
Capital Budget of Belarus

Budget CoP (PEMPAL) workshop
Reform of Capital Budget Planning
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Presentation layout

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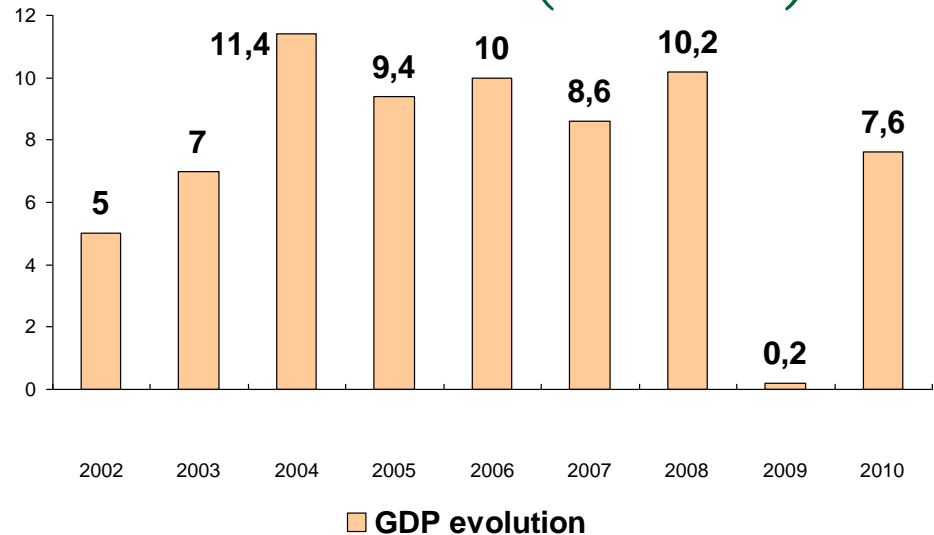
Belarus: Background Information

- **Area:** 207,000 km²
- **Population:** 9.5 mln people
- **GDP in 2010 :** 54.7 billion US dollars
- **GDP per capita:** 5,800 US dollars
- **Open export-oriented economy:** Belarus exports its goods to 156 markets and imports products from 174 countries
- **Main commercial partners:**
Russia - 46% of the turnover,
EU countries - 25%,
Ukraine – 7,4%

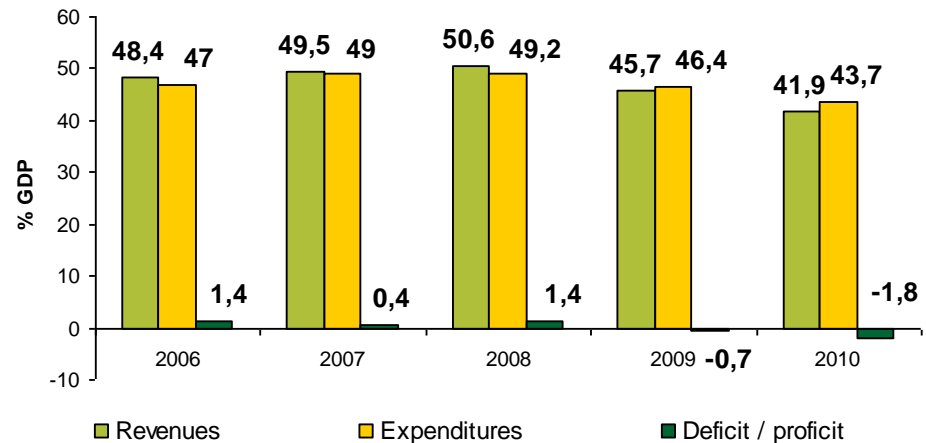


Belarus: Background Information (cont'd)

- Rapid economic growth – GDP doubled over 2000-2009

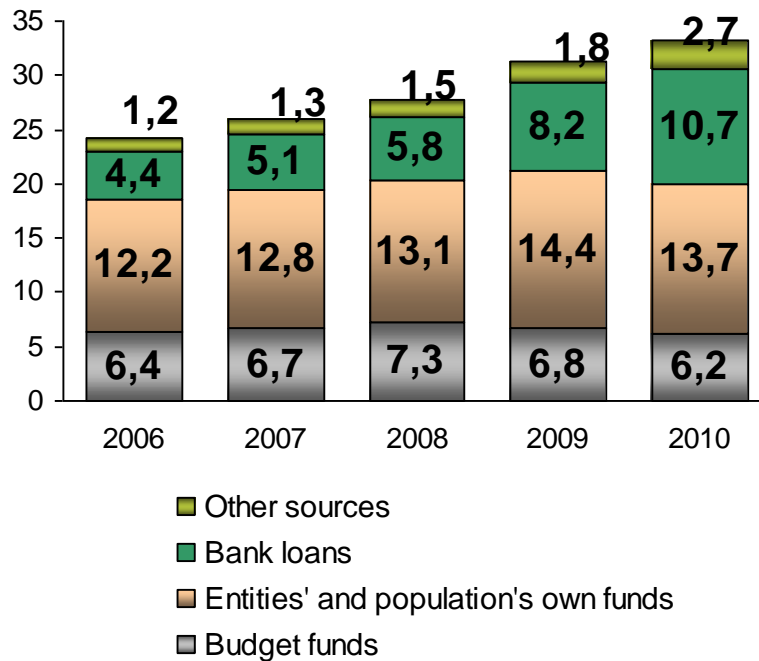


- Sustainable public finance – low budget deficit
- gradual decrease of tax burden, shrinking share of funds redistributed through budget

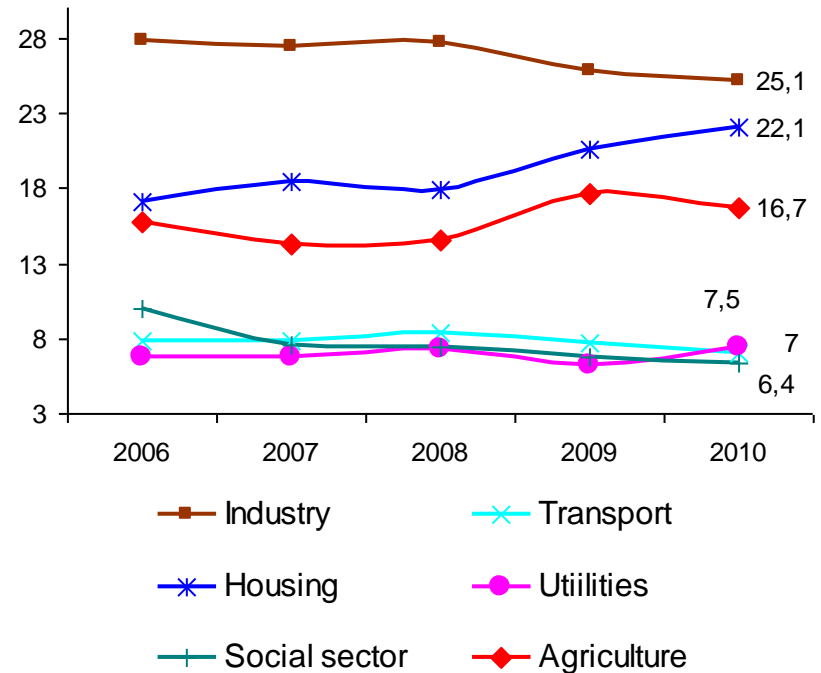


Sources and Structure of Investments in Capital Assets

By sources of funding (% GDP)

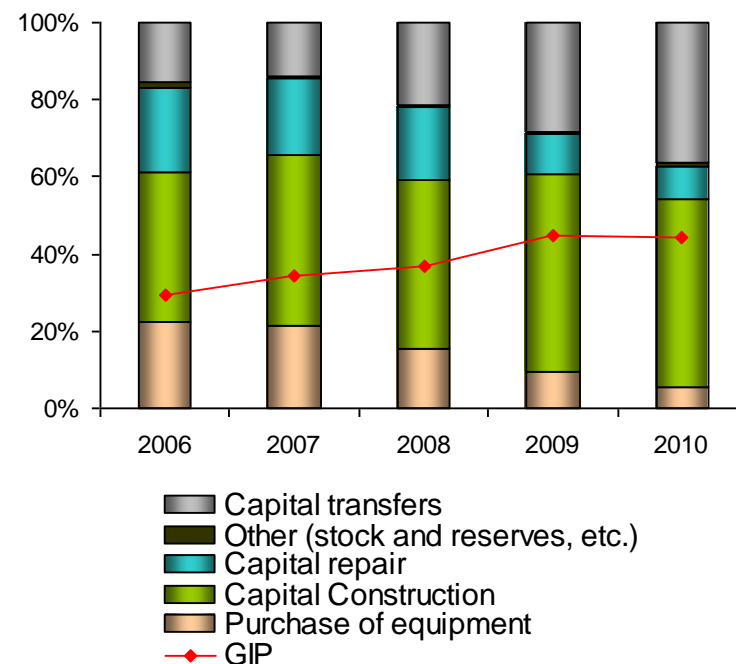
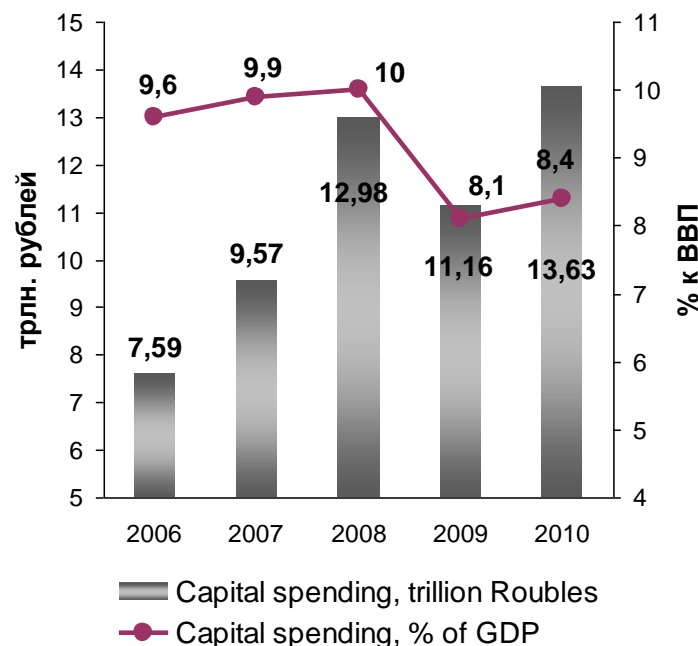


By sectors (% of the total)



(According to the Belarus National Statistics Committee)

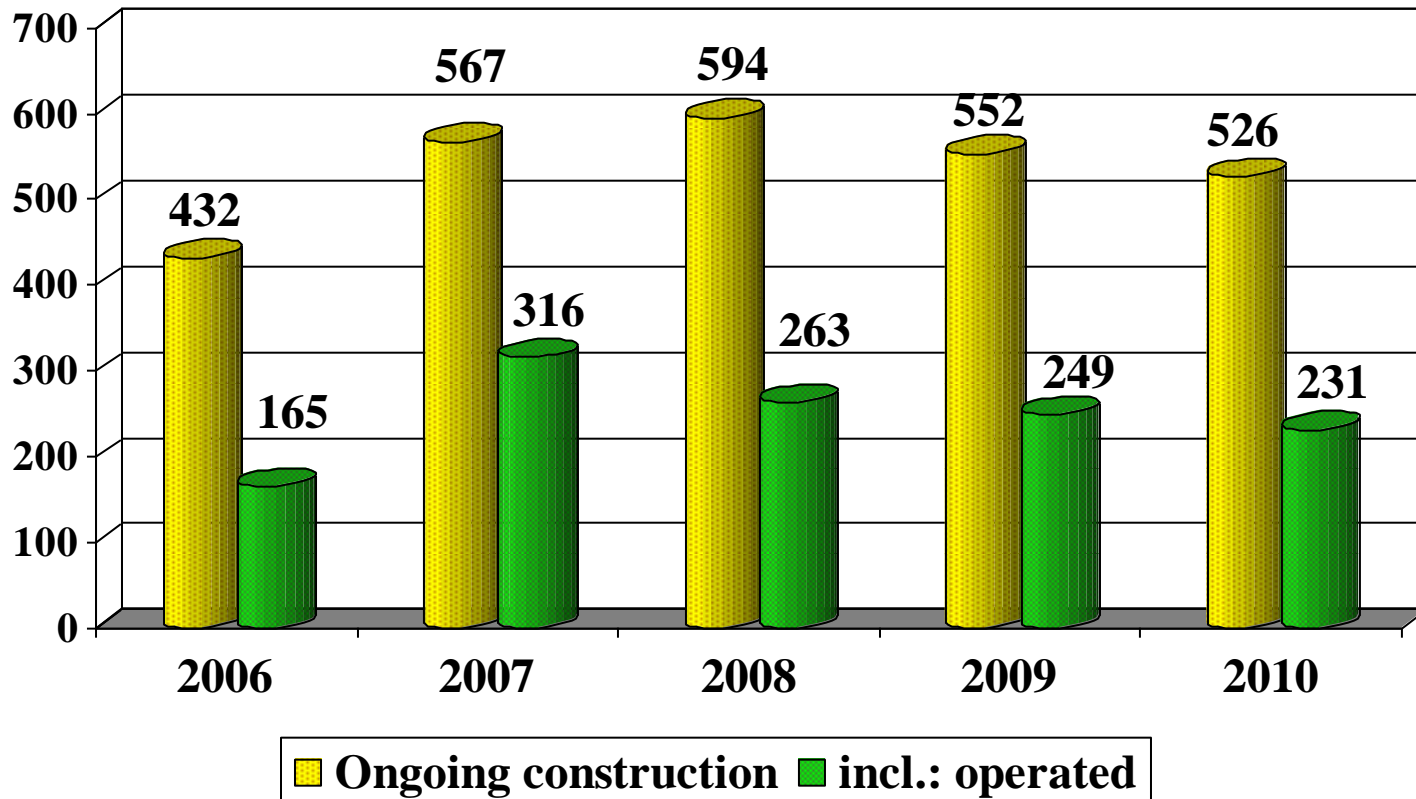
Capital Spending of the Belarus Budget



- a leading place by capital spending to GDP ratio
- Significant change in the structure of capital spending due to changing macroeconomic conditions
- It is necessary to increase effectiveness of public investments and develop public-private partnerships

Capital Spending of the Belarus Budget (cont'd)

Government Investment Program (GIP)



Capital Spending of the Belarus Budget (cont'd)

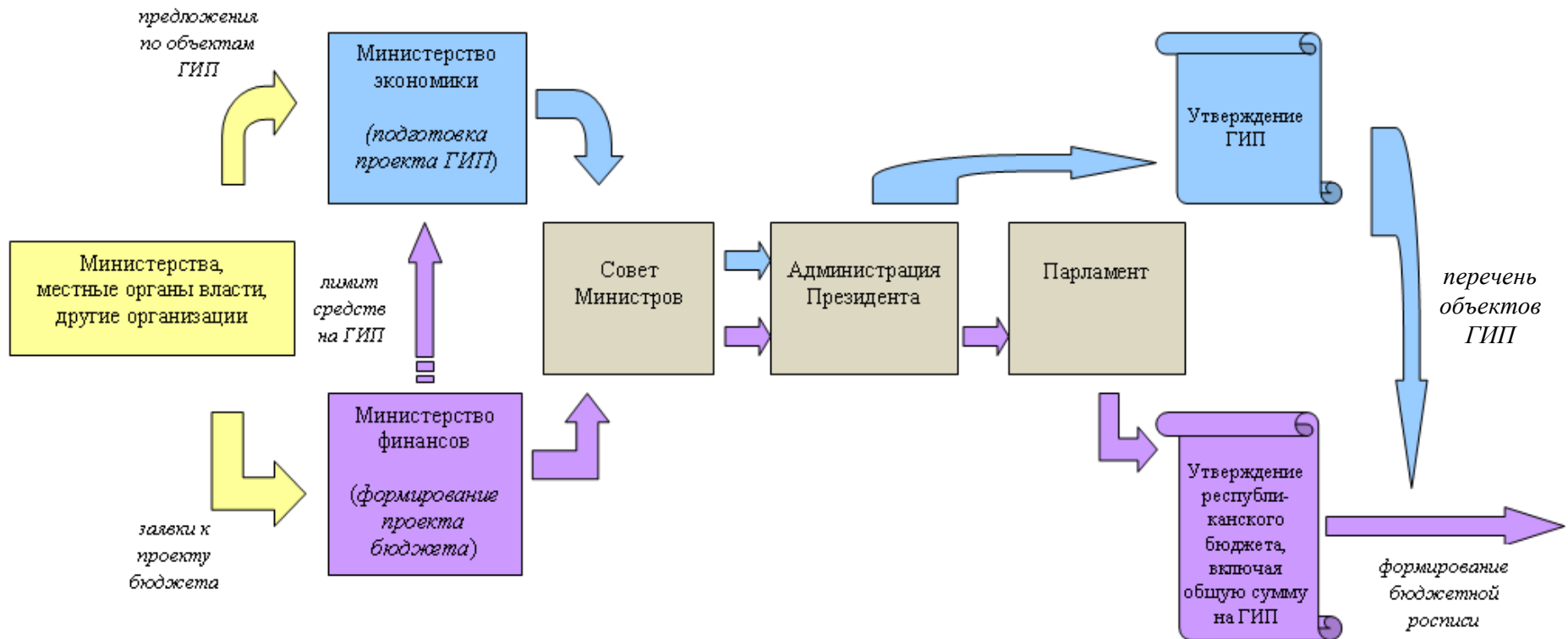
Strategic Planning – fundamental documents

- National Strategy for Sustainable Social and Economic Growth of the Republic of Belarus until 2020 (for 15 years)
- Social and Economic Development Program of Belarus for 2011-2015, approved through President's Decree no. 136 of 11 April 2011
- Government Development Programs for Sectors, approved by Government and President in order to enforce the above mentioned documents



Capital Spending of the Belarus Budget (cont'd)

Capital Spending in Budget Process



- it is necessary to integrate GIP preparation with budget preparation, to switch to middle-term GIP preparation

Capital Spending of the Belarus Budget (cont'd)

Principles of Government Investment Program

- Concentration of funds on operational facilities, as well as on non-operational facilities with a high degree of finalization (readiness)
- Availability of approved projects and estimates
- in case of public utilities: equal sharing of spending between central and local budget is required
- GIP is usually approved along with the Central (Republican) Budget Law
- After the GIP is approved, any additional objectives can be added to it only upon President's decision



Capital Spending of the Belarus Budget (cont'd)

Actual budget spending as related to original approved budget spending

	2007	2008	2009	2010
Total spending	112%	119%	107%	101%
Incl. capital	138%	147%	91%	134%

Capital spending of Public earmarked budget funds (PEBF)

	2006	2010
% PEBF in budget spending	17%	13%
% of PEBF capital spending in capital spending of the budget	42%	27%

- factors contributing to high effectiveness of capital spending execution before 2009
 - additional budget income
 - priority given to social investment
 - availability of ready-to-use projects and estimates
- forced decline in capital spending as a measure of budget consolidation in 2009

- increased competition and establishment of strategic priorities based on reducing number of PEBFs and, respectively, a decrease in capital investment redistributed through them

Conclusion

- Strengths of Belarus capital budget
 - detailed and timely planning of investment projects
 - independent appraisal of projects and estimates
 - highly efficient operations, well-developed treasury
- Priorities of improvement of capital expenditures management effectiveness
 - Integration of GIP preparation and evaluation of budget executors' proposals on capital spending
 - Switch to middle-term planning of public investment
 - Transition from monitoring of financial and technical features of project implementation to monitoring of outputs and outcomes of their implementation
 - Development of public-private partnerships

Thank you for attention !

