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MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **ANDREI V. KOPYAKOV**,  
Governor of the Bank for the **REPUBLIC OF BELARUS**,  
at the Joint Annual Discussion

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Governor of the Bank for the Republic of Belarus,  
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Dear Mr. Chairman,  
Ladies and Gentlemen,

First of all, I would like to express my gratitude to the Government of the United States of America and the authorities of Washington for their cordiality and hospitality and for a good hosting of the meetings.

This year is significant for our country. Ten years have passed since Belarus' accession to the World Bank Group and the IMF organisations. The republic's decision to become a member of these organisations was, undoubtedly, sound and made a beginning for our long-term mutual co-operation. Although, we have experienced different periods on this way, including the active co-operation (years 1992 through 1995) as well as periods of the relatively stagnant relations (years 1996 through 2000).

Since autumn 2000, the relations with the World Bank and the IMF have been improving. Already in 2001, the Government of the Republic of Belarus started to implement the IMF Staff Monitored Program that contributed to the current republic's market transformations and macroeconomic stability. Tightening of the monetary and fiscal policy, the foreign exchange market liberalisation made it possible for the country to assume obligations according to paragraphs 2, 3 and 4 of Article VIII of the IMF Articles of Agreement. Significant steps have been taken with regard to price liberalisation, more transparent fiscal sphere, phasing-out directed loans, strengthening the banking system, facilitating economic activities, and creating a more efficient targeted social safety net.

In 2001, a new Loan Agreement was also signed with the International Bank for Reconstruction and Development concerning the loan for the Belarus Social Infrastructure Retrofitting Project to the amount of 22.6 mln US dollars, and a new World Bank's Country Assistance Strategy for Belarus for the fiscal years 2002 - 2004 was approved in March 2002.

During this decade, the Republic of Belarus was financed by the IMF and the World Bank to the amount of approximately 500 mln US dollars in the form of credit and technical assistance.

Shaping the country's economic policy, the Government of the Republic of Belarus follows the Fund and Bank recommendations. Taking them into account, over the last few years, it has successfully achieved the national currency exchange rate unification, reduced foreign trade limits, and attained the relative progress in privatisation.

The Republic of Belarus intends to further consecutively develop cooperation with the international financial institutions assuming that it is an essential condition for the steepest reforming of the national economy and its integration into the world one.

At the same time, despite the reviving of the cooperation with the international financial institutions, Belarus, unfortunately, does not receive ample external financing, and the deficit of financing and investment resources is one of the deep problems in the republic's economic development.

The Government of the Republic of Belarus mobilises to the utmost the national financial resources for development (providing a stepwise liberalisation of financial and trade markets, creating an investment-friendly environment, supporting the poors, stimulating the entrepreneurial development); however, they are scarce to resolve the acute domestic development problems.

The Government of the Republic of Belarus calls on the IMF and the World Bank to actively assist us in our transformations. Under the stable and dynamic country's economic development (an annual increase of the gross domestic product averaged approximately 6 per cent over the last five years, that of the industrial produce – about 10 per cent), we are carrying out a comprehensive large-scale privatisation program in such spheres as petrochemistry, electronics and others, totaling 1/3 of the industrial output.

Considerable reorientation towards liberalisation is a distinctive feature of the present economic policy of the Belarusian Government. In this context, we proceed from the assumption that it is necessary to uphold and further increase the macroeconomic stability based on a rigid monetary policy. We consider it extremely important to develop small and medium-sized enterprises, provide favorable conditions to attract foreign investment.

Belarus, sharing in the main the approaches set forth in the statements by the IMF and the World Bank executives, focuses the IMF and the Bank attention on a time factor necessary for rendering prompt assistance to the developing countries and countries with economies in transition. The Republic of Belarus also needs a lending support for carrying out economic reforms.

Great challenges are now facing us, the region as a whole and global economy. These challenges set new priorities and call for serious reforms within the international financial institutions and international development banks. The role of the latter in achieving sustainable growth and poverty eradication worldwide is increasing. The reforms the international development banks are undergoing now are aimed at increasing their effectiveness, strengthening their positive impact on the development and growth processes, poverty reduction, simplification of conditions and principles attaching to the use of their financing and political instruments.

The Republic of Belarus calls upon the World Bank and the IMF to follow the provisions of the resulting documents of the International Conference for Financing For Development (Monterrey Consensus) and the World Summit on Sustainable Development in Johannesburg, stipulating major approaches to combining efforts to eliminate poverty and provide assistance in the sphere of sustainable development for the future. Our country attaches great importance to implementing the provisions concerning improvements in the coherence and consistency of the international monetary, financial and trading systems, encouraging the IMF and the World Bank to broaden participation of all developing countries and countries with economies in transition in decision-making processes, and thereby to strengthen the international dialogue and the work of these institutions aimed at addressing the development needs of the said countries.

Allow me to stress that Bretton Woods institutions should continue to play the leadership role in establishing the international co-operation with participation of the UN system agencies as well as all other stakeholders to ensure that globalisation and the related processes increase human capacity and its benefits reach all people. In this connection both the global and regional co-operation in the field of financing for development must take account of regional peculiarities and specific character of each country. Financial resources should be directed by donors and creditors not only towards promoting countries' macroeconomic and financial stability but also towards broader support for real economy, infrastructure development, elimination of disastrous effects, including the Chernobyl catastrophe, and bridging the telecommunications and digital gaps.

Mobilisation of international resources for development, predominantly carried out by the World Bank Group and the IMF institutions, is a major component of the financing for development. Only by conducting a competent, well-grounded policy these agencies will be able to offer real assistance to national governments in their capacity-building efforts.

In conclusion, I would like to express a hope that the decisions made on the results of the Annual Meetings of the World Bank and the IMF Boards of Governors would make an important contribution to increasing efficiency of the support provided by these organisations to the nations in carrying out reforms with the aim of promoting their sustainable development.

Thank you.