



Priority Area

A state program is being implemented in Belarus to develop small and medium towns

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For four years the state program for developing provinces, small and medium urban communities in 2007-2010 has been implemented in Belarus with a view to accelerating the development of small and medium urban communities as one of the top priority avenues of Belarus' social and economic development policy for 2006-2010. The program was adopted by Belarus President Decree No 265 of 7 June 2007.

Strategic Goal

The program focuses on ensuring the wellbeing of individuals through raising the level of complex development of manufacturing forces and the competitive ability of the economy in every region taking into account local peculiarities and resources and on creating conditions for making small and medium towns more convenient and safer places to live.

Efforts meant to reach the goal are exercised in three areas:

- complex development of the manufacturing infrastructure

through the establishment of new enterprises and the retooling of existing ones, enhancement of the stability of the operation of town backbone enterprises;

- formation of favorable conditions for investments and entrepreneurship, attraction of domestic and foreign capital;

- sustainable growth of the nation's welfare, enhancement of urban economy through balanced and effective social, ecological and economic development.

187 small and medium urban communities take part in imple-



menting the program. Programs for the social and economic development of each of them in 2006-2010 have been developed.

Growth Dynamics

Since the program was launched, considerable changes in

The ancient Volkovysk, which will celebrate the 1005th anniversary of its founding, is undergoing renaissance





the economy of small and medium towns have happened. Despite the economic slowdown in 2009 the fulfillment of the envisaged actions allowed securing the overall steady growth of development indicators in small towns.

Thus in 2009 small towns turned out Br15.7 trillion worth of industrial products, 1.9% up on 2008. In 2007-2009 the industrial output rose by 27.4%.

The Vitebsk Oblast (34.4%), the Brest Oblast (33.6%) and the Minsk Oblast (28.3%) demonstrate the largest increase in the industrial output in small towns.

The overall industrial output per every economically active person in urban communities in all oblasts rose from Br13.3 million in 2007 to Br18.9 million in 2009. The industrial output growth per every economically active person totaled Br6.8 million in the Brest and Grodno oblasts, Br3.4 million in the Vitebsk Oblast, B4.5 million in the Gomel Oblast, Br6.7 million in the Minsk Oblast, Br4.4 million in the Mogilev Oblast.

In 2009 the consumer goods output totaled Br7.6 trillion, 5.1% up on 2008. Since the program was launched, the consumer goods output in small towns has risen by 24.7%, including 20.6% up in the Brest Oblast, 42.9% up in the Vitebsk Oblast, 18.7% up in the Gomel Oblast, 21.9% up in the



Grodno Oblast, 23.7% up in the Minsk Oblast, 30.9% up in the Mogilev Oblast.

In 2009 the consumer goods output per every economically active person rose by Br3 million to Br9.1 million in comparison with 2007. The consumer goods output per every economically active person rose from Br6.9 million to Br10.4 million in the Brest Oblast, from Br4.4 million to Br7.3 million in the Vitebsk Oblast, from Br4.6 million to Br6.8 million in the Gomel Oblast, from Br8.9 million to Br12.9 million in the Grodno Oblast, from Br6.4 million to Br9.4 million in

the Minsk Oblast, from Br4.3 million to Br6.3 million in the Mogilev Oblast.

In 2009 earnings from sales went up by 10.3% in comparison with 2008 to Br32.5 trillion, or 90% up in comparison with 2006. In all the oblasts the increase in earnings in small towns exceeds the overall increase in an oblast.

In 2009 earnings per one economically active person in small towns increased by Br12 million in comparison with 2007 to Br39.1 million.

Keeping People Employed

As part of the program special attention is paid to ensuring the employment of the nation.

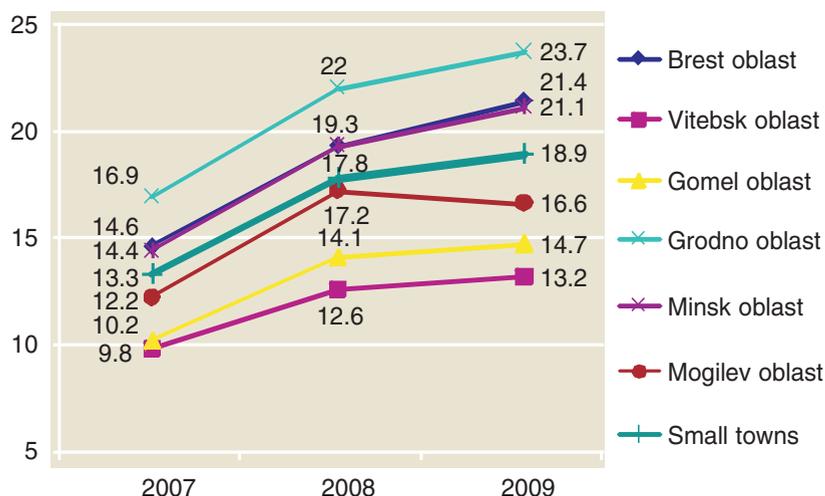
In 2009 alone over 30,500 new jobs were created while the target was set at 23,800. A total of more than 90,300 jobs have been created since 2007.

The number of economically active people in small and medium urban communities increased by 47,200 since 2007, or by 6%, to reach 829,500 people in 2009.

To keep residents of small and medium towns employed, in 2009 assistance with finding jobs was provided to 50,200 people, including 34,300 unemployed, 4,900 unemployed were sent for vocational training, 770 unemployed received financial support for starting up

The project on setting up agrotowns will be completed by 2014, Belarus President Alexander Lukashenko said during a visit to the Yezery agrotown, Cherikov Region, Mogilev Oblast. April 2010

Industrial output growth per every economically active person per oblast, in million rubles





Consumer goods output growth rate in small and medium urban communities per oblast, in percent

Oblast	2007	2008	2009	2009 vs 2006
Brest Oblast	100.7	114.9	104.2	120.6
Vitebsk Oblast	108.1	122.2	108.2	142.9
Gomel Oblast	103.7	113.7	100.7	118.7
Grodno Oblast	103.3	111.2	106.1	121.9
Minsk Oblast	104.7	109.6	107.8	123.7
Mogilev Oblast	109.9	119.2	99.9	130.9
In small and medium urban communities	104.3	113.8	105.1	124.7

businesses, 28,000 people took part in paid social work, including 13,200 unemployed.

As a result, the number of the unemployed went down by 5.6% in comparison with 2008.

Thanks to the measures labor markets in small towns are stable.

In all the oblasts the unemployment level in small and medium urban communities dropped considerably and now stays within socially accepted parameters.

In late 2009 the registered unemployment totaled 0.9%, or 0.5 percentage points less than in 2007. While in 2006 unemployment in small towns varied from 2.1% in the Vitebsk Oblast to 1.1% in the Minsk Oblast, in 2009 the figure varied from 1.1% in the Brest Oblast to 0.7% in the Minsk Oblast. In comparison with 2006 the unemployment level dropped by 0.8 percentage points in the Brest Oblast, by 1.1 percentage points

in the Vitebsk Oblast, by 0.7 percentage points in the Gomel and Grodno oblasts, by 0.4 percentage points in the Minsk Oblast, by 1 percentage point in the Mogilev Oblast.

Business Development, New Enterprises

Business development is an important factor behind the economic growth in small and medium towns. Small businesses enjoy not only informational, legal and organizational support but also financial support for implementing investment projects.

The creation of favorable conditions for entrepreneurship development in small towns contributed to a rapid increase in the number of small enterprises. During the implementation of the program the figure almost tripled. In 2009 alone over 1,700 small enterprises were set up in small and

medium urban communities. The number of small enterprises exceeded 9,000 in early 2010.

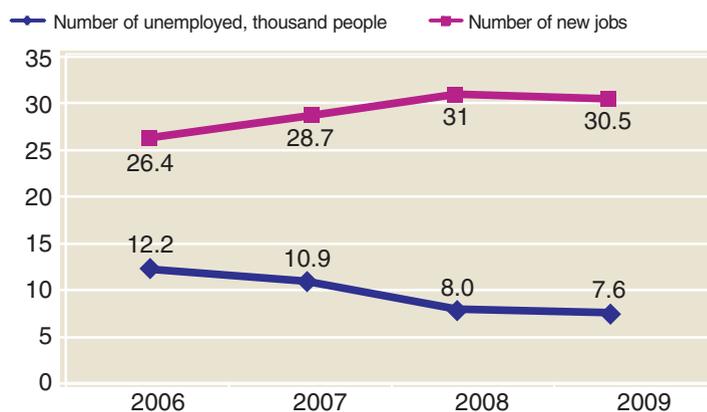
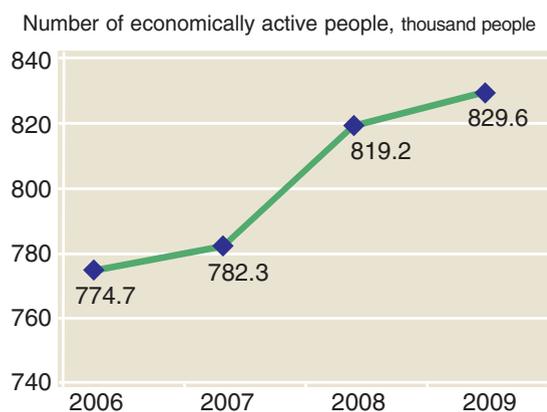
The creation of new enterprises fostered the involvement of unused state property in economic activities. In 2009 alone 915 state-owned facilities with the total area over 370,800 square meters were involved in economic activities. Of them 276 facilities were sold, including 228 facilities sold through auctions with the starting price as low as one basic amount.

In 2009 the economy of small and medium urban communities used around Br6 trillion in fixed-capital investments while the targeted figure was set by the program at Br1.1 trillion (in 2006 year prices). More than 1,045,000 square meters of housing was commissioned, 327,400 square meters more than in 2008.

Of the 192 top-priority investment projects listed by the program 110 have been completed, including 27 projects in 2009, with over 2,770 new jobs created.

For instance, in the Vitebsk Oblast a tunnel furnace has been rebuilt to manufacture clinker bricks at the Obol ceramics plant, a woodworking facility at the Orsha construction materials factory and a whole milk workshop at the Postavy dairy factory have been rebuilt. A refueling station has been built in Shumilino. The production of automobile components began at the Lios company along with the production of pipe

Changes of the number of economically active people, the unemployed, and new jobs in small and medium urban communities



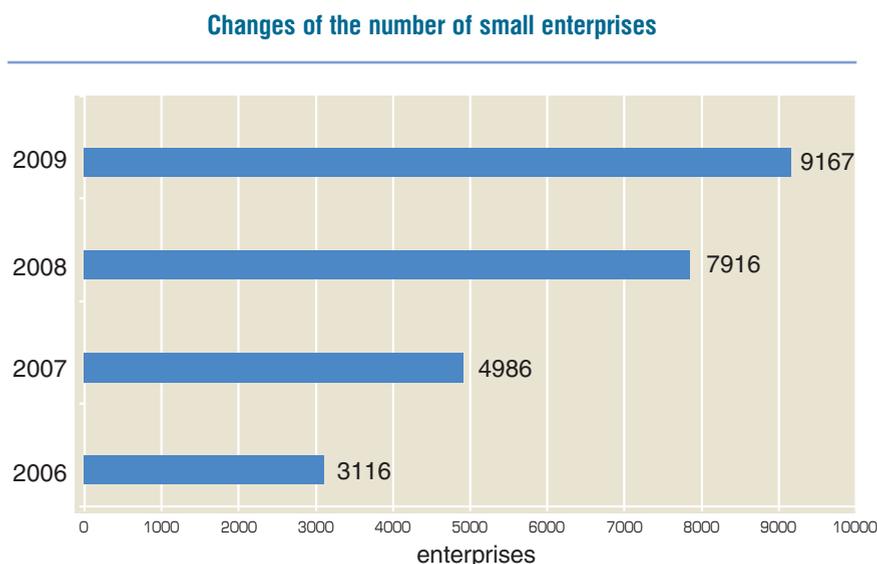


fittings at the Kokhanovo pipe factory Beltrubplast.

In the Mogilev Oblast the Belyniichi branch of the dairy products manufacturer Babushkina Krynka commissioned an automatic line for making hard cheeses. The line is able to turn out up to 20 tonnes of cheese per day. The company Novaya Drut (the town of Belyniichi) established a new enterprise for starch manufacturing with the output capacity of up to 100 tonnes daily, with 50 jobs created. Belarusian Cement Plant reconstructed the kiln department and installed a rotating furnace. The Bykhov-based tinned and dried vegetables factory completed retooling. The Klimovichi-based sleeper products enterprise completed modernization and retooling. In Shklov a newsprint mill together with subsidiary enterprises for manufacturing sawn timber, wooden houses, and bonded wood products was built. The enterprise is capable of turning out 40,000 tonnes of newsprint per annum and can satisfy the domestic demand for the next 10-15 years.

In 2009 in small towns of the Brest Oblast 48 new enterprises were established, with about 750 jobs created. The largest ones are the production of corn starch at the enterprise Ekzon-Glyukoza, production of starters for engine compressors in the Ivatsevichi branch of the manufacturing corporation Ekran, new enterprises set up by the company Albamoda in the town of Ivatsevichi to manufacture special clothing, the TechCab company set up to manufacture automobile bodies in the town of Kossovo, the Drevstroyinvest company set up in the town of Luninets to make joinery products.

Foreign capital was used to set up major companies such as Frandesa (chemical crop protection agents), Saria Bio Industries (utilization of raw animal materials), the civil engineering company Dobrynya, Polesie Window Systems in the town of Bereza, VDH Fruit Beverages Plant (production of juices for babies) in the town of Vysokoye, the Pioneer Brest com-



pany (production of dry pack mortar and moisture-resistant non-autoclave nano aerated concrete) in the town of Ivanovo.

Increasing the Nation's Wellbeing

The development of the industrial output, investment and entrepreneurship activities has allowed increasing the wellbeing of people who live in small towns.

In December 2009 the nominal accrued salary in small and medium urban communities totaled Br857,400, 4.9% up on December 2008 and 28.8% up on 2007. As of late 2009 the nominal accrued salary increased by 60.2% in the Brest Oblast in comparison with 2006, by 79.9% in the Vitebsk Oblast, 58.8% in the Gomel Oblast, 60.4% in the Grodno Oblast, 80.3% in the Minsk Oblast, 53.9% in the Mogilev Oblast.

Yet despite the overall positive tendencies in the economy of

small and medium urban communities there are some communities that lag behind. Close attention is paid to these urban communities.

With a view to fulfilling the program Council of Ministers resolution No 1740 of 31 December 2009 approved higher targeted parameters of the social and economic development for 2010. The targeted parameters provide for addressing the lower industrial output and consumer goods output that were witnessed in 2009.

Government resolution No 251 of 23 February 2010 envisages measures to be taken this year to fulfill the program. The measures, in particular, focus on accelerated development of small and medium urban communities which industrial output lags behind the industrial output of their oblast.

The accomplishment of the forecast tasks and measures will contribute to the fulfillment of the program as a whole. ■

Nominal accrued salary per oblast in small and medium urban communities at the end of the year, in thousand rubles

Oblast	2007	2008	2009	2009 vs 2006
Brest Oblast	676.4	843.9	866.7	160.2
Vitebsk Oblast	639.6	788.3	858.7	179.9
Gomel Oblast	619.7	753	786.1	158.8
Grodno Oblast	679.1	827.2	877.3	160.4
Minsk Oblast	692.3	852.3	890.5	180.3
Mogilev Oblast	674.5	821.5	845.6	153.9