

UNITER



**Promising industries  
and sectors for  
investment and  
opportunities for  
raising finance in  
Belarus**

# Belarusian resources and competitive advantages

1

## Labour

**High qualified labour force.** Evidence: progress of **IT and Business process outsourcing sector** development after liberalization of regulations. Exports growth rate >20%, sector size >1,5 bn USD.

Other promising areas:

- **Healthcare and pharma;**
- **Science:** number of areas (materials, lasers, etc);
- **High-qualified engineers:** metalworking, machine-building, measuring equipment;
- **Mid and low-qualified labour force** (machine-building, construction, agrisector, transports).

2

## Land

- **Forest resources:** 25 mn cub. m of annual cut;
- **Agriculture:** good infrastructure in rural areas;
- **Transit potential:** Russia – EU, China-Russia-EU;
- **Wild nature and polluted areas:** tourism, ecology projects and research;
- Potassium salts, soils and peat, other **mineral resources.**

3

## Capital

- **Well-maintained but underutilized** industrial, storage, administrative **infrastructure** of state-owned enterprises;
- **Poor-performing state-owned enterprises** with potential for significant increase of efficiency through privatization, trade and export development;
- **Developed road, electricity and other types of infrastructure;**
- **Excess electricity generation due to nuclear power.**

# Priority sectors for development of private business stemming from competitive advantages

## Forestry and wood processing

- Forest resources management services and related (incl digitalization, IoT etc);
- Timber logging and transport services and related processes;
- Sawmilling / furniture industry;
- Production of high value-added wood products incl paper, housing, etc



## Agriculture

- Dairy farming;
- Sub-sectors requiring much seasonal labour force (vegetables, gardening, greenhouses etc);
- Services and supplies for large scale state agriculture farms.



## Transit and transport

Servicing of transit flows of large operators (railway, automobile): terminals and clearing (border with EU), goods movement control technologies, digital supporting and service infrastructure; road network construction and investments.



# Priority sectors for development of private business stemming from competitive advantages

## Wild nature and ecology (Chernobyl area)

- Wildlife tourism;
- Use of Chernobyl NPP as a tourism brand;
- Development of international scientific cooperation based on Chernobyl protected area (fully closed huge wild area of thousands of sq km – no more analogues in Europe).



## Potassium and other fertilizers, peat

- Technologies of fertilizers application;
- Engineering services;
- Development and production of new innovative products and methods of their use



## Integration of IT solutions into other industries

- IT services for state-owned and private enterprises;
- Direct budget support of IT inventions for state needs or implementation of PPP projects;
- Promotion of creation IT solutions-based JV



# Priority sectors for development of private business stemming from competitive advantages

## Exports of medical services

- Focus on narrow specialties and high technologies;
- Development of medical education, experience and knowledge exchange, use of advantages of lower labour cost;
- Development of IT in medical services, telemedicine



## Distance education services

- Focus on narrow fields aligned with economic and other development, English learning;
- Distance education services, creation of modern and relevant content



## Engineering services

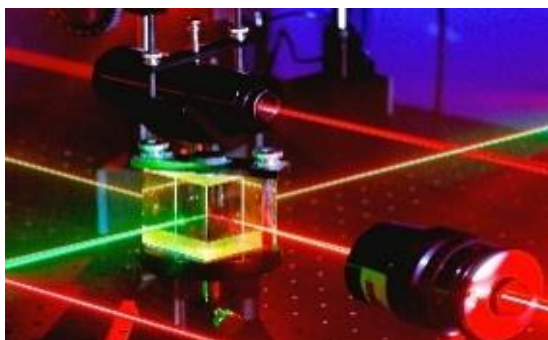
Services aimed at production processes optimization in the fields where Belarus has unique knowledge and achievements on an international scale; Creation of new local production facilities based on these advantages.



# Priority sectors for development of private business stemming from competitive advantages

## Innovative companies (optics, materials, lasers, etc.)

- Developed cluster of optics, electric and measurement equipment producing companies;
- Skilled personnel



## Allocation of production facilities of European companies in eastern countries

- Reason – access to cheaper labour force, existing infrastructure, logistics, new markets;
- Key factor – existence of respectively educated working class;
- Advantage of Belarus – geographical location in Europe



## Involvement of inefficiently used assets into the economy

Use of assets by private business, use of assets as basis for allocation of European production facilities, basis for JV establishment, as well as use of privatization mechanism.



# Financing opportunities

---

**1****Commercial banks financing:**

- a. Both state-owned and private banks are interested in new projects and clients, conditions and requirements are similar to the neighboring countries. Cost of financing – 5-9% in international currency, 12-15% in BYN.
- b. Funds of EBRD, IFC and other international institutions allocated through partnering banks.
- c. Belarus Development bank

**2****Receipt of loan financing from IFIs directly**

Cost of a project – not less than 5-10 mn USD. Main advantage – long term (5-10 years), reputation on international financial market. The most active institution – EBRD.

**3****Receipt of equity financing from IFIs:**

EBRD, IFC, KfW (Deg-invest), less active – Swedfund, FMO, etc.

**4****Receipt of equity financing from PE funds:**

Local – Zubr Capital, funds by China-Belarus Industrial Park Great Stone;  
Russian – Da Vinci Capital, Baring, etc.;  
Ukrainian – Horizon capital.

These funds are primarily focused on high technology sectors with exports potential.  
IRR requirements – 25%.

# Financing opportunities

---

## 5 **Issuance of bonds on the Belarusian public capital market**

Usually for the amount of 0,5-10 mn USD. More interesting options may be offered compared with both bank financing (more flexible requirements to collaterals) and equity investments (required return is lower, no transfer of control). However, the number of deals is not high, the market is developing, there are some regulatory restrictions.

---

## 6 **Joint ventures with local players**

Local investors – large businesses – may be interested in partnership with strategic investors in the form of JV projects. Possibility to share risks, find an experienced local partner. Widespread type of projects co-financing.

---

## 7 **Public investment / grant instruments**

State Innovation Fund, Belarus Investment Fund, etc. The number of projects is very limited, mainly focused on projects with State participation.

---

## 8 **Specialized international financing providers**

NDEP, Nefco, etc.





## Roman Osipov

Managing Partner

---

### **UNITER Investment Company CJSC**

Belarus, Minsk, 8 Dzerzhinskogo ave., 8 floor

phone: + 375 29 657 83 26

E-mail: [osipov@uniter.by](mailto:osipov@uniter.by)