Working paper

Public finance and good governance in Belarus, 2014–2025

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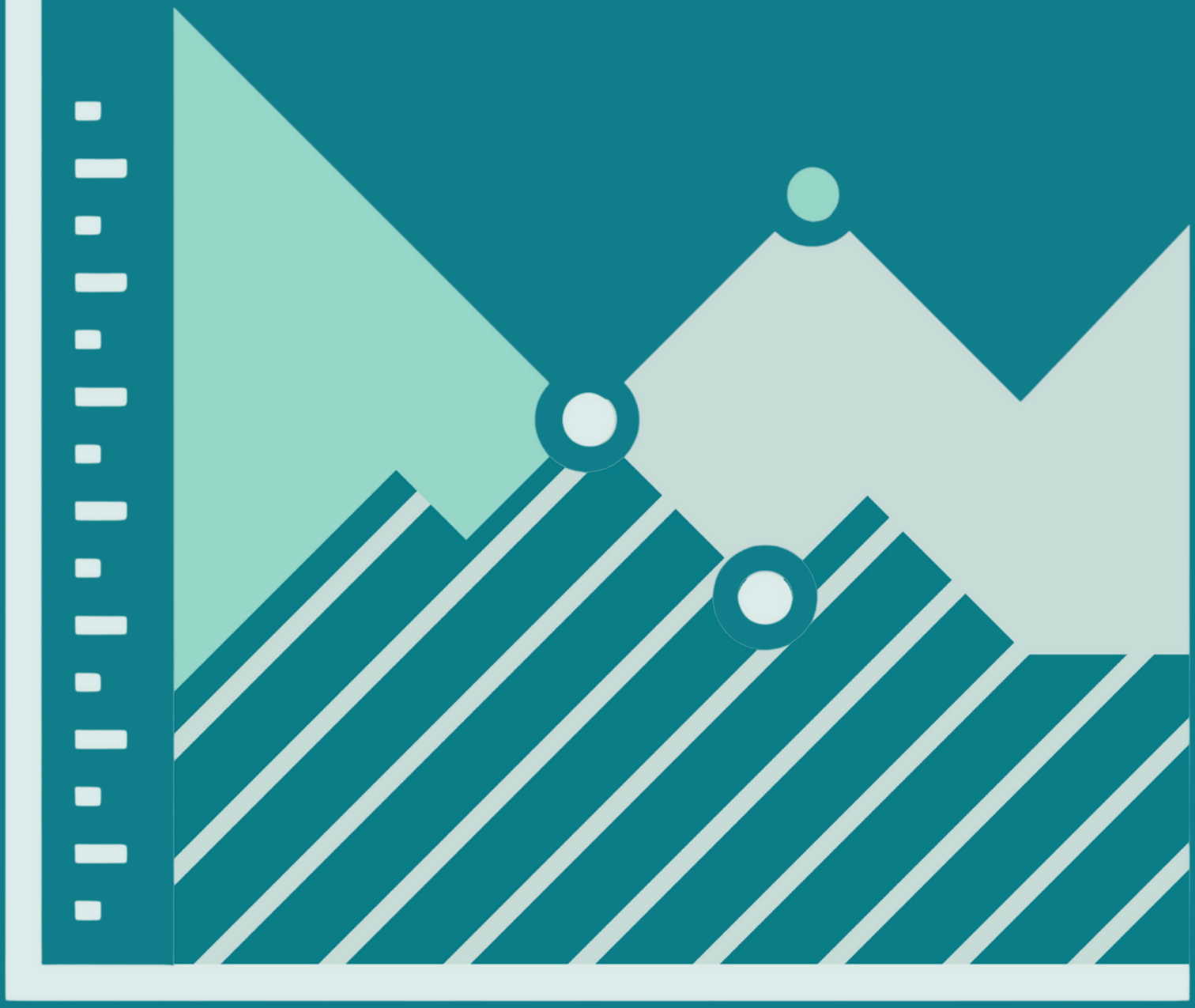

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Abstract

This paper analyses public finance in Belarus from 2014 to 2025 through the lens of good governance. It investigates how international actors promoted good governance and how Belarusian authorities selectively adopted, reinterpreted, or rejected these efforts. The study situates public finance within an authoritarian political economy marked by state dominance, high social expenditure, and reform resistance. It examines international assessments that highlight weak fiscal transparency and persistent corruption, as well as external initiatives to improve governance. It then explores domestic strategies and anti-corruption policies that invoked efficiency, transparency, and predictability while often redefining them. Tracing the interplay between external assistance and internal politics, the paper argues that good governance in Belarusian public finance served mainly as a procedural framework, losing momentum after 2020 and 2022 with the end of cooperation with Western partners and declining transparency. The paper is based on the research outcomes of the project "Investigating Good Governance in the Context of Authoritarian Consolidation: The Case of Belarus" (InGAC)[1]

Key findings

- Public finance in Belarus served mainly as an instrument of political control. Changes in this sphere concentrated on technical aspects of financial management, leaving fiscal policy and structural inefficiencies intact.
- The government selectively adopted elements of the good governance agenda promoted by international partners but resisted reforms that threatened centralised authority. Before 2020, engagement with donors was pragmatic and largely formal, allowing commitments to be revoked when politically needed.
- After 2020 and 2022, authoritarian consolidation reversed earlier progress. Reform-minded officials lost influence, and most international financial institutions suspended cooperation with the Belarusian authorities.
- Anti-corruption efforts in Belarus remained largely procedural. High-level corruption persisted, reinforcing regime stability rather than demonstrating genuine accountability.

1 This working paper is part of a project (“Investigating Good Governance in the Context of Authoritarian Consolidation: The Case of Belarus (InGAC)”, Grant Agreement No. NDICI-GEO-NEAR/2022/434-092-0063) that has received co-funding by the European Union under the EU4Belarus - Support for Advanced Learning and Training (EU-SALT II) programme. Its contents are the sole responsibility of the researchers only and do not necessarily reflect the views of the European Union or the European Research Executive Agency.

Contents

1. Introduction

Public finance is essential to state functioning and is inherently sensitive to political influence. It combines fiscal policy, which concerns the collection and use of public funds, with the system responsible for managing these resources. In this sense, public finance encompasses revenue collection, expenditure management, and the institutions that support these processes. The overarching goal of public finance is to allocate resources efficiently and fairly for development, poverty reduction, and improved living standards.

In non-democracies, public finance is often used to preserve political stability, overshadowing other objectives. Belarus illustrates this tendency clearly, as structural weaknesses in its economy make it difficult to secure sufficient budget revenue. Although comprehensive reforms could improve fiscal sustainability, the government prefers to maintain a regulated economy, introducing only limited adjustments to avert economic shocks and social unrest.

Nevertheless, before 2020, during a limited period of political opening, the Belarusian government implemented several technocratic reforms in public financial management, though not in fiscal policy. These efforts were influenced by the World Bank (WB), International Monetary Fund (IMF), and other international financial institutions (IFIs). The reforms modernised budgeting, accounting standards, and treasury operations. Government institutions such as the Ministry of Finance, the Ministry of Economy, and the National Bank maintained close cooperation with the IFIs, which provided advisory, technical, and financial support. At the same time, consistent with the government's multi-vector foreign policy aimed at diversifying sources of revenue, Belarus also received assistance from Eurasian financial institutions (Bornukova 2023). After the falsified 2020 election and, later, Russia's 2022 invasion of Ukraine, engagement with Western partners declined sharply, resulting in the suspension of externally supported, reform-oriented changes.

This paper analyses the evolution of public finance in Belarus in relation to good governance between 2014 and 2025, focusing on the effects and changes promoted by external actors and introduced by domestic actors. It also compares developments before and after 2020 and 2022, and it examines how the authoritarian government

reinterpreted and adapted good governance principles to advance its own objectives.
The paper is based on the research outcomes of the project 'Investigating Good Governance in the Context of Authoritarian Consolidation: The Case of Belarus' (InGAC), which analysed governance dynamics in Belarus during the period 2014–2025. The project employed a mixed-method approach combining a comprehensive project database's quantitative and qualitative analysis with in-depth expert interviews.

2. State-run economy, autocratic governance, and corruption in Belarus

Following the collapse of the Soviet Union, Belarus retained an economic model based on central planning and the dominance of state-owned enterprises (SOEs). A large share of public expenditure is allocated to uphold the so-called 'social contract', where the state guarantees employment and social welfare in return for political loyalty (Douglas 2020). Fiscal policy primarily supports the state-owned sector, including factories, utilities, and agricultural enterprises, many of which retain surplus jobs, with their deficits offset by tax revenue. While this approach preserves employment and mitigates public discontent, it has contributed to persistently low efficiency. It also hinders productivity and competitiveness, resulting in many enterprises' ongoing dependence on budgetary funds. Despite these challenges, the government continues to resist reform.

Belarus also maintains a Soviet-era welfare system that provides substantial social benefits to the population. Approximately one quarter of Belarusians receive pensions, and social transfers account for over 20 per cent of household income. While this places a heavy burden on the budget, it reinforces state paternalism and the image of a 'caring ruler' (Chulitskaya & Matonyte 2018).

Regional dependence on the central government is another defining feature of the Belarusian economy and governance. Regions are required to transfer much of their tax revenue to the national budget, which is then partially redistributed to them as 'assistance'. As of late 2021 (the most recent publicly available data), local budgets covered only 20 to 40 per cent of their expenditures, leaving regions financially dependent on the central government and limiting their fiscal autonomy.

The authoritarian nature of the Belarusian regime exacerbates corruption. The lack of independent judicial institutions, along with pressure on civil society and media restrictions, undermines accountability and increases corruption risks. The public procurement system, which the Bertelsmann Transformation Index (BTI) characterises as one of the most corrupt sectors, demonstrates minimal transparency and limited external oversight. Furthermore, international experts also highlight persistent corruption risks in the extensive state-owned sector. As a result, weak institutional checks facilitate grand corruption, which significantly influences decision-making. By contrast, instances of petty corruption, such as minor bribes, remain relatively limited (Bak 2020).

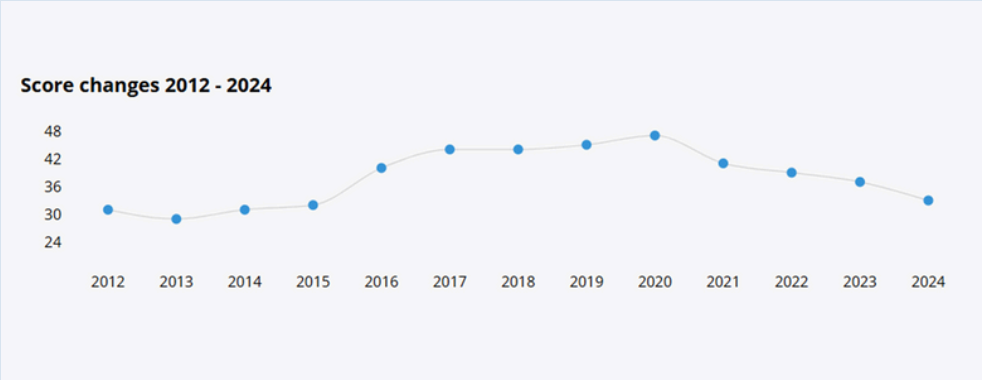
3. Public finance and corruption in Belarus as assessed by international organisations

Belarus consistently demonstrates poor performance in major international assessments of public finance, such as the Open Budget Survey (OBS) conducted by the International Budget Partnership, the Corruption Perceptions Index (CPI) published by Transparency International, and evaluations from the Group of States against Corruption (GRECO) under the Council of Europe.

Despite not being officially included in the OBS and, therefore, lacking a score in the Open Budget Index, a 2017 independent pilot study applying the OBS methodology found that Belarusian authorities disclosed very limited information about the state budget. The study further highlighted that opportunities for public participation in the budget process were minimal and that both the legislative branch and the State Control Committee exercised weak budget oversight.

In terms of corruption assessments, Belarus has shown brief periods of apparent improvement but overall maintains a low standing ranking. From 2014 to 2020, its CPI score increased from 31 to 47 points, but Transparency International noted that this improvement reflected features of authoritarian governance and limited access to information rather than substantive anti-corruption reforms. Since 2021, Belarus's CPI score has declined sharply, reaching 33 points in 2024, erasing nearly all earlier gains (see Picture 1). The 2024 report specifically observed that authoritarian regimes tend to weaken systems of checks and balances, thereby facilitating corruption.

Picture 1. Belarus: corruption perception index



Source: TI website https://www.transparency.org/en/countries/belarus

GRECO, as an anti-corruption monitoring body of the Council of Europe, maintained confidentiality on most of its reports concerning Belarus at the request of the Belarusian government. However, executive summaries from three separate evaluation rounds highlight systemic corruption, particularly among high-level officials and within SOEs. The reports also criticise the excessive concentration of executive power in the presidency, noting that this significantly weakens institutional independence. In 2019, GRECO issued a public declaration of non-compliance against Belarus – a measure reserved for countries that repeatedly fail to implement recommendations or demonstrate progress. In 2024, Belarus responded by formally withdrawing from GRECO and denouncing the Council of Europe's Criminal Law Convention on Corruption, its Additional Protocol, and the Civil Law Convention on Corruption.

4. External promotion of good governance in public finance

Despite persistent political and economic challenges, various international actors promoted good governance, including in the Belarusian public finance sphere. Among the most active organisations were the IMF and the WB. In addition, institutions operating within the Eurasian Economic Union, particularly the Eurasian Fund for Stabilisation and Development (EFSD) managed by the Eurasian Development Bank, also required the Belarusian government to implement reform-oriented measures, especially those aimed at improving the public sector and public financial management.

The period from 2014 to 2019 marked the most intensive phase of cooperation between the IMF and Belarus. During this time, the IMF primarily provided consultations and technical assistance, with financial backing from the organisation itself. The IMF's principal recommendations to the Belarusian authorities focused on enhancing fiscal planning and transparency and included the following:

- Implementing multi-year budgetary planning and establishing clear links between expenditures, performance goals, and measurable outcomes
- Adopting international financial reporting standards to improve fiscal transparency and reliability
- Increasing the consolidation of funds within a single treasury account
- Reducing fiscal support for SOEs to foster greater efficiency
- Refining social assistance policies to ensure that support is more effectively targeted

In addition to policy advising, the IMF offers loans to assist member states in managing economic crises. These financial assistance packages are typically accompanied by reform requirements designed to enhance economic stability and promote efficiency. In 2009, Belarus benefited from such support through a stand-by arrangement, receiving a loan of $3.52 billion. Although this intervention achieved some short-term economic stabilisation, the IMF later concluded that progress remained limited.

Between 2015 and 2018, Belarus re-entered new negotiations with the IMF for a prospective $3 billion credit facility. The conditions attached to this credit included implementing substantial reforms aimed at improving the efficiency of SOEs, increasing utility tariffs to cost-recovery levels, adopting comprehensive changes to exchange rate, monetary, and fiscal policies, etc. The Belarusian government ultimately chose not to accept the proposal, arguing that it would constitute a 'shock to the population'.

This episode illustrates that, even during periods of relative liberalisation, Belarusian authorities were generally unwilling to enact the far-reaching structural reforms necessary to resolve key economic challenges or improve fiscal policy effectiveness. SOEs remained a heavy fiscal burden, yet the government support was sustained to ensure full employment. The authorities also resisted reducing social benefits or reforming the social protection system. However, they showed readiness to undertake less politically contentious reforms in the sphere of public financial management, including the adoption of international reporting standards, the enhancement of policy planning and forecasting, and technical improvements to the management of budgetary fund flows.

Under Article IV, the IMF conducts annual assessments of each member's economic policies. The most recent comprehensive Article IV consultation with Belarus concluded in early 2019 and emphasised key issues as fiscal sustainability, vulnerabilities within the SOE sector, and the country's susceptibility to external shocks. However, between 2020 and 2022, the IMF's engagement with Belarus was largely limited to targeted technical assistance, focusing on indirect support for public finance reform by improving state sector statistics and monetary policy tools.

By 2022, cooperation between Belarus and the IMF had become minimal. Although the IMF did not officially suspend relations, Article IV consultations were halted, and no new technical assistance reports regarding Belarus have been published since March 2022. Nevertheless, Belarus continues to be mentioned in IMF reports, indicating that it probably continues to provide statistical data to the organisation.

In parallel with Western financial institutions, Eurasian organisations such as the EFSD also imposed structural reform requirements as conditions for providing financial assistance to Belarus. In 2016, the EFSD approved a $2 billion stabilisation loan for Belarus, contingent on the government's commitment to reducing directive lending to SOEs, clarifying the distinction between state ownership and regulatory functions, and downsizing the public sector. However, as in the case of Western financial institutions, the Belarusian government was also reluctant to implement the requirements of the Eurasian organisations. Consequently, when Belarus failed

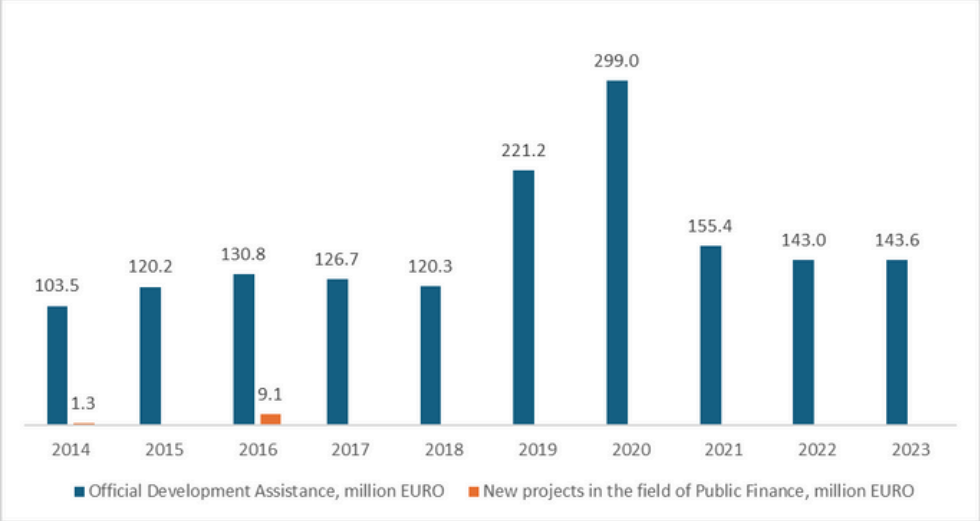
to fulfil the stipulated requirements in 2019, the EFSD cancelled the final tranche of $200 million. EFSD funding is predominantly underwritten by Russian resources, with Russia contributing over 80 per cent of the fund's capital, thereby wielding considerable influence over its policy decisions.

Besides EFSD mechanisms, Russia has also provided Belarus with direct intergovernmental loans totalling approximately $3.5 billion across 2014, 2015, 2020, and 2021. These loans carried no reform conditions and mainly served to refinance Belarus's public debt. Additionally, in 2020, Belarus received another $500 million EFSD loan to mitigate the economic effects of the COVID-19 pandemic. Since this disbursement, there has been no public disclosure of any additional EFSD loans or other forms of financial assistance to Belarus.

5. Good governance projects in public finance

Public finance has not been a central focus within the broader agenda of external good governance promotion in Belarus. Data from the InGAC database indicates that between 2014 and 2025, international donors and the Belarusian government implemented only three projects in this area. Their combined funding amounted to just €10.4 million out of a total of €753.2 million dedicated to good governance projects, representing a mere 1.4 per cent of overall funding in this sector. Furthermore, the projects in public finance accounted for only 0.01 per cent of Belarus's consolidated budget in 2014 and 0.08 per cent in 2016. When compared with official development assistance (ODA), the shares were 1.3 per cent in 2014 and 7.0 per cent in 2016 (see Picture 2).

Picture 2. Comparison of total ODA and public finance project funding in the InGAC database



Source: authors' calculations based on OECD data and the InGAC database

The 'Improving Efficiency and Transparency of the Public Finance Management System Project' (2014–2016) focused on modernising Belarusian public finance. The Ministry of Finance and the World Bank implemented it with a grant of about €900,000, and it helped establish the foundations for long-term reforms by facilitating expert consultations, formulating strategic frameworks, and systematising the planning process for future developments. Building on these initial achievements, the subsequent World Bank–financed project 'Belarus Public Financial Management

Modernisation' (2016–2021) transformed preparatory efforts into tangible institutional changes. It created the infrastructure necessary to support the eventual digitalisation of Belarus's public finance management system. This project represented the most significant reform initiative in the sphere of public finance, financed through a €9.1 million loan from the International Bank for Reconstruction and Development (IBRD) and implemented by the Ministry of Finance.

The project introduced several technically advanced and reform-driven measures: it consolidated funds within a single treasury account, aligned accounting and reporting with international standards, improved budget transparency, and prepared the groundwork for an integrated IT system to manage the budget cycle. At the institutional level, the Ministry of Finance adopted multi-year budget planning linked to specific goals and measurable results, reduced the share of funds held outside the single treasury account to improve cash management, and began publishing annual Citizens' Budgets – brochures that explain national and local budgets in plain language. In addition, it created a single standardised chart of accounts and introduced internationally compliant accounting standards. Finally, it developed a roadmap for the digitalisation of financial management and prepared to launch the Integrated Financial Management Information System (IFMIS) by upgrading infrastructure and training personnel.

A subsequent phase of the project, with an estimated value of approximately €80 million, was intended to finalise the implementation of the IFMIS. However, in September 2020, the consulting firm responsible for the project's design refused to sign a contract with the Belarusian authorities, leading the Ministry of Finance to continue the work independently. The escalation of political tensions and the intensification of sanctions-related risks, as documented in WB reports, further impeded the project's progress, and as a result, the second phase has never been started.

Another initiative related to public finance was the United Nations Development Programme (UNDP) project 'TAX Advisory Service in Belarus' (2014–2018), funded by the Swedish International Development Cooperation Agency (Sida) for about €370,000, with the Ministry for Taxes and Duties as the national counterpart. The project aimed to establish a tax advisory profession, develop its regulatory framework and training system, and raise awareness among officials, businesses, and citizens. It supported drafting a regulatory act on tax consulting, training future tax consultants, and conducting information sessions for stakeholders. These efforts culminated in the adoption of Presidential Decree No. 338 'On Tax Advisory Services' (19 September 2017), which established the Chamber of Tax Advisors and instituted a unified register under the supervision of the Ministry for Taxes and Duties. Despite achieving its formal objectives, the system functions poorly because the legal status of tax advisory services remains uncertain, and government institutions do not consistently recognise consultants' opinions, which discourage the development of the profession.

Following the political crisis of 2020, international financial institutions and other external actors reduced their activities in Belarus, although they did not completely halt them. Russia's full-scale invasion of Ukraine in 2022 prompted the World Bank to terminate its cooperation with Belarus. Sida withdrew funding from projects involving state institutions and redirected support towards civil society, human rights, and education. Meanwhile, the UNDP has continued its cooperation with the Belarusian government.

6. Belarusian actors involved in good governance promotion

The Ministry of Finance was the main government body responsible for implementing projects related to good governance in public finance. Other active institutions were the Ministry of Economy, the National Bank, the Ministry of Taxes and Duties, and the Ministry of Antimonopoly Regulation and Trade.

Empirical evidence derived from the interviews conducted under the InGAC project indicates a consensus evaluation of these ministries as relatively liberal. Many officials expressed progressive views and sought to modernise the respective sectors, particularly during the so-called 'thaw' period between 2014 and 2019. For example, the Ministry of Finance aimed to improve public financial management, enhance transparency, and strengthen Belarus's international standing. Notably, the government entered the Eurobond market and pursued foreign investment, which required adherence to international standards.

Despite all the reformist efforts, the SOE sector remained the main obstacle to reform. According to the interviewees, two distinct factions existed among Belarusian officials: progressive proponents of structural change and conservative guardians of the status quo. While authorities strived to improve corporate governance in SOEs and even introduced some technical adjustments, the substantive privatisation did not advance. More transformative initiatives that might have altered the existing balance of power were consistently obstructed, even when reform-minded officials acknowledged their necessity.

During the interviews, some experts noted that prior to 2020, many good governance projects were approved, implemented, and produced positive outcomes in public finance. However, this progress stopped abruptly after August 2020, as reform-oriented officials were increasingly marginalised within the public administration.

7. The domestic introduction of good governance into public finance: Belarusian official documents

Although the Belarusian government did not explicitly refer to the concept of good governance in its official rhetoric or documents, it adopted a range of reformist measures reflecting the principles commonly associated with good governance. For instance, in 2015, several innovations were developed within the framework of the 'Improving Efficiency and Transparency of the Public Finance Management System Project' implemented in cooperation with the World Bank. As part of this project, the 'Strategy for Reforming Public Financial Management of the Republic of Belarus' was adopted in December 2015.

The strategy was based on a comprehensive assessment of Belarus's public financial management conducted in 2010–2012 using the internationally recognised Public Expenditure and Financial Accountability (PEFA) methodology, which the World Bank applies as a diagnostic tool for designing and planning public finance management reforms. Within the strategy, Belarus introduced medium-term and programme-based budgeting, aligned budget classification with international principles, consolidated funds into a single treasury account, improved transparency through public information tools, and developed an IFMIS. The IFMIS was expected to be implemented without WB involvement after 2020, though its actual launch remains unconfirmed due to a lack of information from the Ministry of Finance.

In March 2020, the Belarusian government adopted the state programme 'Public Financial Management and Regulation of the Financial Market for 2020–2025'. This programme was developed as a continuation of the preceding strategy, with both documents sharing the main goal of ensuring long-term fiscal balance and financial sustainability. The strategy outlined the conceptual direction for public financial management, establishing the framework for further developments. In contrast, the programme set out specific actions and performance indicators, assigned responsibilities to relevant institutions, and established implementation timelines. Notably, the language and tone of these documents differed. The strategy explicitly referred to the role of civil society in relation to budget transparency. However, the subsequent programme, finalised after the onset of the political crisis, omitted any reference to civil society.

Evaluating the state programme's progress is challenging. To date, the Ministry of Finance has publicly disclosed only one implementation report, covering the year 2020. The report assessed the programme's effectiveness as medium, stating that all performance targets related to budget sustainability and efficiency were achieved.

8. Anti-corruption policy in Belarus

Alongside its fiscal reforms, the Belarusian government signalled a commitment to combating corruption by enacting legislative measures. Despite the political and geopolitical developments of 2022, the government did not substantially alter its anti-corruption strategies. The Law 'On Combating Corruption', adopted in July 2015, marked a significant development. It prohibited civil servants from engaging in commercial activity, mandated the disclosure of financial interests, and established coordination mechanisms among various state agencies. The parliament amended the law in late 2022, primarily refining technical aspects, such as regulations regarding gifts to public officials.

To strengthen integrity in public procurement, the authorities adopted a new version of the Law 'On Public Procurement of Goods (Works, Services)' in 2018, which digitalised almost all procurement activities. In 2019, the government launched the State Information and Analytical System for Public Procurement Management to aggregate electronic procurement data and foster greater transparency. Innovations continued into 2023–2024, refining procurement criteria, clarifying single-source acquisition rules, and expanding the powers of the Ministry of Antimonopoly Regulation and Trade.

An independent assessment using the Support for Improvement in Governance and Management (SIGMA) methodology confirmed some progress in procurement regulation. However, substantial reform is still needed to improve openness, fairness, and competition. Belarus scored only one out of five points for efficiency, non-discrimination, transparency, and fairness, revealing serious weaknesses.

Corruption in Belarus displays distinctive characteristics shaped by the state's monopolisation of anti-corruption policies as an element of authoritarian governance. The authorities position anti-corruption efforts as both a domestic issue and a personal mission of Aliaksandr Lukashenka, who has cultivated his political image around combating corruption since 1994. Consequently, anti-corruption policies primarily serve to reinforce hierarchical and centralised governance.

While corruption is rarely encountered by ordinary citizens in daily life, high-profile corruption scandals frequently arise across sectors of the economy and within SOEs, where directors are appointed directly by the head of state or government. For instance, in February 2020, state media reported a major corruption scheme in the sugar industry, and in 2023, a similar case emerged in the dairy sector (Transparency International, 2021).

The Belarusian government resists external anti-corruption initiatives, leaving international actors little room for intervention. The InGAC project identified no externally funded projects focused on anti-corruption. The authorities, in turn, ignored most external recommendations. In 2019, GRECO issued a public declaration of non-compliance, to which the government did not respond, and Belarus formally withdrew from GRECO in 2024. Transparency International continues to raise concerns about the lack of public access to corruption-related information in Belarus.

9. The Belarusian authorities' interpretation of good governance principles in public finance

An analysis of Belarus's public finance, alongside a review of pertinent official documents, reveals that government policy refers to at least three groups of good governance principles:

- Efficiency and effectiveness
- Openness and transparency
- Reliability and predictability

However, the Belarusian authorities use and interpret these principles differently compared with international documents and practices. Efficiency and effectiveness usually imply the allocation of public funds to sectors that have the highest return and provide quality services at the lowest cost. In Belarus, these concepts instead refer to maintaining steady support for unprofitable enterprises, sustaining public sector wages, and preserving social benefits, often at the expense of efficient public expenditure.

Transparency has long been one of the central principles of Belarusian budget policy. International financial institutions, such as the WB and the IMF, actively encouraged greater openness, prompting the Belarusian authorities to make public commitments towards enhancing transparency, and pledged to deliver it. Between 2014 and 2019, the government undertook visible steps by publishing such official documents as the 'Citizens' Budget', releasing interactive reports on national and local budgets, and planning the introduction of an Integrated Financial Management Information System (IFMIS) with the WB. All this was intended to improve citizens' access to budget data.

Transparency in public finance declined sharply after the WB ended its programmes in Belarus in 2022. The government stopped publishing reports and documents on budget, fiscal, and tax policy. As of 2025, the 'Citizens' Budget' remains one of the few official sources still available to the public.

Even during the earlier period of opening, the government maintained distinct limitations on transparency. A notable example is Decree No. 3 'On the Prevention of Social Dependency' (the so-called 'social parasites' decree). The decree required unemployed citizens to pay an annual fee of about €200 as a contribution to state expenditures. The measure faced strong criticism, as experts warned that administrative costs would exceed expected revenue. Authorities nevertheless refused to disclose projected income or implementation costs. This case demonstrated the

government's selective approach to transparency, reflecting a broader pattern of withholding politically sensitive information while releasing only data considered non-threatening to the regime.

In cooperation with the World Bank, the Belarusian government introduced several measures to enhance fiscal reliability and predictability. A key technocratic reform was the consolidation of public funds into a single treasury account to strengthen control and forecasting. The government also established a medium-term budgetary framework allowing fiscal projections over a three-year horizon, though it only partially met international best practices. The publication of documents such as 'The Main Directions of Budgetary, Financial and Tax Policy of the Republic of Belarus' marked progress, yet forecasting remained incomplete and often inaccurate. In some years, discrepancies between projected and actual results reached 23.5 per cent. The last medium-term framework appeared in 2021; after the World Bank's support ended, the Ministry of Finance stopped publishing it, casting doubt on the continuation of medium-term budget planning.

Despite official proclamations of a commitment to 'stability and predictability', Belarus's tax policy exhibits neither quality in practice. The Tax Code is subject to frequent and substantive amendments, affecting rates, exemptions, and reporting procedures. These recurrent changes impact regulations for individuals, entrepreneurs, and businesses, generating uncertainty and increasing administrative burdens. Ongoing adjustments to value-added tax, profit tax, excise duties, and targeted sector incentives further erode fiscal predictability and undermine investor confidence.

10. Conclusions

The Belarusian authorities treated good governance as a procedural framework rather than a driver of comprehensive public finance reform. They engaged with international actors and implemented limited technical reforms in public financial management, but consistently avoided addressing challenges in fiscal policy. The authorities rejected the public sector reform conditions set by international financial institutions, even at the cost of losing loans they were eager to obtain. They acted in the same way when Eurasian, Russia-backed financial institutions put reform-oriented requirements. This indicates that the authoritarian government considers preservation of the existing public sector as a key pillar of legitimacy, which it is resistant to challenge.

Before the 2020 and 2022 political and geopolitical crises, Belarusian authorities expressed a pragmatic interest in external funding. They selectively adopted elements of the good governance agenda promoted by international actors into public finance to satisfy their expectations. However, the commitment to good governance principles appeared to be formal and easily reversible. From an institutional perspective, the influence of technocratic and relatively liberal-minded officials from the economic and financial ministries in the government diminished, while most international partners withdrew. That left practically no space for advocacy of good governance, neither from an external nor from a domestic perspective.

The anti-corruption agenda in Belarus is monopolised by the government, which treats it as an instrument of legitimacy and regime stability. Although some legal and largely procedural anti-corruption improvements were introduced, they do not address the systemic problems. The government also blocks external efforts of international organisations to address corruption. Corruption persists at high levels of government, serving as a mechanism for resource extraction and regime legitimisation, and further entrenching the current political regime.

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