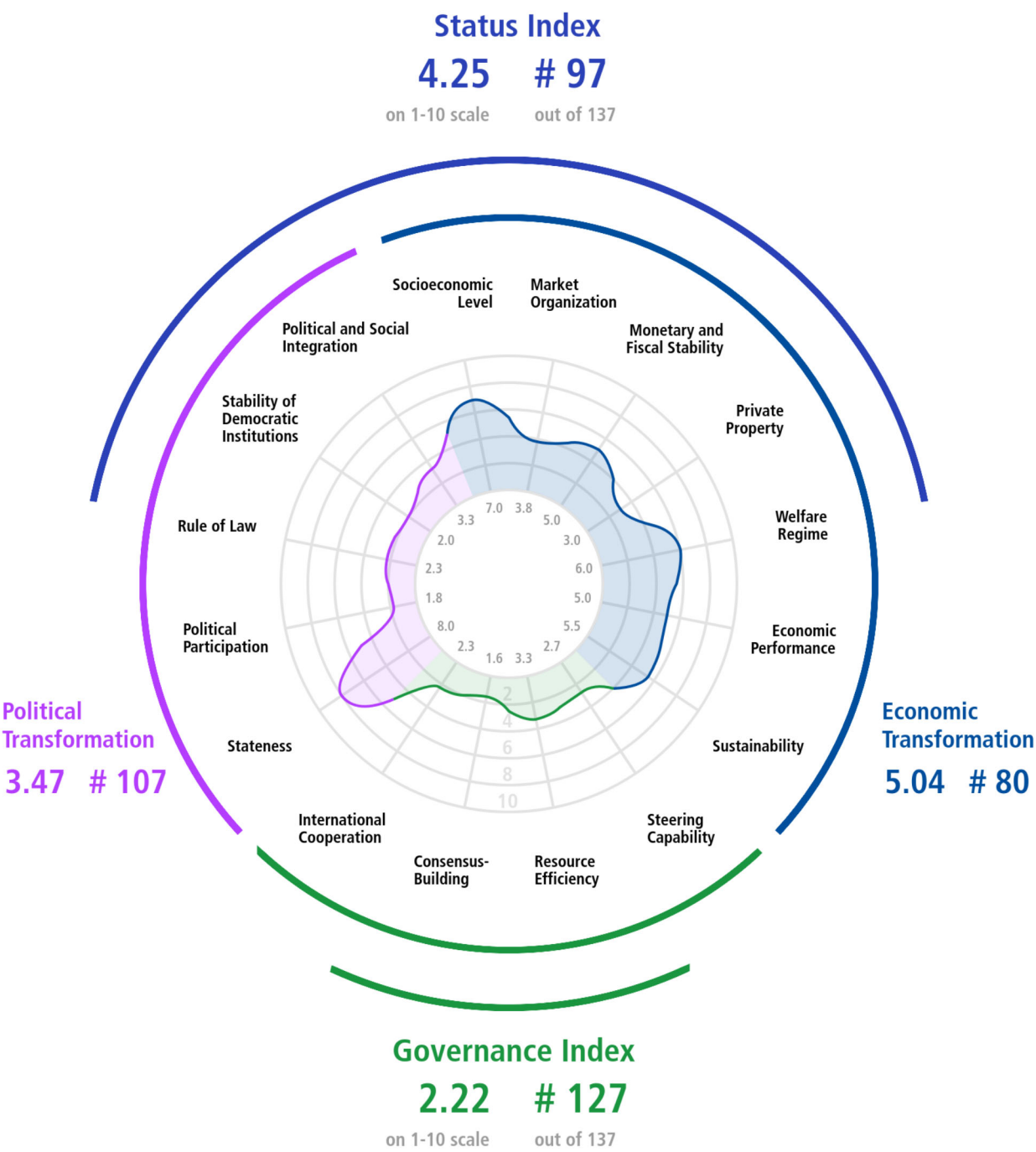


Belarus



This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	9.2	HDI	0.808	GDP p.c., PPP \$	22591
Pop. growth ¹	% p.a.	-1.0	HDI rank of 189	60	Gini Index	24.4
Life expectancy	years	72.4	UN Education Index	0.826	Poverty ³	0.1
Urban population	%	80.3	Gender inequality ²	0.104	Aid per capita \$	-27.9

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

The year 2021 was largely shaped by the lingering effects of the 2020 post-election crisis, as the Lukashenko regime sought to retaliate with counter-revolutionary measures. Throughout this year, the ruling class demonstrated an inability to regain public trust in state institutions, despite their efforts to do so. The intensified repression against civil society resulted in unusually severe sanctions from Western countries.

However, the security apparatus – the siloviki – managed to purge the public space of any manifestations of protest. Despite attempts to delay the political transformations indefinitely, Lukashenko was forced to launch a process of constitutional reform and hold a referendum on amendments to the constitution on February 27, 2022 (ignored by the dissenting part of the population) in an attempt to update the political model in response to a request from his own supporters and pressure from abroad, notably the Kremlin.

Throughout 2022, the regime was able to restore manageability and the basic efficiency of state institutions with the help of populist measures and ongoing harsh repression amidst the Russian war in Ukraine. Democratic forces and civil society in exile were partially successful in delegitimizing Lukashenko's regime on the international stage. Additionally, following Russia's invasion of Ukraine, the protest movement acquired an anti-war character. Despite being significantly weakened by repression, the movement contributed to monitoring the military activities of Russian and Belarusian troops and carried out partisan sabotage, specifically targeting railways, to impede the movement of Russian troops through Belarusian territory.

Increasing pressure from the West led to a demonstrative rapprochement between Minsk and Moscow, resulting in Lukashenko agreeing to the Kremlin's 2018 integration ultimatum in late 2021 to deepen economic integration within the framework of the Union State. In the military sphere, there was a pronounced emphasis on the militarization of relations, with a clear prospect of Belarus becoming a military-strategic springboard for Russia. This was further confirmed with the beginning of the Russian-Ukrainian war on February 24, 2022.

Belarus has provided its territory, airspace and military infrastructure for Russian troops to invade Ukraine. Additionally, Belarus has supplied the Russian side with necessary military and technical assistance.

The securitization and ideologization of all spheres of life that began in 2021, large-scale repressions against all forms of public dissent, the permanent presence of Russian troops, and the suppression of anti-war sentiments in 2022 led to the de facto establishment of martial law and an internal occupation regime. Consequently, an increasing number of civilian leadership positions in government and local authorities have been given to members of the security personnel.

A post-Covid economic recovery in 2021 (GDP growth of 2.1%) provided by favorable external conditions was replaced by a recession in 2022 (-4.7%) under the influence of harsh Western sanctions. These sanctions were imposed in conjunction with the political crisis of 2020 and reinforced due to the forced landing of the Ryanair flight on May 23, 2021, the artificially induced migration crisis on the Belarusian-European border in the second half of 2021, and finally, complicity in the Russian war against Ukraine in early 2022. The growing isolation from the West prompted Lukashenko's regime to deepen economic, military and political integration with Russia within the framework of the Union State. As a result, trade flows and logistics chains were reoriented toward the countries of the so-called "far arc" – Asia, Africa, the Middle East and Latin America. However, there have been no visible significant results so far.

History and Characteristics of Transformation

In contrast to most other Eastern European states, Belarus did not react to the 1991 collapse of the USSR by transforming itself into a market economy featuring strong democratic institutions and a robust civil society. Some 83% of Belarusians voted to preserve the USSR in the All-Union referendum held in 1991. President Alexander Lukashenko thus came to power in 1994 against the backdrop of strong pro-Soviet sentiments within Belarusian society.

Lukashenko initiated his nation-building experiment by emphasizing the country's Soviet heritage and the notion of a distinct Belarusian path, which diverged from the liberalization, democratization and de-Sovietization efforts of other post-Soviet states, such as Russia and Ukraine in particular. He solidified a hyper-presidential regime through a constitutional referendum in 1996, and a subsequent referendum in 2004 allowed him to exceed the original two-term limit for office. Throughout his tenure, Lukashenko has progressively monitored and curtailed the opposition, independent media, civil society and the private business sector.

He managed to preserve a Soviet-style model that remained state-dominated and socially oriented. The government implicitly proposed a vertical social contract based on the formula "loyalty in exchange for high living standards," which was accepted by the majority. Thanks to redistributive policies and government regulation, the population benefited from economic growth in the 1990s and the 2000s. However, this was also the result of privileged relations with Russia, which provided Belarus with cheap energy, access to the Russian market and financing. This business model was, however, almost completely exhausted by 2020. Belarus also managed to maintain a sense of social justice despite the lack of democratic elections, in part by taking tax evasion and the fight against corruption seriously.

The opposition was not represented in the legislature between 2004 and 2016, when two independent candidates entered parliament for one term. Elections have consistently failed to meet OSCE standards. For a brief period between 2008 and 2010, and again between 2014 and 2019, the Belarusian state made democratic concessions to facilitate economic and technical cooperation with the West.

Foreign policy considerations in the wake of Russia's war against Georgia in 2008 and its conflict with Ukraine in 2014 led Belarus to a tentative warming of relations with the European Union and the United States. This in turn prompted Europe to lift its sanctions, while the United States waived its economic restrictions. Belarus also strengthened its strategic partnership with China. The country's neutral position in the Russia-Ukraine conflict of 2014, along with its provision of a negotiating platform to solve the conflict in Donbass, temporarily strengthened Minsk's international standing.

Driven by the deep economic recession from 2014 to 2016, a weak economic recovery between 2017 and 2020, and the growing pressure from Russia, the Belarusian authorities began to more actively diversify the country's foreign relations and economic ties. They gradually implemented market reforms with the assistance of international financial institutions. In response to the regional tensions, the authorities attempted to replace the social contract with a security contract that would guarantee peace and stability. This was a response to the evident crisis of the so-called Belarusian socioeconomic model. However, this has not proved very successful.

In 2020, Belarus faced three crises – an epidemiological, economic and political – that significantly undermined its reputation as a stable and safe country. These crises also raised serious doubts about Lukashenko's domestic and international legitimacy, as well as his ability to maintain his political regime and socioeconomic model. Although the ruling elite has succeeded in buying time and postponing any transformation through mass repression, this approach has only worsened the crisis and created the conditions for its further escalation.

In the end, Lukashenko sought economic, political and even military support from Moscow in an effort to retain power. In exchange for this support, Lukashenko not only accepted the Kremlin's integration ultimatum to further deepen economic and military-political integration within the Union State with Russia at the end of 2021 but also provided Belarusian territory and military infrastructure to Russian troops for Moscow's military aggression against Ukraine on February 24, 2022.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Belarus is a unitary state where the central executive authorities exercise power throughout the entire country and rely on a robust security apparatus as well as a rigid hierarchical structure. There is virtually no threat to the state's monopoly on the use of force, either horizontally or vertically, within the structures of state power.

Political opposition and civil society have been suppressed or pushed out of the country. The presence of organized crime groups on a national scale is limited, and transnational criminal networks pose no significant threat to the state's monopoly on the use of force.

However, the recent involvement of Russian troops in military actions against Ukraine from Belarusian territory raises doubts about the Belarusian regime's ability to maintain absolute control. This situation contradicts both the previous and updated versions of the constitution (as of March 15, 2022) and bilateral agreements. Russian troops de facto enjoy extraterritorial status, enabling Moscow to circumvent formal procedures with the Belarusian government and exert partial influence over the Belarusian armed forces and security services.

Belarus's independence and sovereignty as a nation-state is generally accepted, and official rhetoric emphasizes the need to safeguard both. However, since the beginning of Russia's full-scale war in Ukraine, Belarusian authorities have started asserting that the country can only maintain its sovereignty and independence through a close alliance with Russia. Meanwhile, the democratic opposition in exile has urged consideration of Belarus as an occupied country due to the presence of Russian troops and their use of Belarusian territory for aggression against Ukraine.

In telephone and online surveys conducted by the Belarusian Analytical Workshop (BAW) and Chatham House in May and June 2022, between 48% and 52% of respondents expressed a preference for a neutral, non-affiliated status for Belarus. Up to 42% approved of the country's membership in the Moscow-controlled Collective Security Treaty Organization (CSTO). Historically, the idea of NATO membership has garnered only minimal support, with no more than a few percent in favor.

Question
Score

Monopoly on the
use of force

9



1

State identity

7



1

Surveys carried out by the Center for New Ideas, in partnership with the initiative People's Poll, within the pro-democratic segment of Belarusian society between February and April 2022, revealed that initially, over half of the respondents favored maintaining an equidistant stance between the West and Russia. However, the conflict in Ukraine shifted this perspective, with 60% of participants subsequently leaning toward closer ties with the European Union over neutrality.

Formally, all individuals have the right to acquire citizenship without discrimination, and the constitution formally guarantees equal rights to all citizens. However, in January 2023, amendments to the "On Citizenship" law were enacted, allowing for the deprivation of Belarusians' citizenship when convicted under "extremist" articles of the criminal code. These articles cover unauthorized protests or affiliations with banned independent media, NGOs, public initiatives, and democratic opposition groups. The new provisions also permit the revocation of citizenship for Belarusians residing outside the country who are convicted of "extremist activity" or "causing serious damage" to the state's interests. Additionally, the new law applies to individuals with sole Belarusian citizenship as well.

The constitution upholds the freedom of religion and worship, except where prohibited by law. It explicitly states that all faiths, given Belarus's diverse religious landscape, are equal under the law. The relationship between the state and religious organizations is governed by legal regulations, which prohibit religious activities that, for instance, threaten Belarus's sovereignty and constitutional order, impede citizens from fulfilling their civic, social, and familial responsibilities, or harm the well-being and moral standards of citizens.

Religious organizations are entitled to engage in public life and have access to the media, much like other civil society associations. However, they are not allowed to participate in or endorse political activities. According to the law, all registered religious groups must obtain permits to conduct events outside their premises, including proselytization, and must secure prior governmental approval for importing and distributing religious literature. It's worth noting that unregistered groups are prohibited from any form of religious activity.

During the 2020 protests, Lukashenko's regime continued to target clergy and believers of various denominations for their civic involvement and condemnation of Russia's war against Ukraine. The number of detentions of clergymen and believers has been on the rise in 2021 and 2022. Additionally, in 2022, several temples, such as the "Red" Catholic Church and the Christian Social Center in Minsk, were either confiscated from believers or had their activities suspended.

The Orthodox Church in Belarus, owing to its special relationship with the authorities, holds a subservient position and is deeply engaged in ideological and propaganda narratives.

No interference of religious dogmas

9

'06 -9 '24 10

1

Despite sporadic repressions and purges of disloyal Catholic clergy, especially those holding Polish passports, Lukashenko has been utilizing the Vatican as a diplomatic channel with the West to advocate for hosting Russo-Ukrainian negotiations in Belarus.

Despite occasional repressions and purges of disloyal Catholic clergy, particularly those with Polish passports, Lukashenko has been using the Vatican as a back channel with the West to promote the idea of holding Russo-Ukrainian negotiations in Belarus.

The state provides all basic services, and the administrative structure is organized into various levels. This structure comprises regional, district, and local levels, each with corresponding subnational governments (SNGs). Specifically, Belarus has six regions, along with Minsk city, 118 districts, and 12 cities with district rights. Additionally, there are approximately 1,200 rural units (e.g., village councils or selsoviet).

While regional and district SNGs function professionally, rural units have fewer employees who often lack adequate management skills. Budgets in Belarus are distributed based on territorial considerations, but SNGs do not possess fiscal autonomy. Belarus has long resisted signing the European Charter of Local Self-Government, signaling a lack of political commitment to establishing genuine local self-government.

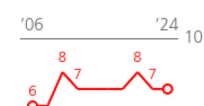
Furthermore, from 2021 to 2022, a significant personnel purge took place to consolidate President Lukashenko's authority at the regional level. The top leadership exerted greater control over regional authorities by appointing individuals from law enforcement agencies to key positions in regional executive committees, acting as overseers. Under pressure from higher authorities, local officials were compelled to sever their mutually beneficial relationships with civil society organizations.

In March 2021, the Cabinet of Ministers adjusted the development plan for regions that lagged behind in socioeconomic progress. This plan aimed to develop industrial and social infrastructure based on their respective competitive advantages. It identified 30 districts (previously 31 in 2019) out of the 118 administrative-territorial units in Belarus for focused development efforts.

Regarding public services, national statistics from 2021 indicate that 96.1% of the population has access to clean water, 94.8% have access to sanitation, and the World Bank reports 100% electricity coverage. Health care is universally accessible and free according to the constitution, with the government allocating 4.6% of GDP to the national health care system in 2021. The country boasts 593 hospitals and 2,378 outpatient clinics, with 46.4 medical doctors, 134.1 nurses, and 84.3 hospital beds per 10,000 people. However, challenges include a shortage of medical personnel, significant co-payments for services, particularly in dental and optical care, and pharmaceutical expenses. Patients are also informally expected to provide unofficial payments to health care workers.

Basic
administration

7



1

Postal and telecommunication services in Belarus are provided by Belpochta, which operates 2,900 post offices. Belpochta plays a crucial role in processing pension payments, offering banking and insurance services, and providing some retail goods. These functions are especially important for small towns and rural areas.

2 | Political Participation

Elections are regularly held in Belarus. The president is elected for five-year terms without limitations, as the October 2004 referendum lifted the restriction on the number of terms. Parliamentary terms last four years, and elections for local council deputies also happen every four years.

However, it's important to note that no election in Belarus since 2001 has received recognition as free and fair from the international community. During certain political cycles characterized by serious tensions with Russia (2008 – 2010, 2015 – 2019), the Belarusian authorities were forced to conduct a dialogue with international organizations on electoral reform. And while general assessments of the electoral process have not changed, the Office for Democratic Institutions and Human Rights (ODIHR) noted some improvements made during the October 2015 presidential and the September 2016 parliamentary elections. Nevertheless, the November 2019 parliamentary elections resulted in no opposition or independent candidates winning seats, intensifying the political climate in anticipation of the 2020 presidential campaign.

Following the August 2020 presidential election, Belarus experienced widespread protests in response to blatant manipulation and fraud. These protests were marked by unprecedented police violence, mass arrests, torture, and internet shutdowns.

On October 14, 2021, Alexander Lukashenko signed a law amending the constitution, introducing a single day of voting and combining local elections with parliamentary elections on February 25, 2024. Officially presented as a cost-saving measure, it is primarily aimed at securing Lukashenko's continued power at all levels of government.

Significant changes were made to the constitution following a referendum on February 27, 2022. For example, in late January 2023, parliament passed a law establishing the All-Belarusian People's Assembly, a new highest representative body tasked with determining strategic development directions. This assembly, comprising 1,200 members, including current and former presidents, deputies, senators, government officials, regional and local executive committee heads, along with 350 local council deputies and 400 carefully chosen representatives from civil society, is mandated to commence work within 60 days after the single day of voting on February 25, 2024.

Free and fair elections

2

'06 '24 10



By early 2023, Belarusian authorities had effectively sidelined or removed prominent figures from the political opposition and civil society, either imprisoning them or forcing them out of the country. Consequently, under the current conditions, only individuals entirely loyal to the authorities, such as members of Belaya Rus or the Liberal Democratic Party, are permitted to participate in any elections.

In Belarus, effective political power is concentrated solely in the hands of President Lukashenko. The president has the authority to appoint the government, and the prime minister requires only parliamentary approval at the president's request. Most political decisions are crafted by the presidential administration, while the Council of Ministers operates as a technocratic government. The National Assembly, which is a bicameral parliament, plays primarily a ceremonial role. Additionally, security agencies like the Security Council and the KGB (State Security Committee) wield significant veto power.

Following the political crisis that unfolded after the August 2020 presidential elections and Russia's conflict with Ukraine in February 2022, officials from the State Security Committee (KGB) and the Ministry of the Interior have emerged as the central pillars supporting the regime's survival. They constitute the core of Lukashenko's inner circle, including individuals like Natalya Kochanova, Chairwoman of the Council of the Republic (the upper chamber of parliament), along with her associates; Nikolay Latyshonok, who serves as the president's assistant for general affairs; Natalya Eismant, Lukashenko's spokesperson; Ivan Kubrakov, the minister of internal affairs; and others.

While 2020 was marked by mobilization and protests in Belarus, 2021 and 2022 witnessed an unprecedented and bizarre wave of repression. The formation of political or civic groups faced highly unfavorable conditions, compelling some political organizations to operate from abroad due to the looming threat of criminal prosecution in Belarus. Svetlana Tikhanovskaya's office and the National Anti-Crisis Management (NAM), led by Pavel Latushko, managed to maintain some degree of interaction with their supporters within the country. Center-right activists continued their collaboration with Tikhanovskaya's office (United Civic Party), the Coordinating Council (Belarusian Christian Democracy), and the ACM (For Freedom Movement), holding onto the hope of a new opportunity to return to Belarus.

Viktor Babariko's "Together" organizing committee remained a prominent party project, and, along with Andrei Dmitriev's "Our Party," it shifted its focus in the latter half of 2021 toward internal educational efforts aimed at uniting sympathizers in response to escalating repression.

The protest movement took on an anti-war dimension following the Kremlin's invasion of Ukraine. Despite significant weakening due to harsh repression, it persisted in monitoring the movements of Russian troops, as seen in the Belaruskі Gajun project. There were even instances of "railroad guerrillas" obstructing troop

Effective power to govern

1

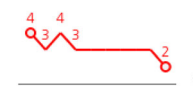
'06 '24 10



Association / assembly rights

2

'06 '24 10



movements. In August 2022, responding to the Russian invasion of Ukraine from Belarus, the United Transitional Cabinet (UTC) was established. It was based on Tikhanovskaya's office and collaborated with representatives from the NAM, former security personnel, military figures like Valery Sakhashik and Alexander Azarov, and their initiatives like ByPol. The UTC actively worked on preparing paramilitary units comprising Belarusian volunteers in the Armed Forces of Ukraine for the purpose of liberating Belarus from Russian forces. They also initiated training programs for new personnel in anticipation of potential democratic reforms in Belarus. However, their influence within the country remained minimal and faced relentless opposition from the security apparatus.

In early 2023, Belarusian authorities announced mandatory re-registration of political parties, with the aim of limiting the number of regime-friendly parties to 3 to 4 out of the current 15. It is expected that the pro-government association, Belaya Rus, will effectively transform into a party of power. These measures are designed to sideline opposition parties from the legal framework and impede their participation in the planned political transformations set for 2024/2025.

Since 2021, independent media in Belarus has been practically dismantled, with non-state social and political media outlets being criminalized and independent journalists either forced to leave the country or facing prosecution. As of early 2023, Belarus had incarcerated 33 journalists who had been convicted between 2020 and 2022. In contrast, state-controlled media has transformed into a propaganda tool, disseminating messages of hatred and animosity toward opponents and citizens deemed disloyal.

In 2022, the relentless repression continued, extending even to the prosecution of citizens for consuming alternative information within the country. Any form of protest, including posting on social networks, is now banned and met with severe penalties under "extremism" laws.

There's a significant level of administrative and criminal prosecution targeting ordinary citizens for merely expressing their opinions. This includes actions as innocuous as wearing red and white clothing or displaying certain stickers on their cars. Furthermore, following the outbreak of Russian aggression in Ukraine, Belarusian authorities have gone as far as persecuting citizens for demonstrating any form of solidarity with Ukraine, including publicly performing songs in Ukrainian, as exemplified by the case of Meryem Gerasimenko.

Freedom of
expression

2

'06 '24 10



3 | Rule of Law

Amendments to the constitution, adopted in 1996 in a controversial referendum, established a strong presidential system with a very limited separation of powers. Under this system, the president wields significant authority, including the ability to issue decrees that carry the force of law. The president also holds the power to appoint and dismiss key figures, such as members of the electoral commission, the cabinet (including the prime minister), and the heads of the Supreme Court, the Constitutional Court, and the Supreme Economic Court. Moreover, the president appoints all judges in the country, with only six judges in the Constitutional Court being elected by the upper house of parliament.

Legislative power is exercised by a bicameral parliament, known as the National Assembly of the Republic of Belarus. The lower chamber, called the House of Representatives, is comprised of 110 members who are elected in geographic constituencies. The upper chamber, the Council of the Republic, is made up of 56 members, with eight representing each region (oblast) and an additional eight from the city of Minsk. These members are elected by local councils of deputies, and the president appoints eight more members.

Executive power in Belarus is exercised by the government, known as the Council of Ministers, which is accountable to the president and answerable to the parliament.

Judicial power in Belarus is vested in the courts and is based on the principles of territorial delineation and specialization. During the political crisis, the courts obediently carried out the will of the authorities and, in virtually all cases, convicted participants in street protests.

In practice, the separation of powers is largely ineffective, as presidential authority is virtually unchecked and lacks meaningful accountability.

In a referendum held on February 27, 2022, amendments to the constitution introduced a new institutional body known as the All-Belarusian People's Assembly (ABPA). Since 1996, loyalists appointed by the local bureaucracy have been periodically convening in Minsk to simulate a dialogue between the president and the people. The ABPA now formalizes this simulation as the highest representative body. The ABPA can consist of up to 1,200 delegates, and its term of office spans five years, with sessions held at least annually. Decisions made by the ABPA are binding and can annul legal acts and other decisions of state bodies in the interest of national security, excluding judicial decisions.

There is speculation that Lukashenko could potentially become the chair of the ABPA once his current presidential term concludes. The constitutional amendments have reinstated the two-term limit for the presidency, restricting a president of Belarus to a maximum of two terms. However, any terms served before the adoption of these constitutional amendments will not be counted toward this limit, a process similar to the nullification of presidential terms seen in Russia and Uzbekistan.

Separation of
powers

2

'06 '24 10



The judicial system consists of the Constitutional Court and a system of general jurisdiction courts. The Supreme Court serves as the leading court of general jurisdiction.

The judicial branch operates in a state of near-total dependency on the executive. The Constitutional Court's actions are contingent upon being addressed by specific entities, including the president, the houses of parliament, the Council of Ministers, or the Supreme Court. Since 2008, the Constitutional Court has been required to conduct a preliminary review of the constitutionality of laws passed by parliament before they are signed by the president. Furthermore, the amendments to the constitution introduced on February 27, 2022, and the "All-Belarusian People's Assembly" law grant the ABPA the authority to make decisions, including the election and dismissal of judges for the Constitutional and Supreme Courts, as well as members of the Central Election Commission.

The executive branch has a significant role in organizing the courts, and the president directly appoints and dismisses judges. In cases of economic or political significance to the authorities, representatives from the executive and security agencies at both regional and national levels often intervene in trials. However, in cases considered "non-political," a fair trial may still be possible in Belarus, particularly when no state body is involved in the dispute.

Throughout 2021/2022, politically motivated repressions remained widespread. According to the Human Rights Center Viasna, as of January 31, 2023, there were 1,436 individuals recognized as political prisoners. The judicial system has consistently disregarded fair trial standards in implementing these repressive actions. Lawyers conducting their work face continuous threats and harassment, with the most active among them subjected to criminal and administrative prosecution, resulting in many losing their right to practice law.

In July 2022, Lukashenko signed a law allowing for the prosecution of citizens who have left the country in absentia. These trials could apply to individuals accused of various offenses, including mercenarism, high treason, sabotage, extremism, incitement of mass riots, and advocacy for sanctions.

Belarus is often touted as one of the least corrupt countries within the Commonwealth of Independent States (CIS). However, the practical implementation of anti-corruption measures remains inconsistent and lacks transparency.

A significant portion of the economy remains under state control, creating fertile ground for corrupt practices. Bureaucrats wield considerable discretionary powers, heightening the risk of extortion when navigating administrative procedures.

Anti-corruption initiatives typically follow annual or biannual cycles, with the highest number of anti-corruption prosecutions occurring during crisis years when the resources of the Belarusian state are stretched thin. Notably, there is a marked disparity in the treatment of high-level officials accused of corruption, with many

Independent
judiciary

3

'06 _____ '24 10



_____ 1

Prosecution of
office abuse

3

'06 _____ '24 10



_____ 1

receiving relatively lenient sentences or even early amnesties, often thanks to presidential intervention. In cases involving economic crimes, a common practice involves demanding a ransom equivalent to ten times the alleged damage in exchange for being released from prison.

Lukashenko refrained from addressing corruption during the run-up to the 2019 and 2020 elections, choosing instead to mobilize the state apparatus for political purposes. However, by early 2021, anti-corruption efforts became a pivotal component of a broader repressive wave. This new cycle predominantly targets individuals in the private sector and disloyal personnel within the state apparatus. Law enforcement agencies have been granted sweeping authority to suppress any form of protest, and they often avoid initiating criminal proceedings against those responsible for excessive violence against dissenters.

In 2022, law enforcement agencies, under the guise of combating corruption, shifted their focus to the business sector and expanded the pool of entrepreneurs subject to punitive asset seizures. This shift primarily affected retail businesses and occurred against the backdrop of growing social tensions stemming from deteriorating living conditions. Consequently, a campaign was launched to bolster the state budget through the imposition of fines and the confiscation of assets from private businesses and high-income segments of the population.

In the fall of 2022, Lukashenko introduced a new law compelling public sector officials to purge dissident employees from the state apparatus. The law underscored that officials at state-owned companies who hired disloyal individuals would face the risk of prosecution.

Traditionally, Minsk has consistently dismissed criticisms from international organizations regarding its human rights record, often asserting that there were no significant issues in this domain.

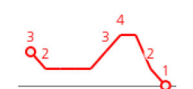
According to the Human Rights Center Viasna, from 2021 to 2023, all branches of power have actively contributed to the construction of a new totalitarian system that demonstrates zero tolerance. During this period, the judiciary demonstrated its inability to safeguard human rights and freedoms and instead became an instrument of political repression. Repression tactics included criminal and administrative prosecutions, arbitrary arrests, dismissals from employment, and forced deportations from the country. Following Russia's invasion of Ukraine, opposition to the war and any perceived involvement of Minsk in the aggression against Ukraine were added to the list of reasons for repression.

Belarus continued to carry out capital punishment in 2021 and 2022. In May 2022, the parliament passed a bill that permitted death sentences in cases of "attempted terrorism and murder of political figures" under specific aggravating circumstances. In early 2023, discussions began concerning the need for legislation enabling the death penalty for treason committed by officials holding public office or military status.

Civil rights

1

'06 '24 10



As of January 1, 2023, a national coalition of human rights organizations reported 1,446 political prisoners in Belarus. In 2022 alone, the list grew by 477 individuals, although more than 580 former political prisoners were released. Additionally, at least 2,627 individuals were convicted in connection with the protests that erupted in 2020. Furthermore, 6,381 individuals were arrested, and no less than 3,272 people were sentenced in administrative proceedings for exercising their rights and freedoms.

4 | Stability of Democratic Institutions

While the constitution declares Belarus as a unitary, democratic, social state based on the rule of law, in practice, democratic institutions are virtually nonexistent, with power concentrated firmly in the hands of Lukashenko. Furthermore, following the 2020 political crisis and the onset of Russia's war against Ukraine in 2022, hardliners within the law enforcement agencies have sidelined moderate technocrats, gaining Lukashenko's authorization to extend their influence across all sectors.

The presidential administration (PA), traditionally a key player in decision-making, now faces fierce competition within the bureaucracy, particularly from the Security Council and its State Secretariat, as well as Natalya Kochanova, the Chairwoman of the Council of the Republic, and Prime Minister Roman Golovchenko. Consequently, the country's leadership increasingly resembles a military junta.

The government and the National Bank have primarily fulfilled technocratic roles, successfully maintaining economic stability amidst mounting Western sanctions and the closure of export markets in Ukraine and the European Union.

Although proposed constitutional amendments ostensibly expanded the powers of the parliament, these changes have had little practical impact. The parliament primarily serves the executive branch and the president, having played a crucial technical role in advancing repressive measures from 2020 to 2022, including the passage of laws that severely restrict and undermine the civil and political rights of citizens.

The political party system merely simulates competition, with independent political parties having virtually no chance of securing seats in parliament or local councils since 2006. Once the parties undergo re-registration and any remaining opposition is purged, as anticipated in 2023, any semblance of competition will vanish completely.

Political opponents, leaders of independent trade unions, human rights advocates, and civil society leaders who enjoy support from various sectors of society have either been imprisoned or forced to leave the country.

Performance of
democratic
institutions

2

'06 '24 10



Since there are no democratic institutions anymore, they cannot be considered legitimate by definition. Moreover, by the end of 2022, the security apparatus had completed the large-scale purge of civil society and dismantled more than 1,000 non-profit organizations. The authorities liquidated all independent trade unions. Some of the most prominent opposition figures, like Viktor Babaryka and Sergey Tikhanovsky, along with their associates, have received substantial prison sentences.

Cooperation between the IT sector and civil society has enabled activists to develop online services to stay connected with their audiences both in exile and in Belarus, using services from abroad, such as eHealth. In late 2022, an ambitious platform known as “New Belarus” was launched that aims to serve as a digital alternative to the state and is capable of performing political functions.

At the institutional level, Lukashenko has become almost entirely dependent on the siloviki – the security and military apparatus that played a pivotal role in maintaining his grip on power through a relentless campaign of repression. Consequently, an escalating number of civilian executive positions within the government and local authorities have been filled by individuals from the security services.

5 | Political and Social Integration

The party system in Belarus has always been highly fragmented and unstable. While the number of parties has grown to 15 over time, most have remained small, often with minimal presence beyond their leadership teams in Minsk. Political parties have consistently ranked among the least trusted institutions in the eyes of society.

The November 2019 elections for the lower house of parliament resulted in a small rise in political diversity within the parliament. However, the opposition remains unrepresented. As a result, the majority in parliament lacks a strong political structure, with 70 deputies affiliated with the pro-government organization Belaya Rus and pro-government parties. The number of pro-government parties increased from 15 to 21, accounting for a portion of the 110 total deputies. These parties include the Communist Party of Belarus with 11 deputies, the Republican Party of Labor and Justice with six deputies, the Belarusian Patriotic Party with two deputies, the Liberal Democratic Party with one deputy, and the Belarusian Agrarian Party with one deputy.

By late spring 2021, the government appeared to have suspended its experiment with developing a managed party system. The establishment of new loyalist parties was put on hold, despite earlier indications of creating a Party of People’s Unity, based on “Belaya Rus” and “Union,” with the aim of uniting supporters of integration with Russia.

Commitment to democratic institutions

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Party system

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The authorities also lost interest in the anti-Russian party project initiated by former presidential candidate Anna Kanopatskaya, which targeted the audience of national democrats and supporters of the Belarusian Popular Front “Adradzhenne.” Similarly, the efforts of Yury Voskresenski, the head of the Round Table of Democratic Forces, New People, and Democratic Union, which aimed to reach followers of former presidential candidates Viktor Babaryka and Valery Tsepkalo, failed to gain traction.

Among the non-systemic opposition, attempts to create new parties were halted by the beginning of 2022 due to severe repressions. Several candidates from the 2020 presidential elections, such as Victor Babariko and Sergey Tikhanovsky, were imprisoned, along with core activists from their teams. Other opposition leaders, including Grigory Kostusev, Pavel Seviarynets, Nikolay Statkevich, and Nikolay Kozlov, either faced imprisonment or were forced to leave the country, as was the case with Anatoly Lebedko, Igor Borisov, and Yury Gubarevich.

In 2021, about 6,000 founders joined the organizing committee for a political party called “Together,” initiated by ex-banker Victor Babariko while in detention. Initially, the committee planned to hold the founding convention in May, but due to increasing repression, the date was indefinitely postponed. Former presidential candidate Andrei Dmitriev attempted to launch a new project titled “Our Party,” but the founding Congress was similarly postponed due to the unfavorable political climate. The national democrats associated with the Belarusian Popular Front suspended their public activities, particularly following the arrest of their leader, Grigory Kostusev.

A left-wing coalition, comprised of registered opposition parties like the Belarusian Social Democratic Party (“Hramada”), the Greens, the United Civil Party (UCP), and Just World, in collaboration with the Free Trade Union of Metalworkers, sought to establish a joint civil society agenda and initiate negotiations with the authorities. They proposed a step-by-step plan to de-escalate societal tensions and transform the regime. However, as of the end of 2021, the coalition’s activities were suspended due to the worsening political situation.

In 2021, representatives of most democratic organizations in Belarus and in exile joined the Memorandum of the Coordinating Council (CC) for the Defense of Sovereignty and Independence in an effort to find common ground. As part of this informal alliance, Svetlana Tikhanovskaya’s office and the National Anti-Crisis Management (NAM) worked together to coordinate their positions on strategic issues. However, the influence of the CC on the agenda of democratic interest groups gradually waned by the end of 2022. Following the August conference “New Belarus,” a decision was made to integrate the CC into a broader range of civil society initiatives.

Interest groups

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At the beginning of 2021, several political organizations, including the Belarusian Popular Front, Belarusian Social Democrats, “Tell the Truth,” and “For Freedom” movements, joined forces with new activists and IT specialists to launch the “Gathering” (“Skhod”) initiative. The CC supported this project as an alternative to the official “All-Belarusian People’s Assembly” (ABPA). The aim of the “Gathering” was to seek a negotiating mandate and legitimacy directly from the voters. To achieve this goal, the “Voice” (“Golos”) initiative facilitated online voting for delegates, which, however, garnered only 90,000 voters.

Svetlana Tikhanovskaya, the democratic leader of Belarus, has been engaging in numerous meetings with Western leaders to advance the civil society agenda. This agenda includes delegitimizing and imposing sanctions on the Lukashenko regime, as well as redirecting Western support toward civil society and those facing repression.

Meanwhile, in 2022, combat volunteers from the Kalinovsky Regiment, a unit of the Ukrainian Armed Forces composed of Belarusians, distanced themselves from the mainstream democratic movement led by Tikhanovskaya. The regiment’s attempts to gain political influence drew criticism from much of civil society; however, their confidence ratings remained high.

During 2021/2022, there was also a gradual increase in public trust in Lukashenko’s regime. This increase was not only achieved through a campaign of depoliticization via brutal repression but also through the redistribution of funds. Although the share of beneficiaries of state redistribution has been decreasing, it still constitutes a significant portion of the population. The largest beneficiary groups from the state include pensioners (approximately 2.4 million) and public sector workers (approximately 1.6 million, accounting for about 38% of the employed population).

Reliable survey data on the population’s approval of democracy is scarce in Belarus. Trust in the data provided by pro-government sociological centers is extremely low. As a result of the escalating repression, independent sociological surveys in Belarus are primarily conducted online or via phone from abroad.

For the third issue of the Belarusian Change Tracker, a group of Belarusian sociologists measured public opinion using an online panel in November 2022, with a total of 999 respondents participating. In May 2022, analysts recorded a confidence level in the Belarusian authorities of 53.9%. By August, this figure had slightly decreased to 53.7%, but in November, it unexpectedly rose to 61.7%.

Analysts offered several explanations for this increase. Firstly, many Belarusians with pro-protest sentiments had left the country. Secondly, fear may have influenced respondents to choose conformist answers. Thirdly, even though President Lukashenko had no direct influence on Russia’s war against Ukraine, the fact that Belarus did not participate in the conflict and a perceived economic stabilization might have contributed to the increased confidence in the regime.

Approval of
democracy

n/a

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n/a

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By the end of 2021, a broad coalition of democratic organizations had launched a campaign to mobilize supporters of change in preparation for the 2022 referendum. This initiative, titled “Cross out lawlessness – Cross out the referendum,” was promoted by the Office of Svetlana Tikhanovskaya, the National Anti-Crisis Management (NAM), the Coordinating Council (CC), and several other sociopolitical organizations. Their goal was to bridge the gap between supporters of a boycott and those in favor of participation.

According to independent sociologists from Chatham House, the coalition succeeded in mobilizing a democratic core, but approximately 30% of all opposition activists expressed criticism of the united strategy. These activists maintained their advocacy for a boycott and refrained from participating in the voting process, which is a characteristic feature of most election campaigns during Lukashenko’s presidency.

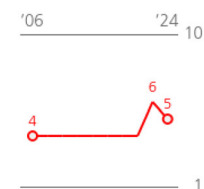
Solidarity foundations that emerged after 2020 (BYSOL, BYPOL, medical and sports solidarity foundations, Belarusian Rada of Culture) have adapted their activities to the new conditions and continue to assist their core audiences. They have been establishing relationships with partners, including institutional ties with established CSOs, and exploring new areas of work.

With the onset of the Russian-Ukrainian war in February 2022, horizontal protest structures in Belarus gradually resumed their activities. Some operated entirely clandestinely in a partisan manner, engaging in anti-war activities, sabotage, and providing information support to Ukrainian forces. Others operated in a semi-legal capacity, offering assistance to refugees from Ukraine. However, it was primarily overseas Belarusian organizations that could openly function, benefiting from additional incentives and setting up platforms for mutual assistance where Belarusian media and activists assisted refugees, both Belarusians and Ukrainians.

Striving to dismantle genuine civil society, the Belarusian authorities have simultaneously attempted to imitate it and engage it in controlled discussions. Notably, in 2021, the authorities established or reinvigorated pseudo-public organizations known as GONGOs (government-organized non-governmental organizations). These GONGOs were tasked with hosting roundtable discussions involving state trade unions, labor collectives of state-owned enterprises, students, and others to deliberate on constitutional reform. However, following the outbreak of Russia’s war against Ukraine in February 2022, these responsibilities were assumed by representatives from the presidential administration, the Security Council, law enforcement agencies, and the military, with the aim of promoting the military and political situation both within Belarus and on the international stage.

Social capital

5



II. Economic Transformation

6 | Level of Socioeconomic Development

According to the 2021/2022 UNDP Human Development Report, Belarus is ranked 60th out of 191 countries, with a score of 0.808. While this still places Belarus among the countries with very high human development, it marks a decline of seven ranks from previous years. This drop in ranking reflects a deterioration in three key indicators: life expectancy, which stands at 72.4 years, years of schooling, which exceeds 15.2 years, and gross per capita income adjusted for purchasing power parity, amounting to \$18,849.

The World Bank reports that Belarus boasts the lowest poverty rate in the CIS and one of the lowest Gini coefficients globally, at 24.4. This achievement is attributed to redistributive policies, government regulations such as guaranteed employment, and state subsidies for the manufacturing and agricultural sectors. Extreme poverty, defined as an income of less than \$2 per day, affects less than 1% of the population. However, a larger portion of citizens falls into the low-income category. Nonetheless, the percentage of people living below the poverty line has decreased significantly, dropping from 41.9% in 2000 to just 3.9% as of early 2023, according to data from Belstat, the country's official statistics office.

The gap between the regions has increased in recent years, prompting people to migrate to the capital, Minsk, or abroad. In 2022, Minsk (30.8%) and the Minsk region (18.8%) accounted for 49.6% of the country's gross domestic product (GDP).

Economic indicators		2019	2020	2021	2022
GDP	\$ M	64410.1	61371.8	69673.7	72793.5
GDP growth	%	1.4	-0.7	2.4	-4.7
Inflation (CPI)	%	5.6	5.5	9.5	15.2
Unemployment	%	4.2	4.1	3.9	4.2
Foreign direct investment	% of GDP	2.0	2.3	1.8	2.2
Export growth	%	1.0	-3.7	10.1	-20.8
Import growth	%	5.1	-7.4	5.7	-18.1
Current account balance	\$ M	-1245.8	-178.4	2157.3	2677.4
Public debt	% of GDP	41.0	47.5	41.2	41.3
External debt	\$ M	40734.1	41792.4	41653.7	-
Total debt service	\$ M	4509.3	4291.7	4344.0	-

Question
Score

Socioeconomic
barriers

7



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Economic indicators		2019	2020	2021	2022
Net lending/borrowing	% of GDP	2.4	-1.3	-	-
Tax revenue	% of GDP	13.3	12.0	-	-
Government consumption	% of GDP	16.8	17.0	16.8	17.1
Public education spending	% of GDP	5.0	4.9	4.6	-
Public health spending	% of GDP	4.1	4.5	-	-
R&D expenditure	% of GDP	0.6	0.5	0.5	-
Military expenditure	% of GDP	1.2	1.2	1.1	1.2

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Market competition operates within a weak institutional framework. However, given the evident structural crisis of the Belarusian socioeconomic model, as well as unfavorable external conditions, the government intends to facilitate business reforms before 2020.

Recent progress has been completely eroded by the 2020 post-election crisis, during which the state targeted private businesses that had been active during the initial wave of the pandemic, the election campaign, and the subsequent mass protests in 2020/2021. To penalize these businesses and curb their political involvement, the authorities increased taxes on individual entrepreneurs from 2020 to 2022.

Furthermore, in October 2022, a new price regulation system was introduced (imposing a ban on price increases), and there was a significant boost in spending on Belarusian state-owned enterprises (SOEs) to promote import substitution, which has squeezed out the private sector.

While there is no precise data on informal employment, experts estimate that the informal sector contributes to around 35% to 40% of GDP and employs up to 20% of the workforce. In an effort to formalize these jobs, the authorities have developed amendments to the tax code, enhanced the single tax system for individual entrepreneurs, and introduced a tax for the self-employed, starting in 2023.

Market
organization

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The legal basis for regulating competition is the Law on Counteracting Monopolistic Activity and Developing Competition. The law aims to ensure the necessary conditions for functioning commodity markets, fair competition and the protection of consumers' rights.

In 2016, Belarus responded to the requirements set forth by the Eurasian Economic Union by establishing a new centralized antitrust authority known as the Ministry of Anti-monopoly Regulation and Trade (MART). In 2021 and 2022, MART played a pivotal role in overseeing the government's efforts to regulate prices. Specifically, for approximately 350 groups of goods documented in Belstat's registries, any price increase necessitated both justification and approval from the relevant state administrative bodies.

Fast forward to November 2022, and we find that the anti-monopoly authorities of Russia and Belarus took a significant step by signing an intergovernmental agreement. This agreement, developed as a part of the Union Program on Common Rules of Competition, mandates that both countries must enforce their respective anti-monopoly laws equally on enterprises operating within the Union State.

It's worth noting that the Belarusian economy is characterized by a high level of monopolization in raw material markets and a substantial concentration of economic power within financial-industrial groups and holding companies. These challenges have been further compounded by adverse external and internal economic conditions, including the impact of Western sectoral sanctions. As of the beginning of 2023, the State Register of Natural Monopolies included 185 entities, while the Register of Economic Entities Holding a Dominant Position in Commodity Markets listed 857 entities.

Economic ties with Russia remain strong and are facilitated by Belarus' membership in the Eurasian Economic Union (EAEU) and the Union State. The EAEU Treaty establishes shared tariffs and coordinated non-tariff trade rules. Nonetheless, as of early 2023, there were 34 administrative constraints and eight market access barriers even within EAEU member states. Belarus is also obligated by the EAEU to align its tariffs with those of Russia and Kazakhstan in accordance with their WTO commitments.

In response to the political crisis of 2020, escalating Western sanctions, and an increasing reliance on Russia's support, President Lukashenko took a significant step on November 4, 2021, by signing the Decree of the Supreme State Council of the Union State titled "On the Basic Directions for Implementing the Provisions of the Treaty on the Union State for 2021-2023." This move led to the initiation of 28 programs that outline a practical framework for bolstering economic integration with Russia. Essentially, these programs require Belarus to adopt relevant Russian standards. However, these documents also address the contentious issue of energy supplies to Belarus, particularly in light of Russia's new hydrocarbon tax system, known as the tax maneuver.

Competition policy

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Liberalization of foreign trade

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In 2021, the average most-favored nation (MFN) tariff stood at 6.7%. However, following Russia's aggression against Ukraine, Western countries began to revoke MFN tariff treatment from both Russia and Belarus while imposing substantial sectoral sanctions. These developments reshaped the landscape of foreign trade for Belarus. Previously, the majority of Belarusian goods were both exported to and imported from Russia, accounting for 55.1% of exports and 63.4% of imports in the total foreign trade of goods in 2022. This is in contrast to 2021, when these figures were 41.1% and 56%, respectively. Prior to 2022, nearly 40% of Belarusian exports were destined for Western nations and Ukraine. However, in 2022, exports to both regions accounted for only 14.5%. In November 2022, Minister of Economy Alexander Chervyakov revealed that the halt in Belarusian goods exports to Europe resulted in direct losses of approximately \$6 billion. Nevertheless, it's important to note that roughly 80% of these losses were mitigated by the markets of China and Russia.

As of January 1, 2023, Belarus had a total of 22 registered financial institutions, which included one bank in bankruptcy and four non-bank financial institutions. Notably, 16 of these institutions had foreign participation, with 14 of them having a foreign share in the authorized capital exceeding 50%. The National Bank serves as the regulatory authority overseeing these financial institutions.

The registered authorized capital of operational banks had increased by BYN 2.5 billion since the beginning of 2022, reaching a total of BYN 9.1 billion as of January 1, 2023. Concurrently, the total assets held by these banks amounted to BYN 104.9 billion, marking a 6.6% increase since the start of 2022. Furthermore, the proportion of assets held in foreign exchange decreased from 51% on January 1, 2022, to 47.3%. Importantly, the regulatory capital adequacy stood at 21%, in contrast to the 17.9% recorded on January 1, 2022. Regarding nonperforming assets, they accounted for 5.3% on January 1, 2022, and decreased to 4.9% by January 1, 2023.

In 2022, both the European Union and the United States imposed sanctions on several Belarusian banks, which included institutions like Alfa-Bank, VTB-Belarus, Sber Bank, Dabrabyt, Belagroprombank, and the Development Bank. As a result of these sanctions, these banks were disconnected from the SWIFT financial messaging network. Notably, Belarusbank and Belinvestbank had already faced sanctions before the Ukraine-related conflict began in 2021.

The imposition of Western financial sanctions also had a notable impact on the dynamics of the banking sector in Belarus. Government intervention played a role in this shift of influence, leading to the imprisonment and criminal prosecution of top management figures in several banks, including Belgazprombank, PriorBank, and BelVEB. However, it is worth noting that the motivations and evidence behind these actions remain unclear and lack transparency.

Banking system

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8 | Monetary and fiscal stability

The primary goal of the National Bank's monetary policy throughout 2021 and 2022 was to curtail inflationary pressures, with a target of capping the Consumer Price Index (CPI) at a maximum of 6%. However, by the close of 2021, inflation had surged to 9.97%. In 2022, inflation continued to escalate due to factors such as the devaluation of the national currency, rising expenses stemming from adjustments in logistics and production chains, and a sharp increase in global prices for raw materials and food. All of this unfolded within the context of external sanctions imposed at the outset of 2022.

The repercussions of these developments became evident in February and March 2022, which saw increased volatility in the foreign exchange market, a growth in inflationary expectations and an outflow of bank deposits. To address this, price controls were introduced in October 2022, which helped temper the rise in consumer prices, ultimately reaching 12.8% in December 2022. Additionally, on March 1, 2022, the National Bank raised its refinancing rate from 9.25% to 12% per annum.

Between April and September 2022, the foreign exchange market stabilized following the earlier turbulence experienced between February and March 2022. As a result, international reserve assets were able to stabilize, ending the year at \$7.29 billion (compared to \$8.425 billion at the end of 2021). Notably, the real effective exchange rate of the Belarusian ruble, calculated using the Consumer Price Index (REER), exhibited a 3.81% increase in December 2021, which was subsequently followed by a decline of 3.31% in December 2022.

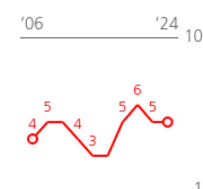
In 2021, the year concluded with a negative budget balance of 0.6% of GDP, which was a significant improvement from the initial target of 2.6% of GDP. This reduction in the deficit was primarily attributed to the growth of tax revenues and a moderate growth in budget expenditures. Moving into 2022, Belarusian authorities made changes to the classification of a significant portion of financial statistics, but the planned budget deficit for the year was set at 1.6% of GDP.

As of June 1, 2022, Belarus's public debt stood at \$22.4 billion, equivalent to 33.0% of GDP, reflecting a 4.3% decrease since the beginning of 2021. By January 1, 2023, the gross external debt of Belarus had reached \$39.7 billion, accounting for 54.3% of GDP, with a notable reduction of \$2.2 billion or 5.3% during 2022.

One significant risk factor remains the high proportion of foreign exchange debt, currently at 98%, particularly concerning the backdrop of reduced foreign exchange revenues and reserves. Moreover, the limited options for external borrowing, with Russia and China as the primary choices, exacerbate this risk. However, an important development occurred on April 6, 2022, when authorities decided to service the external debt exclusively in Belarusian rubles, specifically for creditors from countries classified as unfriendly.

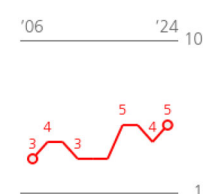
Monetary stability

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Fiscal stability

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9 | Private Property

Property rights are guaranteed by the Civil Code. Mortgages are available, and the property registry system is reliable. The Belarusian Land Code denies foreign legal entities and individuals the right to ownership, instead granting them the right to lease land parcels for up to 99 years.

The country has created a one-stop shop for property registration, introduced a broad administrative simplification program with strict time limits for the registration process and has digitized its records. These reforms have positioned Belarus as a leading global reformer in this regard.

Despite these advancements, the practical protection of private property within the legal system is not absolute. There have been instances where companies and organizations, despite having signed leases, faced the risk of property seizure by government bodies. Expropriation, at times, takes the form of de-privatization. Consequently, the government has occasionally pursued majority ownership in joint-stock companies under various pretexts, often citing the need to protect the interests of employees in financially struggling firms. In recent years, there have also been cases of business property confiscation as a penalty for legal violations, particularly in cases of tax evasion. Furthermore, since the onset of the 2020 political crisis, government actions have targeted private businesses, accusing them of political disloyalty, thereby facilitating expropriations.

On July 1, 2022, the government ordered the blocking of shares held by investors from what they term “unfriendly countries,” which includes EU member states, the United States, Switzerland, and others. Subsequently, on January 23, 2023, the government expanded the list of restricted legal entities, now totaling 1,652. Additionally, on January 6, 2023, President Lukashenko signed a law authorizing the confiscation of property from citizens and companies engaged in actions deemed unfriendly to Belarus.

Private businesses play a significant role in Belarus’ economy, contributing to more than 40% of goods exports and accounting for 50% of the GDP. In 2022, non-state entities contributed 55.5% of payments to the budget, a 2.2% increase from the previous year (53.3% in 2021).

Although private businesses make a significant contribution to the Belarusian economy, Belarus has not fully harnessed the potential of its private sector. It has one of the lowest proportions of private businesses among European countries, with small and medium-sized enterprises (SMEs) accounting for less than 30% of gross value added (26.6% in 2021). The Socioeconomic Development Program (2016 – 2020) had aimed to raise the SME share to 40% by 2020, but this target was not met.

Property rights

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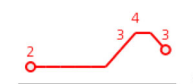
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Private enterprise

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As of May 1, 2022, there were 362,700 SMEs registered, comprising 81,700 micro-enterprises and 270,800 individual entrepreneurs. In early 2022, a majority of SMEs faced growing challenges, including high borrowing costs, burdensome administrative procedures, economic instability, monopolistic practices, and steep rental rates. These issues were compounded by disruptions in supply chains, shortages of raw materials, and rising prices. Furthermore, problems with bank payments due to Western sanctions and geopolitical shocks arising from Russian aggression against Ukraine, in which Belarus has been implicated, have exacerbated the situation.

Private businesses also grapple with increased scrutiny from government authorities, which is a major concern. According to a survey by the Confederation of Entrepreneurship, 89% of respondents supported a moratorium on inspections until 2025. Repressive measures against employees and companies that supported the 2020 protests, especially in the IT and service sectors, have intensified the brain drain and the relocation of businesses out of Belarus.

10 | Welfare Regime

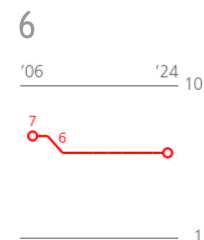
The Belarusian government has pursued a policy focused on centralized decision-making, aiming to achieve full employment and real wage growth in order to maintain living standards and stability.

Despite offering an array of social assistance programs, Belarus falls short in terms of income replacement compared to other European countries, according to the World Bank. Cash and in-kind benefits constitute only 4% of disposable income for the lowest 10% of households and a mere 1% for the second income decile.

The proportion of the population under the age of 14 is expected to decline from 18.3% in 2000 to 14.1% in 2025. Meanwhile, the proportion of individuals over 60 years old will rise from 19.2% to 25%. This aging population dynamic has strained the pension and health care systems. In 2022, life expectancy stood at 75.06 years (79.4 years for women and 69.3 years for men), approximately 9 years below the global average. Recognizing this challenge, the authorities initiated a pension reform, raising the retirement age to 63 for men and 58 for women in 2022, up from 62 and 57 as of December 2020. In January 2023, the average monthly pension reached BYN 630 (\$237), compared to BYN 545 (\$212) in January 2021, yet these pensions still fall short of ensuring a decent standard of living.

Belarus provides equitable and affordable health care services, albeit with efficiency and outcome-related shortcomings. Non-citizens can access the health care system but must pay for most services, while citizens receive them free of charge. Approximately 4% of GDP has been allocated from the state budget for health care over the past few years. Nonetheless, disparities in access to and quality of medical

Social safety nets



services persist between rural and urban areas, and there are restrictions on free prescriptions for certain medications, especially those produced abroad. Since the political crisis of 2020, the country has faced a severe issue of medical personnel leaving, which has resulted in more than 8,000 medical vacancies by the end of 2022.

According to the World Economic Forum's 2022 Global Gender Gap Index, Belarus held the 36th position among 146 countries. In terms of economic participation opportunities for women, Belarus ranked positively at 81.8%, but the assessment for political opportunities was less favorable, standing at 21.6%. The Gender Inequality Index in 2021 positioned Belarus at 29th out of 188 countries, with a score of 0.104. Notably, women occupied 34.7% of parliamentary seats, and an impressive 97.5% of women had at least a secondary education, contributing to a remarkable literacy rate of 99.9%.

The United Nations has identified several pressing concerns, including the absence of specific legislation addressing domestic violence, the lack of a legal definition of discrimination, inadequate law enforcement and the relatively limited capacity of institutions dedicated to gender equality issues. The 2022 Human Development Report, however, revealed that Belarus experiences a modest 5.3% loss in human development due to inequalities, a relatively favorable figure compared to neighboring countries.

Over the years, the gender wage gap in Belarus has grown from 19% in 2001 to 27% in 2021. This gap is attributed to two primary factors: women's disproportionate employment in lower-paid sectors like education, health care, and social security, and their under-representation in higher-paid positions across various sectors. Furthermore, women hold significant management roles in 28.3% of micro-companies, 19.4% of small enterprises, and 18.9% of medium-sized companies.

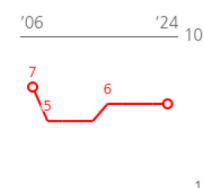
Since the 2020 political crisis, female political activists have been subject to gender-specific intimidation tactics, including threats of sexual violence and the denial of basic sanitary needs for those detained.

Despite progress, certain groups still encounter economic and social barriers in Belarus, including Roma, people with disabilities, LGBTQ+ individuals, migrants and specific religious communities.

The protests of 2020 exacerbated social inequality and politically driven differentiation. Law enforcement agencies and subsequently other public sector organizations, such as budgetary entities and state-owned enterprises, underwent political purges, leading to the dismissal of individuals involved in protests or the non-renewal of their contracts. In small towns, these individuals faced difficulties finding work in the private sector due to concerns among employers about hiring them.

Equal opportunity

6



11 | Economic Performance

In 2021, economic growth accelerated to 2.3% of GDP after a COVID-related recession in 2020 (-0.9%). The main growth generator was external demand, comprising three components: 1) the rapid growth of exports (+9.9%); 2) the weakened growth of the physical volume of imports (+5.2%); and 3) the significant improvement of the terms of trade, especially in the second half of the year. Import prices rose at a slower rate than export prices, with the key damper being specific preferential conditions for the purchase of Russian energy, which Lukashenko managed to secure from the Kremlin.

In 2022, the GDP of Belarus dropped by 4.7% owing to a decrease in industrial production (-5.4%), wholesale and retail trade (-17.8% and 3.7%, respectively), and transportation (-25.4%). This decline was a consequence of the loss of export revenues and the disruption of supply chains due to unprecedented Western sanctions. However, a few sectors did experience growth, notably agriculture (3.6%) and the mining industry (2.5%).

Fixed capital investment fell by 19% to BYN 27.84 billion (\$10.62 billion). In 2022, the net inflow of foreign direct investment grew by 15% compared with 2021, reaching \$1.5 billion – primarily from Russian investors.

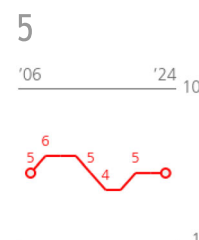
Foreign trade declined in 2022 by 6% and totaled \$76.9 billion due to Western sanctions that prompted a shift in trade routes away from Western markets to Russia, CIS countries, Africa and Asia. Consequently, both exports (down 4.2%) and imports (down 7.6%) decreased. Nevertheless, the surplus of foreign trade in goods and services soared to a record \$4 billion, equivalent to 5.8% of GDP.

In 2022, real wages declined by 3.6% for the first time since 2016. However, average nominal monthly wages experienced growth between January 2021 and December 2022, reaching \$502 and \$747, respectively. Inflation increased to 9.97% in 2021 and 14% in 2022.

After decreasing in 2021, the external public debt rose by 3.1% in January–September 2022, to \$18.8 billion as of October 1, 2022. In March 2022, the governments of Belarus and Russia signed agreements to modify the terms of Russian government financial loans amounting to \$1.4 billion, which included the postponement of.

Payments are scheduled from March 2022 to April 2023 and from 2028 to 2033, with the replacement of the floating rate with a fixed one.

Output strength



12 | Sustainability

In 2022, Belarus ranked 34th among 163 countries in the ranking of Sustainable Development Goals (SDGs), according to the Sustainable Development Report.

Since 2015, Lukashenko's administration has consistently reaffirmed its commitment to achieving the Sustainable Development Goals (SDGs). Belarus has adopted a National Strategy for Sustainable Socioeconomic Development for the period until 2030. The country has established a Sustainable Development Council, implemented an SDG National Reporting Platform, and maintains an SDG Roadmap.

Belarus has taken several steps toward achieving a low-carbon economy. The country has developed a national green economy plan, which is set to guide its efforts until 2025. Furthermore, Belarus has introduced an International Green Economy Index, a monitoring tool aimed at promoting green finance. In 2021, the nation established a target of reducing CO₂ emissions by at least 35% by 2030, relative to the emission levels recorded in 1990. Additionally, Belarus has implemented a national circular economy strategy that will be in effect until 2035.

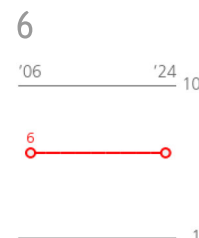
According to Belarusian civil society, it is impossible to implement the 2030 SDG Agenda without the comprehensive participation of the citizens of Belarus. One serious shortcoming is the lack of involvement of NGOs both at the development stage and the assessment stage. The government does not seek to engage independent expertise while assessing the actual results. For example, the achievement of SDG indicators in the area of poverty alleviation is solely based on a sample survey of households carried out by the State National Statistical Committee of Belarus (Belstat).

According to the 2021/2022 Human Development Report, Belarus maintains high positions in education. Although the years of schooling declined from 15.6 in 2018 to 15.2 in 2021, the country was on par with Japan (15.2) – but losing to Russia and Kazakhstan (15.8). Belarus is also on par with the world's most advanced countries in terms of primary and secondary school enrollment ratios. Gross enrollment ratios were respectively 94%, 105%, and 82% for the primary, secondary and tertiary levels in 2021. According to the World Bank, the educational system has a strong reputation in the areas of literacy, numeracy, technology and engineering.

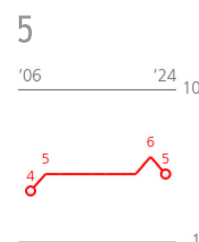
Public expenditure on education in recent years has amounted to 5% of GDP but decreased to 4.7% of GDP in 2021 and 2022. Government expenditures on R&D amounted to only 0.5% of GDP in 2021 and 2022 and were the lowest in Europe.

In 2022, Belarus moved down 15 positions and was ranked 77th in the Global Innovation Index (GII).

Environmental
policy



Education policy /
R&D



For some components of the index, Belarus's position significantly deteriorated. These include institutions (from 85th to 130th), infrastructure (from 59th to 67th), and technology and knowledge economy (from 37th to 40th). However, other points showed improvements: market development rose from 101st to 96th position, and there was also progress in "human capital and science," moving from 38th to 35th position.

However, the continuing ideologization of education, stronger control over students in universities, purges among academia, and brain drain of academics have led to a serious decrease in the quality of education and research.

Governance

I. Level of Difficulty

Belarus is one of the few landlocked countries in Europe. Its geographical location, at the crossroads of two pan-European multimodal corridors (II and IX), favors the establishment of logistics centers along the routes that connect Europe and Asia. However, the country is also landlocked in geopolitical terms, positioned at the crossroads of Europe and Russia. As a result, Belarus has become the subject of geopolitical tensions. These tensions intensified after the Lukashenko regime forcibly landed a Ryanair plane in 2021, deliberately triggering a migration crisis on the Belarus-EU border. In 2022, Belarus further exacerbated the situation by aligning with the Putin regime, inadvertently becoming entangled in a logistical blockade.

For a while, the Belarusian authorities tried to capitalize on their geopolitical position by playing the role of a regional security provider and offering a neutral venue for negotiations on the Russia-Ukraine conflict until 2020. However, after the post-election crisis in 2020 led to increased pressure from the West, the Lukashenko regime pledged its geopolitical loyalty to Russia and switched sides, providing Russian troops with Belarusian territory to invade Ukraine on February 24, 2022. As a result, Belarus has turned from a provider of regional security and stability into a source of challenges and threats to European security.

Belarus has a high degree of ethnic and religious homogeneity. The country's workforce is comparatively well-educated, but this is a legacy of the Soviet system. The main problem is the declining quality of education, which has been sacrificed for higher enrollment numbers – as well as an increasing brain drain from the country – as a result of domestic political repression and geopolitical tensions.

Western sanctions, as a result of the post-2020 election crisis and the country's involvement in Russia's war against Ukraine, have undone the advancements made in recent years in terms of international standing, economic restructuring and political openness. Furthermore, these sanctions have worsened preexisting and hidden disparities in the socioeconomic structure. These developments have compelled the regime to pursue closer economic and military-political collaboration with Russia in return for political, military and economic assistance from the Kremlin.

Structural
constraints

6

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1

Spring 2021 was a pivotal moment for most civil society organizations (CSOs) following Lukashenko's demand in April to dissolve CSOs and foundations not under government control. The Belarusian authorities argued that the crackdown on civil society within the country was in response to pressure from Western sanctions.

In the first half of 2021, new laws legalized the repressive actions that had been utilized solely arbitrarily in 2020. These laws have been widely employed against dissidents, political opponents, members of political parties, human rights defenders, journalists, leaders and activists of CSOs and informal groups, participants and initiators of protests, and individuals who have publicly expressed their disagreement with the authorities. Searches, arrests, tax inspections, and charges against relatives of activists and politicians, including individuals who have departed Belarus, also experienced a significant increase in 2021. The websites of the dissolved CSOs are largely blocked within Belarus.

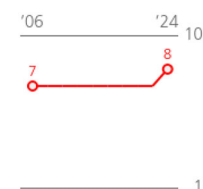
The rights to peaceful assembly and freedom of expression have virtually disappeared. Since the second half of 2021, even criminal or civil prosecution for dissemination of information in private correspondence or “storage of extremist materials” on personal smartphones has become frequent.

Not surprisingly, under such circumstances, many CSO representatives chose to emigrate – or were forced to flee the country. Contacting groups in Belarus and involving new people in their activities has obviously suffered. However, solidarity foundations that emerged after 2020 (such as BYSOL, BYPOL, medical and sports solidarity foundations, and the Belarusian Rada of Culture) have adapted their activities to the new conditions and continued to help their audiences – despite facing criminal cases filed against them on the pretext of “financing of activities of an extremist formation.”

According to the Lawtrend Legal Transformation Center, in 2021 and 2022, almost 800 CSOs were liquidated by the Belarusian authorities. In an attempt to destroy real civil society, the authorities simultaneously made attempts to imitate it. This somehow helped activate large organizations that used to play a decorative role only, such as the Federation of Trade Unions (with about four million members), the Belaya Rus public association (with more than 190,000 members and over 8,000 grassroots organizations to be transformed into a pro-regime political party), and the largest youth organizations (the BRSM Youth Union with 400,000 members and the Belarusian National Pioneer Organization with over 660,000 children).

Civil society
traditions

8

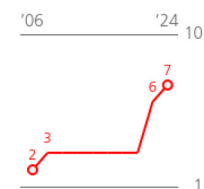


The Belarusian authorities have responded to the 2020 post-election mass protests with an unprecedented level of repression, including large-scale arrests and the imprisonment of peaceful protesters. In the confrontation, two competitive social spaces emerged – pro-regime and protest-democratic. In trying to suppress their opponents, the Lukashenko regime actually created a situation that can be defined as an “internal occupation” with a reliance on the security apparatus, systemic repression of society and the Russian military presence.

After the start of Russian aggression against Ukraine on February 24, 2022, a decentralized anti-war movement was organized in Belarus, with partial coordination by initiatives of ex-military formations and cyberpartisans. Within the Ukrainian Armed Forces, several volunteer units composed of Belarusians were organized, which later merged into the Kalinovsky Regiment. One of the goals of the Kalinovsky Regiment is the de-occupation of Belarus from Russian troops and a change in regime.

Conflict intensity

7



II. Governance Performance

14 | Steering Capability

The political leadership claims that it pursues long-term goals, usually determined by the five-year national socioeconomic development programs, but these are regularly supplanted by short-term interests. In the past, reforms and greater international engagement – especially with the West – usually coincided with a crisis in relations with Russia. Conversely, conflicts with the West pushed Belarus closer to Russia in search of political, economic and even military support. This has prevailed in unprecedented proportions since the 2020 post-election crisis.

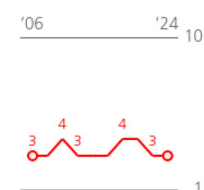
There are no strategic planning bodies, and independent expertise is not used in policymaking, although authorities established the Belarusian Institute for Strategic Research in 2019. Three institutions effectively manage all spheres of life in Belarusian society and the state: the Security Council and the presidential administration (political and strategic matters), the government (economic matters), and the security apparatus (security-related matters).

Hardliners, especially those in law enforcement agencies and the security services, tend to favor stronger links with Russia while seeking to hinder any market reforms or liberalization. Conversely, certain technocrats were formerly in favor of limited modernization and strengthening economic ties with the West. Despite the introduction of Western sanctions in 2021 and 2022, the government was directed to continue operations in Western markets whenever feasible, even though deepening economic integration with Russia and shifting economic ties to non-Western markets were proclaimed as the primary focus.

Question
Score

Prioritization

3



After the 2020 presidential elections, the influence of the security apparatus reached its highest point, and the technocrats lost their grip on the government. This occurred due to significant personnel purges. As a result of these purges, there has been a decline in expertise. Despite the exceptional circumstances under which the cabinet led by Roman Golovchenko had to operate in recent years, the government continued to prioritize business as usual and behaved as though nothing out of the ordinary had occurred.

The strategic task of the ruling class in 2021/2022 was to consolidate the security bloc and the state and public sector around Lukashenko. The state apparatus continued the transition to a wartime regime. The activities of state agencies themselves have been subject to military discipline, and any attempts to challenge ideological guidelines have been equated almost with high treason.

The government has set ambitious tasks in the socioeconomic development program for 2021 to 2025 but failed to comply with its main parameters and goals in 2021 and 2022. According to officials, this was due to the unfavorable external environment, including increased Western sanctions, as well as the introduction of large-scale sanctions against Russia in the wake of its aggression against Ukraine.

Whereas previous programs were fulfilled at best by 30% to 40%, this time the forecast is more symbolic. For example, only three of the 13 indicators approved in the program for 2016 to 2020 were achieved: the growth of industrial production by 12% (the target being 10% to 15%), the ratio of foreign trade to GDP, and the growth of real disposable incomes of the population by 14.2% (the target being 9.5% to 11.6%).

Over the past five years, GDP grew by only 3.5% – considerably lower than the official target of 12% to 15%. Investments in fixed capital decreased by 8.6% over the same 5-year period, significantly below the forecasted growth of 15%. Exports of goods and services, on the other hand, experienced a growth of 11.7%, falling short of the target range of 21% to 25%. Looking ahead, the program for 2021 to 2025 sets even higher growth rates, despite the increasingly unfavorable external conditions.

The 2020 post-election political crisis demonstrated the failure of authoritarian borrowing – borrowing best practices from similar regimes and learning from its own mistakes – and pre-emptive authoritarianism, the ability to anticipate changes and take pre-emptive steps, by the Lukashenko regime.

Since 2020, Lukashenko has been practicing a strategy of escalation dominance in both domestic and foreign policy, attempting to compel its internal and external opponents to make concessions and accept the regime's conditions.

The escalation of repression within the country, the provoked migration crisis on the Belarusian-European border, and the support for Russia in its war with Ukraine have not, as expected, resulted in concessions from the West or restored internal legitimacy to the Lukashenko regime. Consequently, this strategy has instead led to a loss of control, increased pressure from the West, and even greater delegitimization of Lukashenko.

Implementation

3

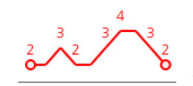
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Policy learning

2

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The political culture of Lukashenko's regime does not entail admitting mistakes, making concessions or rolling back actions under external or domestic pressure – which is seen by Lukashenko as a manifestation of weakness. The tools commonly used to learn lessons, such as monitoring and evaluation, observation and knowledge exchange of good practices, and consultation with experts and practitioners, are not popular with government officials.

15 | Resource Efficiency

In recent years, the Belarusian economy has faced a series of external and domestic shocks related to the COVID-19 pandemic and economic sanctions adopted after the 2020 post-election crisis and in response to Belarus' involvement in Russia's military invasion of Ukraine. Nevertheless, technocrats from the National Bank and government have managed to keep the economic situation under control.

According to the World Bank, increased trade with Russia – driven by higher prices rather than volumes – only partially mitigated these losses. However, preferential gas and oil prices have cushioned the impact of the external shocks by lowering energy bills for industrial consumers. While businesses have been trying to adapt to the sanctions-driven environment, the authorities have been counting on a 2022 economic support package that includes some business liberalization measures.

The use of suboptimal transport routes and financing mechanisms increases transaction costs and weakens the price competitiveness of exports. The shortage of inputs creates constraints for producers, which are only partially alleviated by “parallel” imports. Import substitution – initially focused on the production of automotive, agricultural and microelectronic components – is unlikely to address these immediate supply-side bottlenecks. To finance these policies, the authorities are seeking to attract \$1.5 billion from Russia.

In mid-July 2022, international credit rating agencies reported a sovereign default, as interest payments on the 2027 Eurobonds were made in local currency instead of foreign currency. Sanctions on the financial sector deprive banks of the ability to borrow abroad. In this situation, external financing needs could only be met through bilateral borrowing – from Russia and/or related financial institutions.

According to the IMF, the large state-owned enterprise (SOE) sector remains a drag on the economy and needs to be reformed. While SOEs are considered to provide stable employment, a significant number of enterprises are unprofitable and rely on budget subsidies and subsidized loans.

According to studies conducted by the Belarusian Institute for Public Administration Reform and Transformation (BIBART) in 2022, the main weaknesses of the public administration system in Belarus are attributed to the overall imbalance of the political system. Ministries are primarily focused on executing directives from the presidential administration and the Security Council, rather than being involved in policymaking.

Efficient use of assets

3

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The state also lacks an adequate legal framework to regulate public service and public administration. Vacancies are not advertised for open and inclusive competition. There is widespread nepotism in hiring and appointments to senior positions. Additionally, there is no proper system for recruiting qualified professionals or offering career advancement opportunities to the most effective employees. The main criterion for appointment to government positions is loyalty. The main instrument of personnel policy is direct appointment, with the presidential administration serving as the main staffing body.

Local self-government is practically nonexistent in Belarus. Local councils of deputies, who are appointed rather than elected, de facto approve only draft budgets. They are neither accountable to citizens nor interested in resolving local issues. Similar to members of parliament, they form an integral part of the “power vertical.” Budgeting follows a strictly top-down, hierarchical and centralized approach.

The Belarusian political system is highly centralized, with Lukashenko acting as a strategic referee between state institutions and informal elite groups. The presidential administration has been sitting at the apex of the power vertical but has recently primarily been performing technical functions, ceding much of the political and strategic planning to the Security Council. Subordinate structures are expected to implement commands, and there is no horizontal oversight between different branches of government. This has led to a situation where there is a lack of accountability, and even high-ranking authorities attempt to avoid responsibility.

During 2022, the Belarusian establishment managed to restore public trust in state institutions through populist measures. The security services retained the largest apparatus compared to the civilian agencies, along with a strengthening of ideology in the public sector, as well as the restoration of Soviet practices to cultivate population loyalty.

The authorities have implemented a policy of consolidating assets, which has involved establishing holdings and state corporations. These measures have allowed state-owned enterprises (SOEs) to restructure their debt and reduce their workforce. Furthermore, the government’s plans include increasing the tax burden on the private sector and pushing private companies out of profitable sectors of the economy, such as wholesale and retail trade. The financial flows in these sectors are intercepted either by entrepreneurs closely aligned with the authorities or by state companies, such as the Presidential Property Management Department. The resources acquired through this approach are intended to be invested in SOEs or projects led by entrepreneurs connected to the authorities. Consequently, a distinct incentive system and principles of governance have been established.

Policy
coordination

4



Belarus possesses well-developed anti-corruption legislation that encompasses provisions found within the Criminal Code, Administrative Code, Law on Public Service and Law on Combating Corruption. Since 2021, the country has implemented a national anti-corruption strategy that remains valid until 2030. Additionally, on December 30, 2022, the parliament passed a law titled “On Amendments of Laws on Combating Corruption,” aimed at enhancing the efficiency of preventive anti-corruption mechanisms.

The country’s regulations require that any potential conflict of interest in government procurement be addressed. This is an important area because public procurement is considered one of the most corrupt sectors in the country.

In general, 1,500 to 2,000 corruption crimes have been recorded annually in Belarus. However, in 2022, the number of detected crimes in this area increased by almost 35%, which, according to the General Prosecutor’s Office, indicates its effectiveness. The majority of corruption crimes were committed in agriculture, industry, construction, transport, medicine and education.

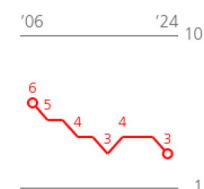
However, anti-corruption regulations are vague and require improvement. They have also been poorly enforced, and officials continue to engage in corruption. Moreover, Lukashenko frequently instrumentalizes the fight against corruption to increase his popularity and discipline members of the elite. By contrast, petty corruption is relatively limited.

In an unprecedented move on March 19, 2019, the Group of States against Corruption (GRECO) publicly declared that Belarus failed to comply with the anti-corruption standards of the Council of Europe. Out of the 24 recommendations made by GRECO to Belarus in 2012, 20 were not followed, and the remaining recommendations were only partially implemented at a “generally unsatisfactory” level. The majority of the recommendations focused on fundamental requirements, such as enhancing the independence of the judiciary and curtailing immunity protection. This assessment was reiterated in the 22nd GRECO General Activity Report (2021).

Belarus has never authorized the publication of any evaluation or compliance report by GRECO. CSOs and independent media outlets struggle to participate in anti-corruption efforts or hold the government accountable, as they are unable to access data on corruption, and journalists are often jailed for reporting on corruption. In fact, Belarus has never included mechanisms such as citizen and media access to information, accountability of officeholders or codes of conduct in its concept of fighting corruption. The only area with some transparency is the public procurement system.

Anti-corruption
policy

3



16 | Consensus-Building

Consensus on policies is enforced from above, with Lukashenko at the top. In 2021, the ruling class failed to restore public confidence in state institutions. The siloviki, however, succeeded in purging the public space of protest manifestations. Throughout 2021/22, the regime maintained strong polarization and confrontation in society. The siloviki continued to demotivate supporters of change and enforce public political apathy through harsh repression.

Despite attempts to indefinitely postpone political transformation, in 2021 Lukashenko felt compelled to initiate a process of constitutional reform in an effort to modernize the political model. This decision was prompted by the demands of the loyal segment of society that had supported Lukashenko during the 2020 post-election crisis, as well as the pressure exerted by external actors, particularly the Kremlin.

The constitutional referendum held on February 27, 2022, gave hope that the Belarusian regime would restart the political process in the country. Officially, 82.86% of the electorate voted for the constitutional amendments. However, the regime continued to deny opponents any dialogue, not to mention influence over the course of the state. Instead, Lukashenko is trying to secure comprehensive guarantees for himself and create a wide range of opportunities for the next decade. Even if he steps down as head of state, he expects to maintain full control over the political system by granting constitutional status to the All-Belarusian People's Assembly (ABPA) and granting it the broadest possible functions, including control over the security forces and any future president. Lukashenko is personally seen as the head of the ABPL.

According to the Program of Activities of the Government for the period up to 2025, which was adopted at the end of 2020, creating a favorable business environment for a competitive and adaptive entrepreneurial sector was among the priorities. However, the 2020 post-election crisis and Minsk's involvement in the Russian aggression against Ukraine have led to an erosion of the institutional environment and the destruction of economic confidence, including trust in the national currency. This has also come about as a result of the repression of the business community after 2020. Therefore, it is very likely that this program will suffer the same fate as its predecessors, namely that the most important and ambitious goals will remain only declarations.

Consensus on goals

2

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Apart from the president, the main anti-democratic actors in Belarus are the law enforcement and security agencies, known as the so-called siloviki. This sector is traditionally oriented toward Russia because, in their minds, economic reforms and improved relations with the West will lead to political liberalization and social protests, ultimately threatening their influence.

Between 2021 and 2023, the siloviki continued to enhance their influence and exerted control over all aspects of society. Numerous roles in the power vertical, the public sector of the economy, and even pro-government non-governmental organizations (NGOs) were occupied by individuals from the security and law enforcement sector.

Repression gradually expanded and involved not only the protest activists and demonstrators of 2020 but also any dissenters, including those previously considered sympathetic to Lukashenko. The state legalized the repression and persecution of political opponents, labeling any criticism of the regime as “extremism.” Lawmakers continued to introduce new regulations to restrict the rights and freedoms of opponents.

Media propaganda supporting the regime is provided by a whole group of media persons (Mukovozchik, Azarionok, etc.) who regularly use hate speech, provoke diplomats, insult, and incite hatred against opponents of the government or against people and organizations whose activities are seen as hostile to the current regime. At the same time, none of the propagandists receive punishment in accordance with the current legislation and regularly appear on screens alongside government officials.

Prior to the political crisis of 2020, there was some rivalry among different state institutions. Contradictions arose between the goals and interests of various ministries, with supposedly liberal ministries proposing economic reforms while security ministries proposed repressive measures. As the political crisis worsened after 2020, it became evident that the competition between state agencies was resolved in favor of the security bloc. They were granted carte blanche in a situation where the main objective is to maintain Lukashenko’s hold on power.

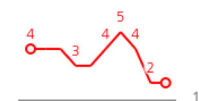
Faced with a deep crisis of public confidence in 2021, the ruling class managed to gradually restore public confidence – ratings crossing the 50% threshold – in state institutions only in 2022. This happened because of:

- a gradual consolidation of the state apparatus and then the population around the personality of Lukashenko against the backdrop of the Russia-Ukraine war;
- de-politicizing supporters of change and limiting social and political activism by demotivating the protest movement through harsh repression;

Anti-democratic actors



Cleavage / conflict management



- the Lukashenko regime abstained from directly involving itself in the aggression on the territory of Ukraine;
- populist measures in price regulation;
- maintaining a high level of employment and operation of state enterprises, despite the economic downturn and sanctions;
- narrowing the audience of independent media through harsh purges and the gradual criminalization of the consumption of alternative information channels in the country.

The authorities perceive the solution to the sociopolitical crisis as requiring total repentance from the dissenting sector of society, acknowledgment of the victory of the authoritarian model, and compliance with increasingly anti-democratic regulations. Examples of conflict resolution, such as the Voskresensky initiative to release political prisoners or the Commission for Considering Applications for the Return of Emigrants, are often ineffective and unacceptable to opponents of the regime.

Since 2020, the situation of civil society in Belarus has become simply disastrous. From 2021 to 2022, approximately 1,000 non-profit organizations, including public associations, foundations, non-governmental institutions and associations, have been stripped from the public sector, with their activities being criminalized by the state. Additionally, since 2022, there has been an unprecedented crackdown on independent trade unions.

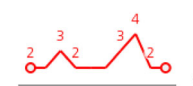
At present, practically all independent institutions of civil society in Belarus have been liquidated, and the authorities are trying to replace them with a new pool of GONGOs, which are affiliated with the state and dependent on it. Therefore, the commission and working groups on changes to the constitution, formed in the second half of 2021, and the interdepartmental commission to work with citizens wishing to return to Belarus after their emigration, created in early 2023, included only representatives and activists of loyal organizations.

The destruction of the legal space by the security services and attempts by the regime to resolve the political crisis by force led to increased support among pro-change activists for decisive action. Cyberpartisans started to damage the communications infrastructure (and revenues) of government agencies and state-owned companies and initiated a campaign to de-anonymize and demotivate security forces and officials by publishing scandalous records and materials. After Russia's invasion of Ukraine on February 24, 2022, they were joined by paramilitary groups of Belarusians in the Ukrainian Armed Forces, whose goal is to de-occupy Belarus from the Russian forces and bring about a change in the regime.

Public consultation

2

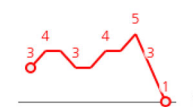
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Reconciliation

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Although Lukashenko attempted to appease his loyal supporters, the regime started to worry about anti-war sentiments due to Belarus's involvement in the war with Ukraine – despite the constitution prohibiting the use of Belarusian territory for aggression against other countries. Concurrently, the siloviki continued to suppress any anti-war expressions within the public sphere. State ideologists have been endorsing the Kremlin's narrative on Ukraine and gradually preparing loyalists for Belarus's potential participation in the conflict. Their argument revolves around the claimed existence of aggressive military intentions against Belarus from Kyiv and Western capitals.

In 2022, the Belarusian establishment refused to soften repression, despite initial intentions to grant amnesty to some political prisoners on National Unity Day on September 17. Instead, in early 2023, the authorities established an interdepartmental commission to work with citizens wishing to return to Belarus. The commission will consider the applications of citizens “who have committed administrative offenses or crimes of protest orientation in the period from January 1, 2020, until the beginning of 2023” – with very demanding requirements. These persons must repent for what they have done and inform the commission of their readiness to make public apologies after their return, compensate for any damages, comply with the constitution and legislation of Belarus, respect state symbols and national traditions, and consciously and actively perform their civic duties.

The authorities in Belarus employ historical interpretation to attain their aims of societal control. Specifically, they have organized a series of events aimed at tackling the alleged “genocide” against the Belarusian population during World War II. Simultaneously, the authorities are engaged in the official and covert destruction of graves belonging to soldiers of the Polish Home Army, along with monuments commemorating figures from Belarusian culture who are deemed anti-Soviet activists. Additionally, the history and significance of the Belarusian People's Republic are either suppressed or portrayed with a deliberately negative connotation.

17 | International Cooperation

The year 2021 was characterized by a growing confrontation between Belarus and Western countries. The forced landing of the Ryanair airplane on May 23, 2021, became a peculiar point of no return that transferred the confrontation between Minsk and the West to a qualitatively new level. Accordingly, the West increased the sanction pressure on Lukashenko step-by-step until complying with a number of conditions: the end of repressions, the release of political prisoners, and the holding of new presidential and parliamentary elections in accordance with OSCE standards. The latter's attempts to make the European Union and the United States contact him directly and recognize him as the legitimate leader by escalating tensions in the region through provoking the migration crisis and bragging about other threats (deployment of Russian nuclear weapons, holding military exercises with Russia) predictably brought no tangible success.

Effective use of support

3

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Even if, at the beginning of 2022, the Lukashenko regime made efforts to return to business as usual in its relations with the West on its own terms, Belarus' complicity in the Russian aggression against Ukraine after February 2022 has become another contentious point. Being perceived as a co-aggressor, the West intensified the sanctions pressure on the regime. However, in an attempt to prevent direct involvement of the Belarusian army in the Russian aggression, Western countries have so far left Minsk some room for maneuver, refusing to synchronize Russian and Belarusian sanction strategies.

As a result of the 2020 post-election crisis, international financial institutions have frozen their cooperation with the Belarusian authorities and instead prioritized collaboration with private businesses outside the country. In response to increasing sanctions pressure from the West, Lukashenko was compelled to endorse a package of 28 integration programs within the Union State, leading to deeper economic integration with Russia. Additionally, the strengthening of military and political cooperation between the two countries has further intensified following Russia's invasion of Ukraine.

In exchange for supporting Russia in the war against Ukraine, as well as consenting to deepen integration, Lukashenko managed to renegotiate a strategic deal that dates back to the 1990s. Russia had consistently violated the terms of this deal in the 2010s. As a result, Lukashenko secured preferential oil and gas prices, access for Belarusian industrial goods to the Russian domestic market, joint import-substitution programs, new loans and deferment on previous loans. As part of the agreement, Russia has also agreed to provide Belarus with access to railway and sea port infrastructure on preferential terms. This includes the option of constructing or acquiring a ready-made seaport in Russia to overcome the logistic blockade from the West.

The most crucial problem of recent years – the tax maneuver in the Russian oil industry and its negative impact on the Belarusian economy – was also resolved positively for the Belarusian side in the form of an inter-budgetary transfer aimed at compensating for the losses of Belarusian refineries from the tax maneuver in Russia.

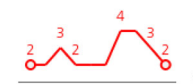
Until the beginning of 2020, Belarus had been widely commended for hosting a neutral platform for negotiations on the Russian-Ukrainian war. The country's contribution to regional stability was linked to the security guarantees Minsk had formulated for all neighboring states following the Russia-Ukraine conflict and Russia's subsequent geopolitical standoff with the West. Belarus sought to utilize this contribution in order to foster stronger relations with the West and prevent being drawn into Russia's confrontation with Western countries.

This strategy led to tangible results in 2015/2016, when the European Union lifted its sanctions on Belarus and the United States froze some economic restrictions. However, by 2019, this strategy had exhausted its potential, and Minsk did not achieve any breakthroughs in overcoming institutional constraints, such as lacking cooperation agreements, in its relations with the West.

Credibility

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The 2020 post-election crisis and mass repressions, as well as aggressive anti-Western rhetoric and actions, along with the migration crisis on the borders with neighboring EU states in 2021, nullified previous achievements. The fact that Lukashenko turned to Russia for assistance in suppressing the protests, along with a number of joint escalatory military initiatives, further contributed to this. Russia became the regime's indispensable mainstay.

However, the expectations that Minsk would be able to return Belarus to the regional security agenda and then impose a normalization of relations with the West on its own terms – for example, with the help of the joint military exercise with Russia “Union Resolve-2022” – did not come true. The exercise transformed into a military intervention by Russian forces in Ukraine from Belarusian territory. Although the Belarusian Armed Forces did not directly participate in the Russian invasion of Ukraine, Minsk's voluntary provision of its territory, airspace and military infrastructure turned Minsk into as much of a threat to European security as Moscow. In addition to the de facto permanent military presence of Russian troops at the end of 2022, Lukashenko announced the deployment of Russian tactical nuclear weapons in Belarus.

In 2022, the West immediately imposed sanctions and developed new packages of restrictions. These measures consisted of tightening sectoral economic sanctions and cutting off access to SWIFT (Society for Worldwide Interbank Financial Telecommunication), which includes access to financing through international financial institutions. Additionally, they involved limiting access to Western markets and imposing a technological embargo.

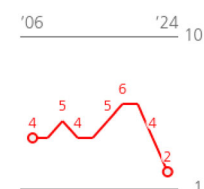
In 2022, the democratic forces and civil society in exile challenged the government in Minsk and partially delegitimized the Lukashenko regime in the international arena. They maintained influence on the agenda of relations between Western capitals and Minsk.

By accusing the Baltic states, Poland, the United States and Ukraine of provoking a political crisis after the presidential elections of August 2020, the Belarusian authorities, in fact, proclaimed the abandonment of their concept of the Belt of Good Neighborhood. Instead, Minsk has since consistently pivoted to the east amid growing sanctions pressure from the West. Since 2021, this pivot has manifested in the deepening of trade and economic relations, primarily with Russia, the reorientation of export and transit flows from Western markets to the Eurasian Economic Union (EAEU) and the Commonwealth of Independent States (CIS), as well as with “far arc” countries, primarily China and Iran.

Within the EAEU, Belarus actively promotes the creation of new high-tech industries through financial assistance for cooperative projects. It also focuses on developing logistical links and infrastructure, particularly international transport corridors North-South and West-East. This approach takes into account the new geopolitical realities

Regional cooperation

2



– the isolation of Belarus and Russia from the West and vice versa. Minsk also strives to convince CIS countries of the importance of enhancing self-sufficiency, expanding mutual trade and developing domestic markets. These efforts aim to safeguard them against external shocks and “illegitimate pressure” from the West.

In October 2022, Belarus applied for full membership in the Shanghai Cooperation Organization (SCO), citing geopolitical, economic and ideological reasons. In this respect, China is the primary target. Firstly, Minsk is seeking a new source of economic assistance due to the limited level of economic support from the Kremlin. Additionally, Minsk believes that Russia and China are forging an anti-Western alliance to undermine U.S. hegemony. Thus, becoming a member of this anti-Western coalition is a matter of geopolitical prestige. Consequently, the ideological basis of the country’s foreign policy and national identity has been shifting from a European (Western) to a Eurasian (Eastern) orientation.

However, strategic mistakes and miscalculations by the Belarusian authorities since 2020 have undermined Chinese plans to utilize Belarus as a logistical and industrial hub for the European market within the Belt and Road Initiative (BRI). Western sanctions have raised doubts about the sustainability of the “Great Stone” Chinese-Belarusian Industrial Park, particularly following the withdrawal of major Western investors like Duisburger Hafen. Moreover, Lukashenko has reneged on certain preferential tax regimes in the “Great Stone” park, contrary to previous assurances. Furthermore, in 2021, China removed Belarus from the Eurasian transit route within the BRI in response to the logistical blockade. China’s investment activities have also been affected by the additional risks arising from Minsk’s increasing alignment with the Russian aggression against Ukraine.

The geopolitical reorientation from Europe to Eurasia has also been manifested by the suspension or withdrawal from regional initiatives and international conventions. For instance, the EU Eastern Partnership (2021), the Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters, and the First Optional Protocol to the International Covenant on Civil and Political Rights (2022).

Strategic Outlook

The 2020 post-election crisis and its co-aggression in the Russian war against Ukraine have marked a tectonic shift in the political and socioeconomic model of Belarus, as well as its international standing. The country is unlikely to ever return to the status quo ante of recent years.

Lukashenko has managed to stay in power due to the consolidation of his loyal security apparatus and the administrative elite, as well as the political, financial and military support of Russia. However, in domestic affairs, the main challenges loom on the medium-term horizon. These challenges include the exhaustion of the distributive socioeconomic model, the government's inability to fulfill the terms of the social contract, and its failure to guarantee acceptable living standards and security for a significant portion of the population.

In the summer of 2023, Belarus will enter a new electoral cycle. Preparations have already begun for a single day of voting, scheduled for February 25, 2024. And within 60 days after the elections, the newly invented All-Belarusian People's Assembly (ABPA) should start working. Finally, presidential elections are scheduled for 2025. This electoral cycle is meant to ensure continuity and stability of the political system, marking its transformation into the "collective Lukashenko" regime. This concerns not only the person of Lukashenko but the entire Belarusian ruling elite and the entire system of Belarusian power.

Public trust in electoral processes, even before the events of 2020, was insignificant. However, after numerous falsifications, violations of the law and violence against the general public during the post-election protests, this trust has been completely destroyed. Despite this, Lukashenko expects to gain both the new position of Chairman of the Presidium of the ABPA and continue holding the presidency with the new constitution. The constitutional amendments allow for two additional five-year terms, potentially extending his presidency until 2035. This would give Lukashenko the discretion to hand over power to a loyal individual when he deems fit. In the meantime, he will continue purging the public space of all forms of protest, "internal enemies," opponents, and political rivals. His aim is to prevent a recurrence of the massive protests that took place in 2020 and ensure that nobody challenges his hold on power.

However, the most serious challenges to the stability of his political regime lie in the geopolitical domain and will depend on the outcome of the Russian-Ukrainian war. These challenges include the country's irrevocable loss of legitimacy and foreign policy agency in the international arena, increasing sanctions from the West, growing dependence on Russia, and even greater involvement in the Russian-Ukrainian war and confrontation with the West. The risks of the Russian-Ukrainian war escalating to encompass the territory of Belarus because of the presence of Russian troops, the deployment of tactical nuclear weapons on Belarusian territory (for potential use against Ukraine), as well as a possible joint Russian-Belarusian offensive against Ukraine, are beyond Lukashenko's control, even though he has been trying to avoid direct involvement in the war and present himself as a peacekeeper and provider of a negotiation venue for the final settlement of the conflict.

If Ukraine, backed by Western allies, is able to succeed in the war and inflict a strategic defeat on Russia, the Lukashenko regime will hardly survive. A Ukrainian defeat or a freezing of the conflict, according to the Korean model, would mark the fall of a new iron curtain – the perimeter of which would run along the border of Belarus. This scenario may secure the survival of Lukashenko's regime, at least in the medium term.