



25 Years of Transition Reforms and Growth

New Ideas For Belarus
Minsk, April 23, 2015

James Roaf
Senior IMF Resident Representative
Central and Eastern Europe



25 Years of Transition Reforms and Growth

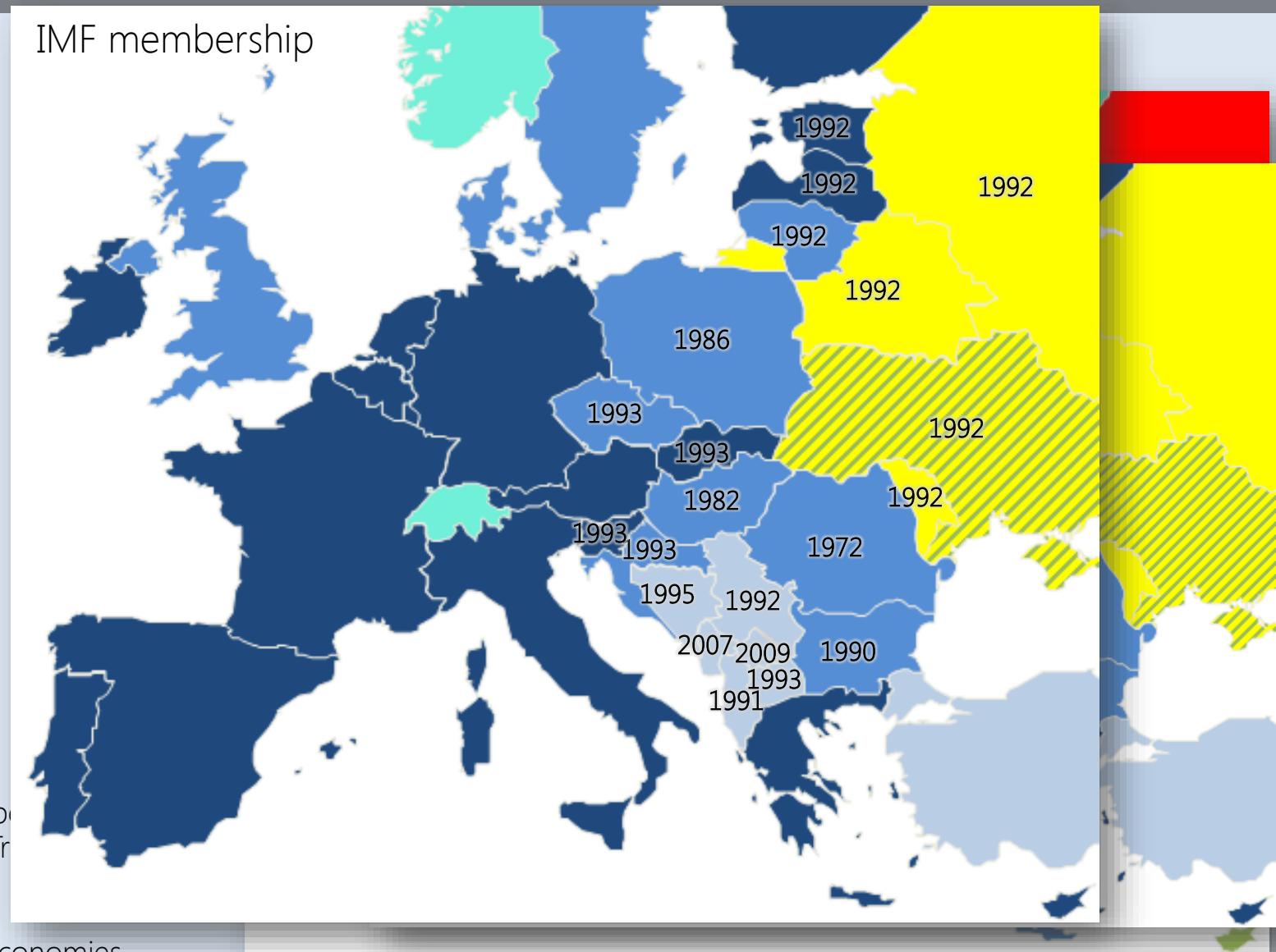
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Transformation

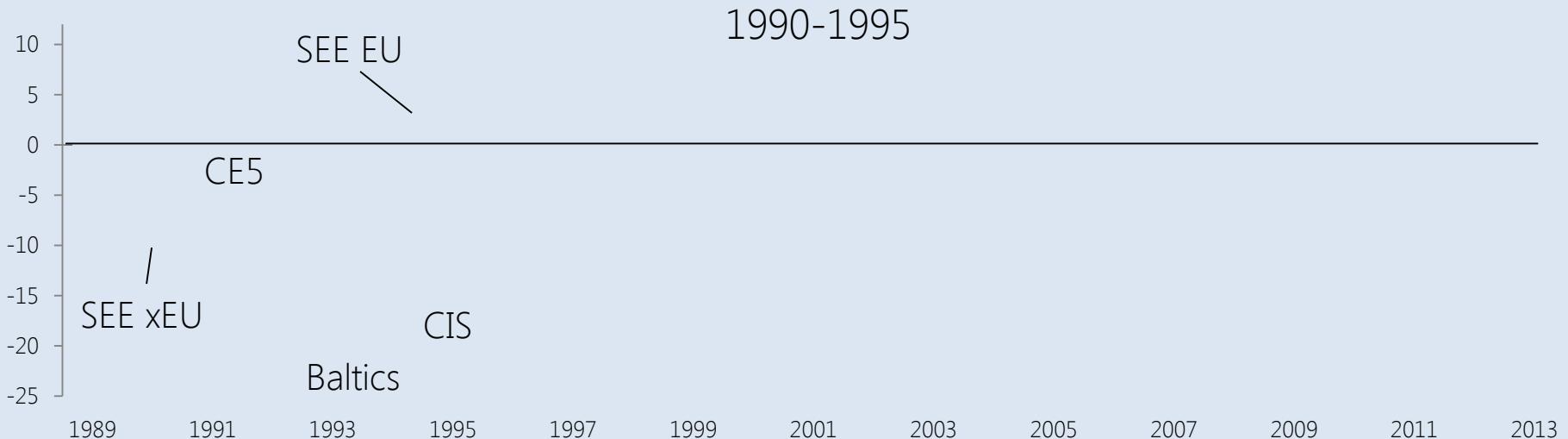
Overview

IMF membership



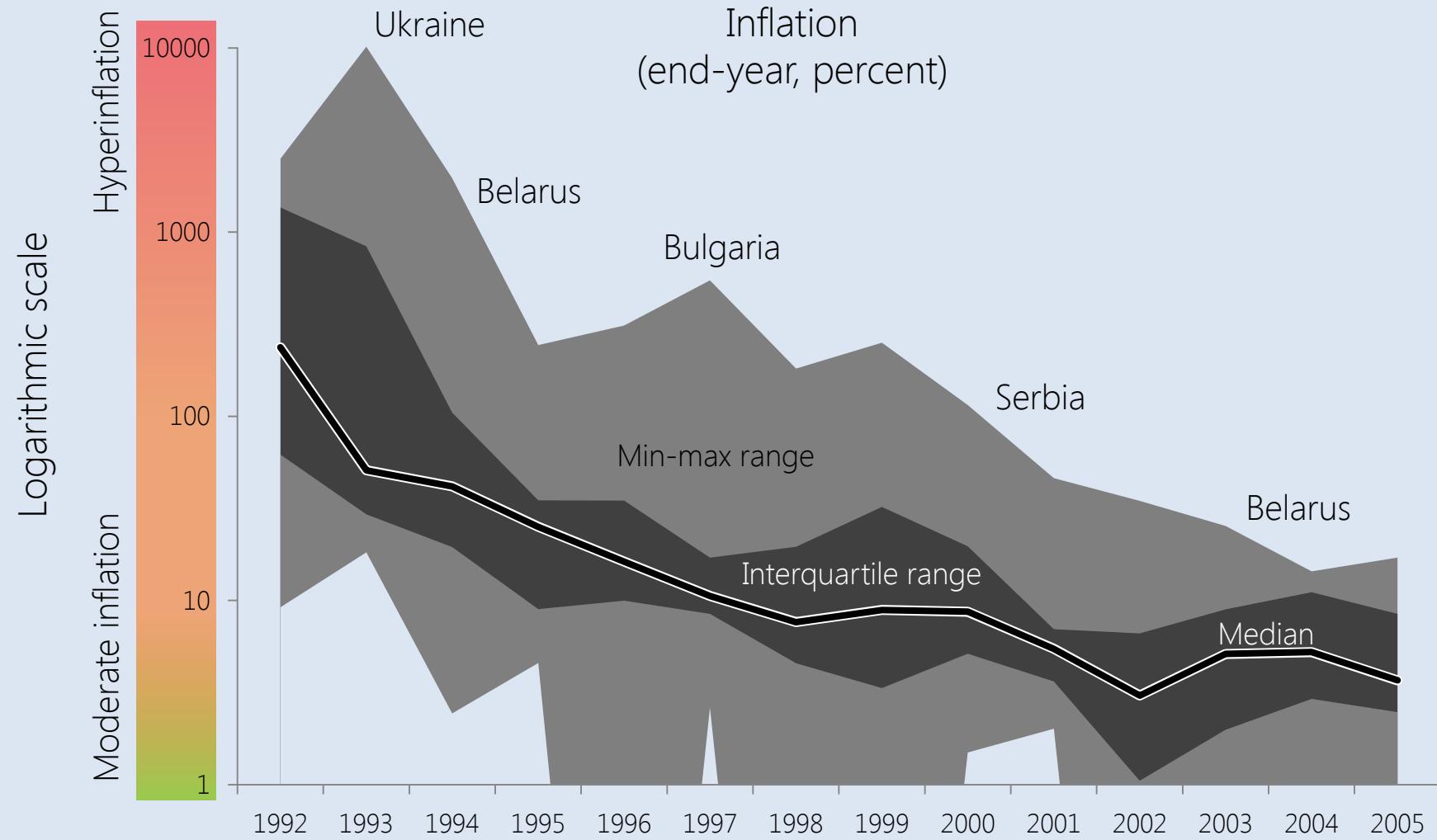
Growth and convergence

Overview



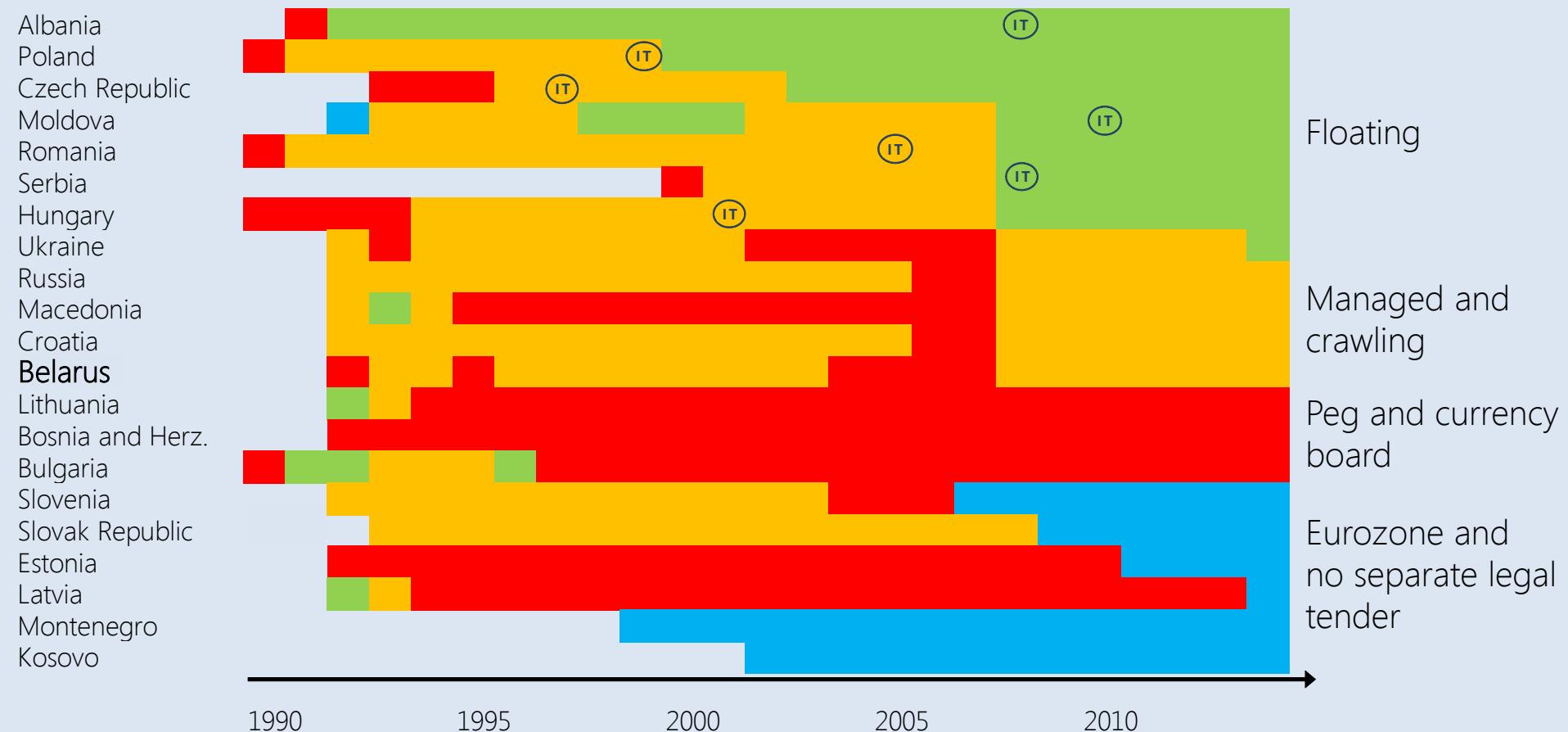
Price stabilization

Stabilization



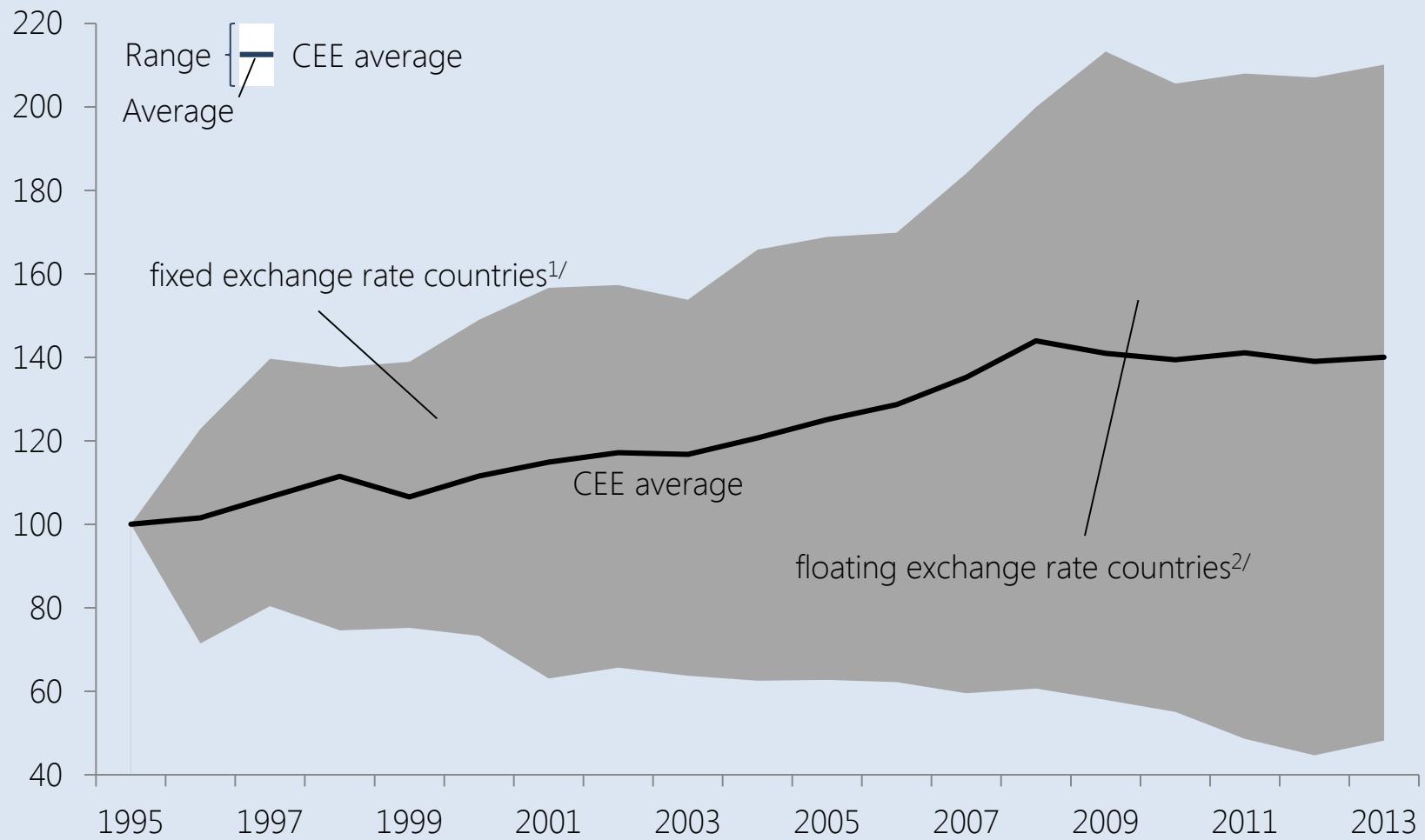
Exchange rate regimes

Overview



Real appreciation

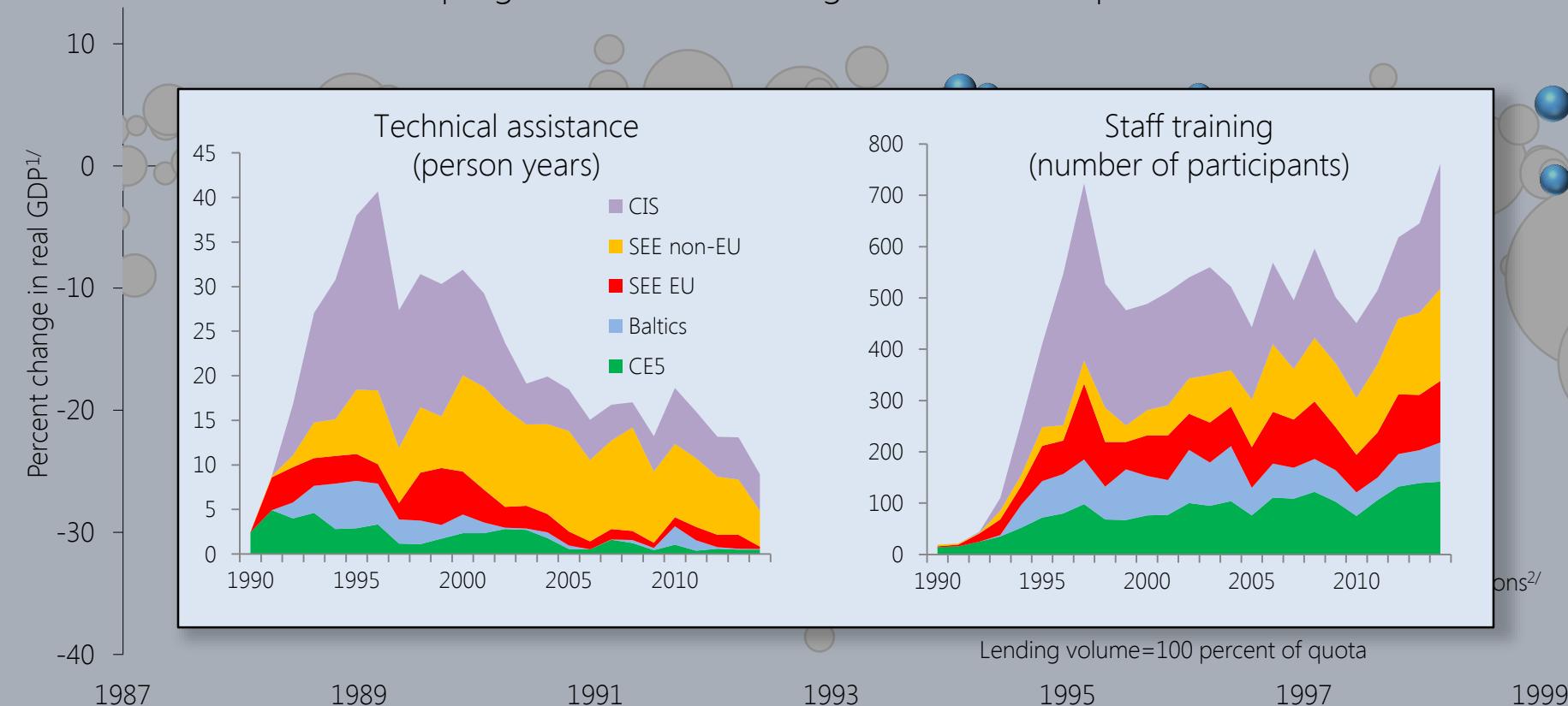
Stabilization



IMF-supported programs

Stabilization

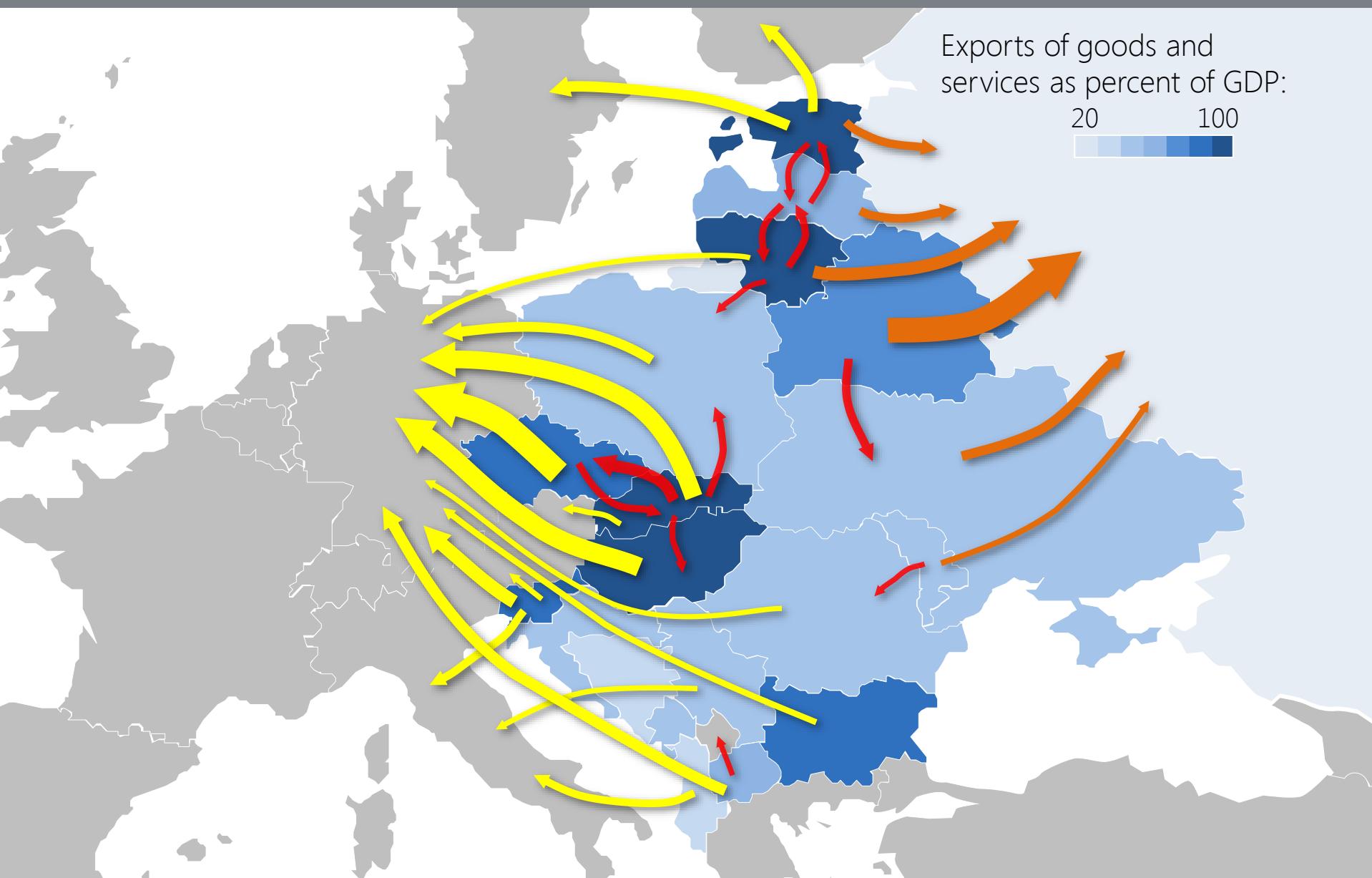
IMF programs in CEE - lending volume and output declines



1/ Maximum cumulative decline in three years from program inception (or lowest growth if no decline).

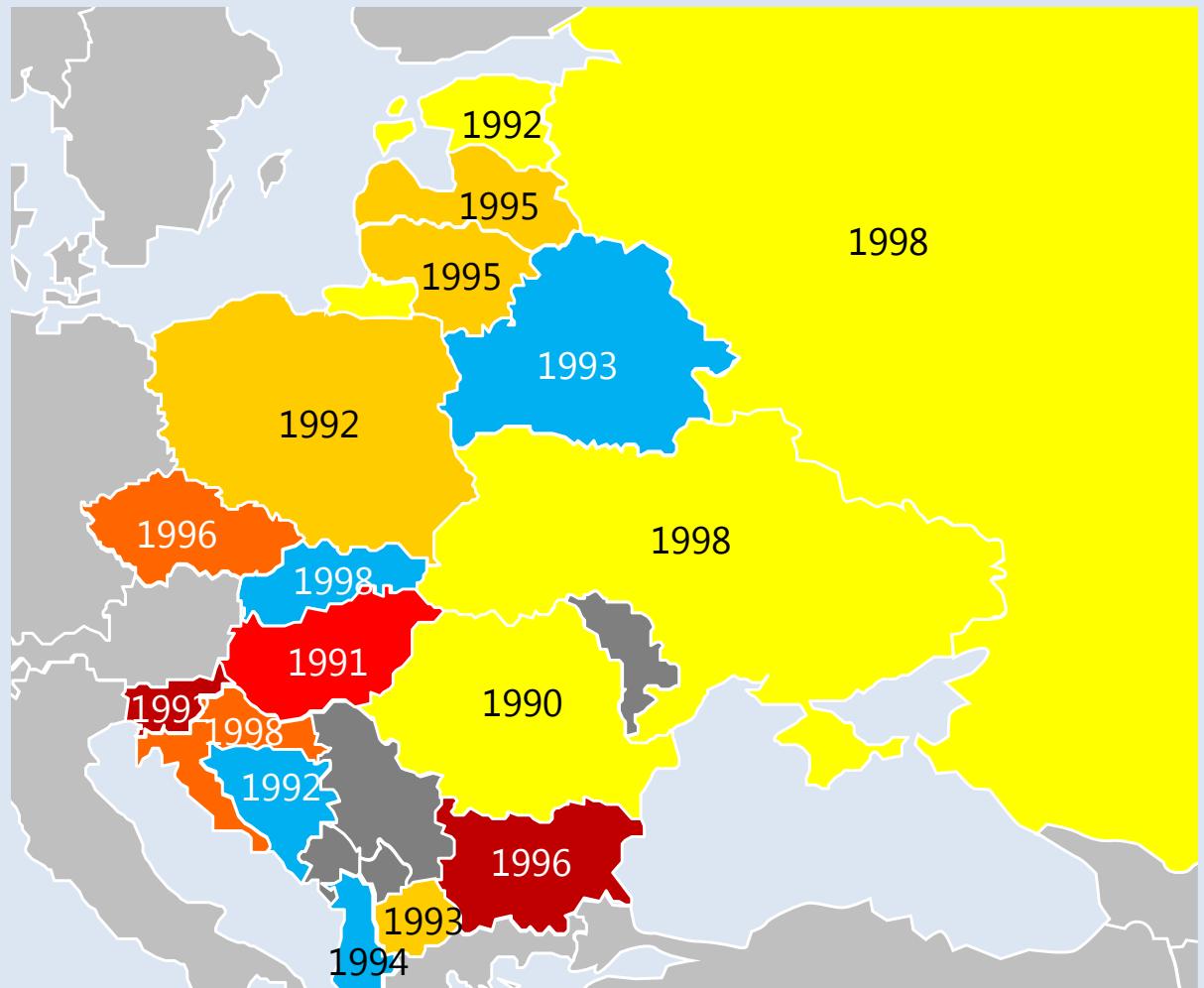
2/ Only non-concessional arrangements.

Overview



Post-transition banking crisis

Overview

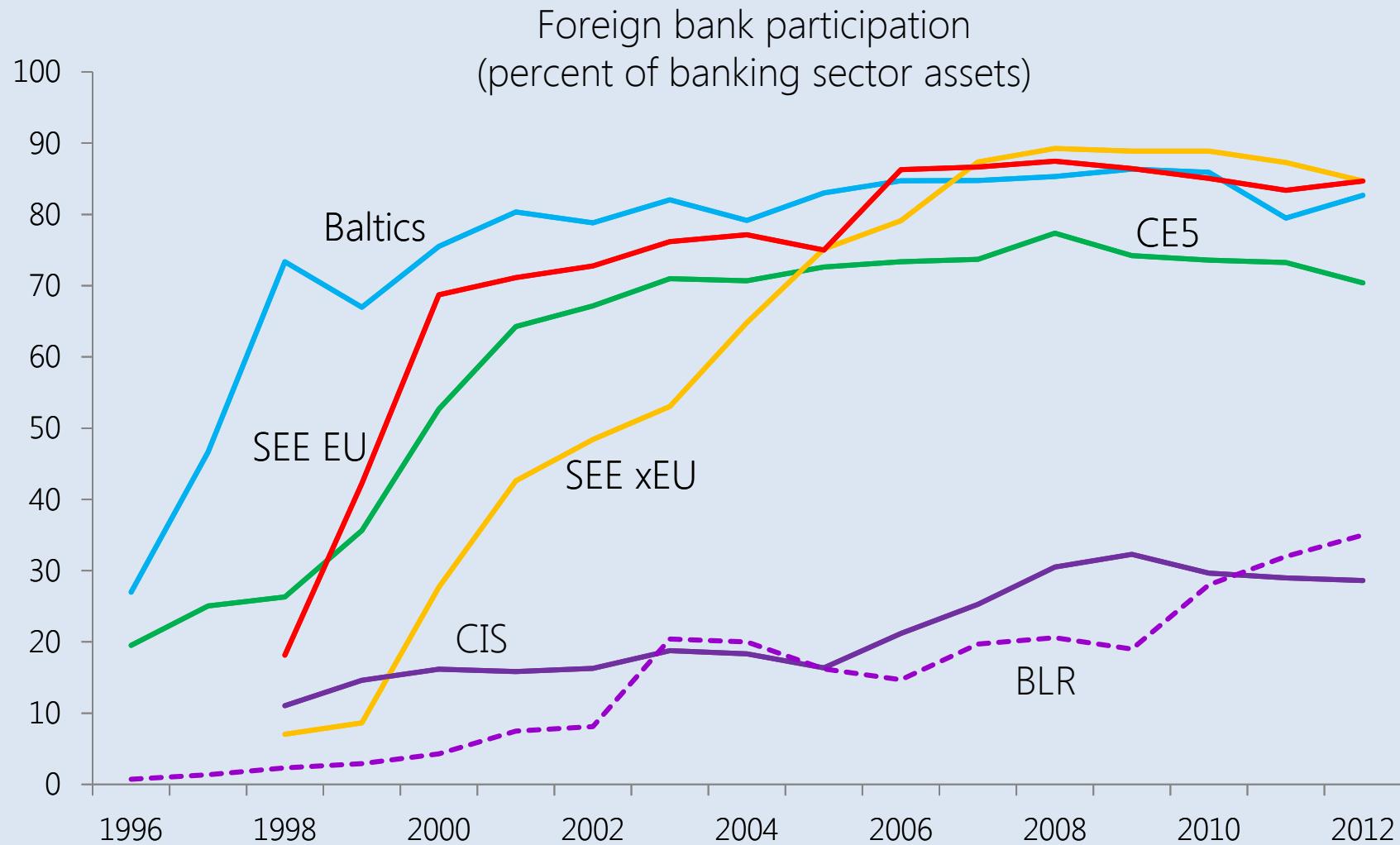


Fiscal cost (percent of GDP)

- 0 - 3
- 3 - 6
- 6 - 9
- 9 - 12
- 12 - 15
- fiscal cost unknown
- no data

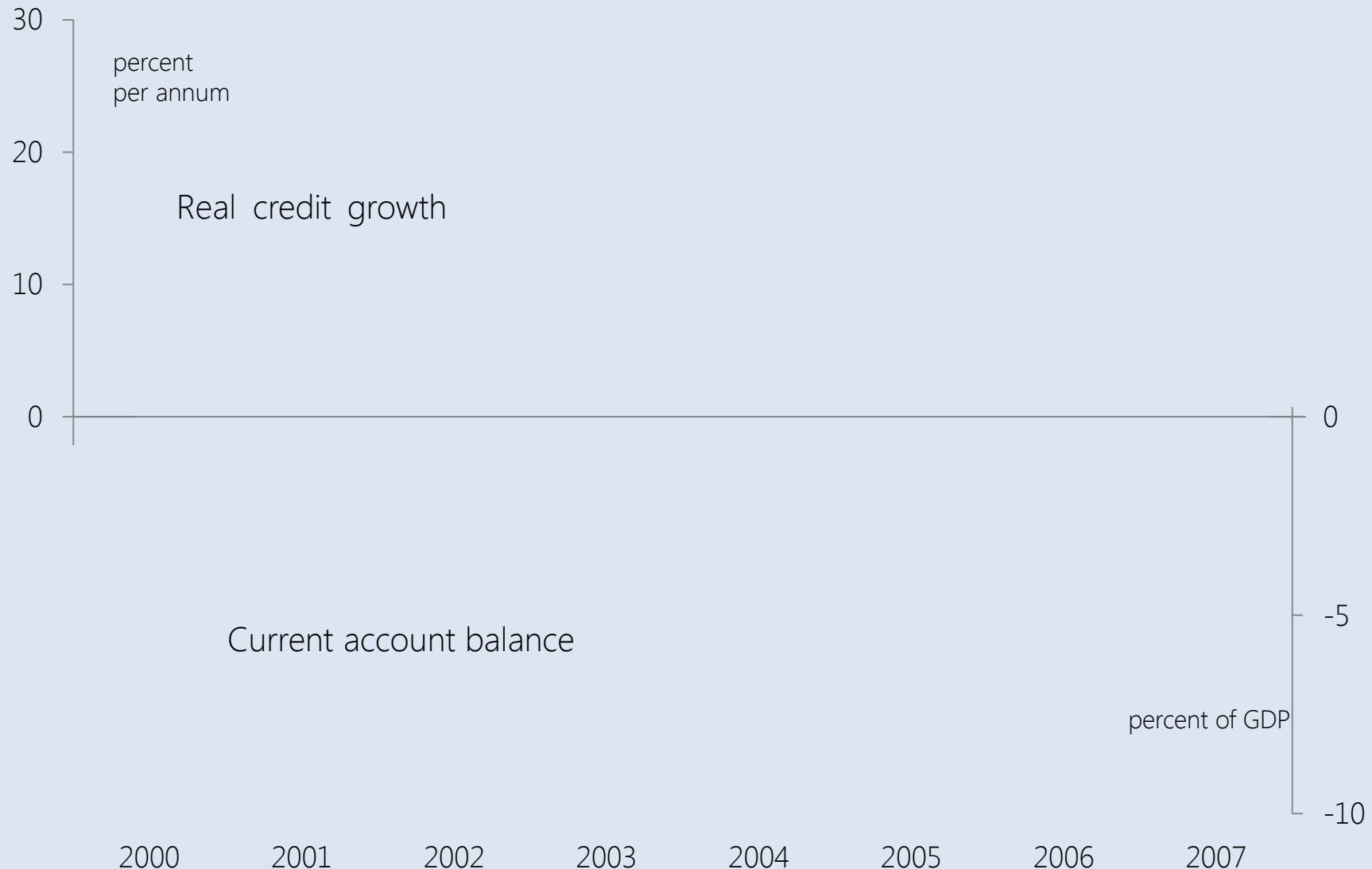
Foreign bank participation

Overview



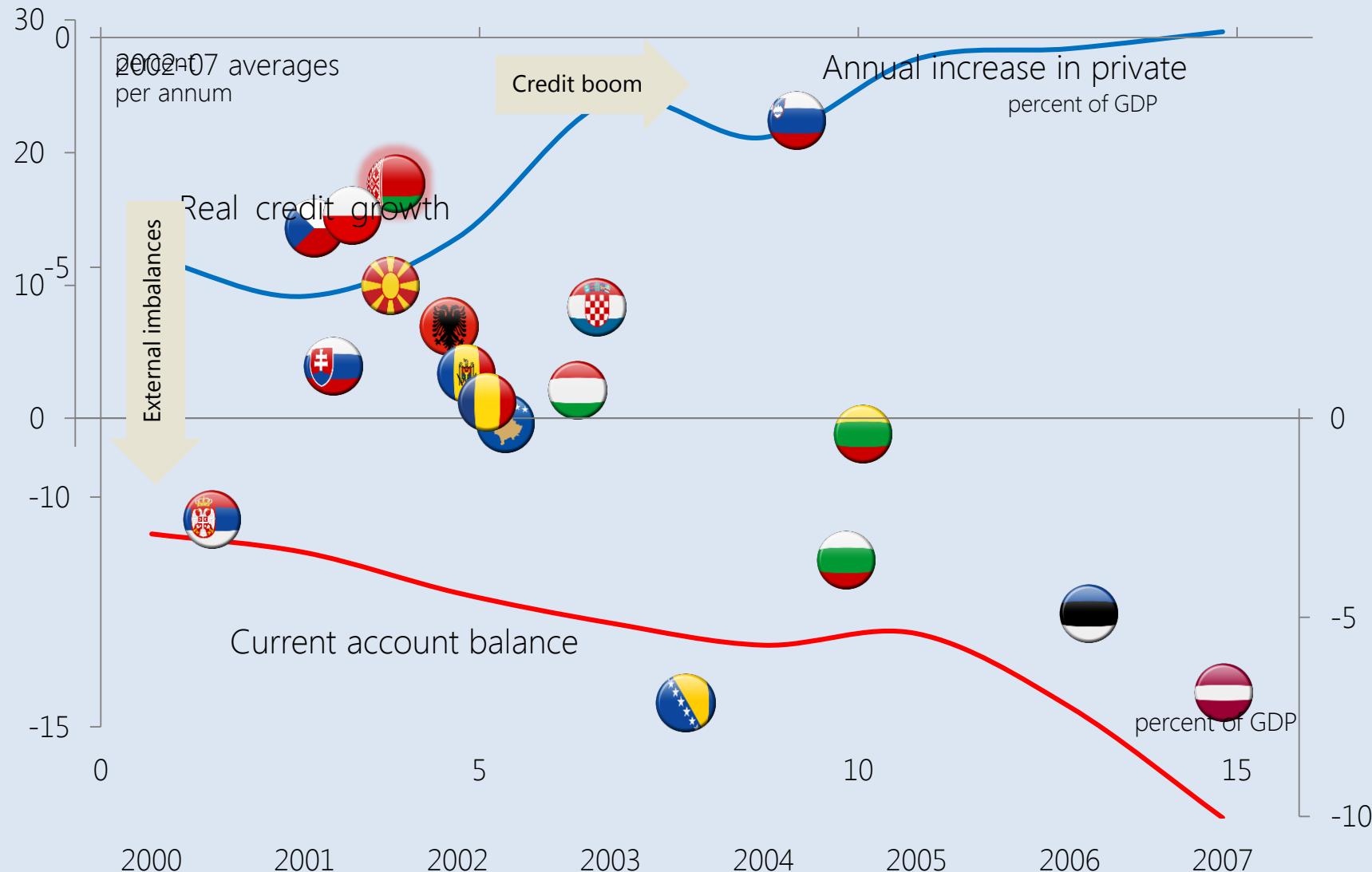
Imbalances

Overview



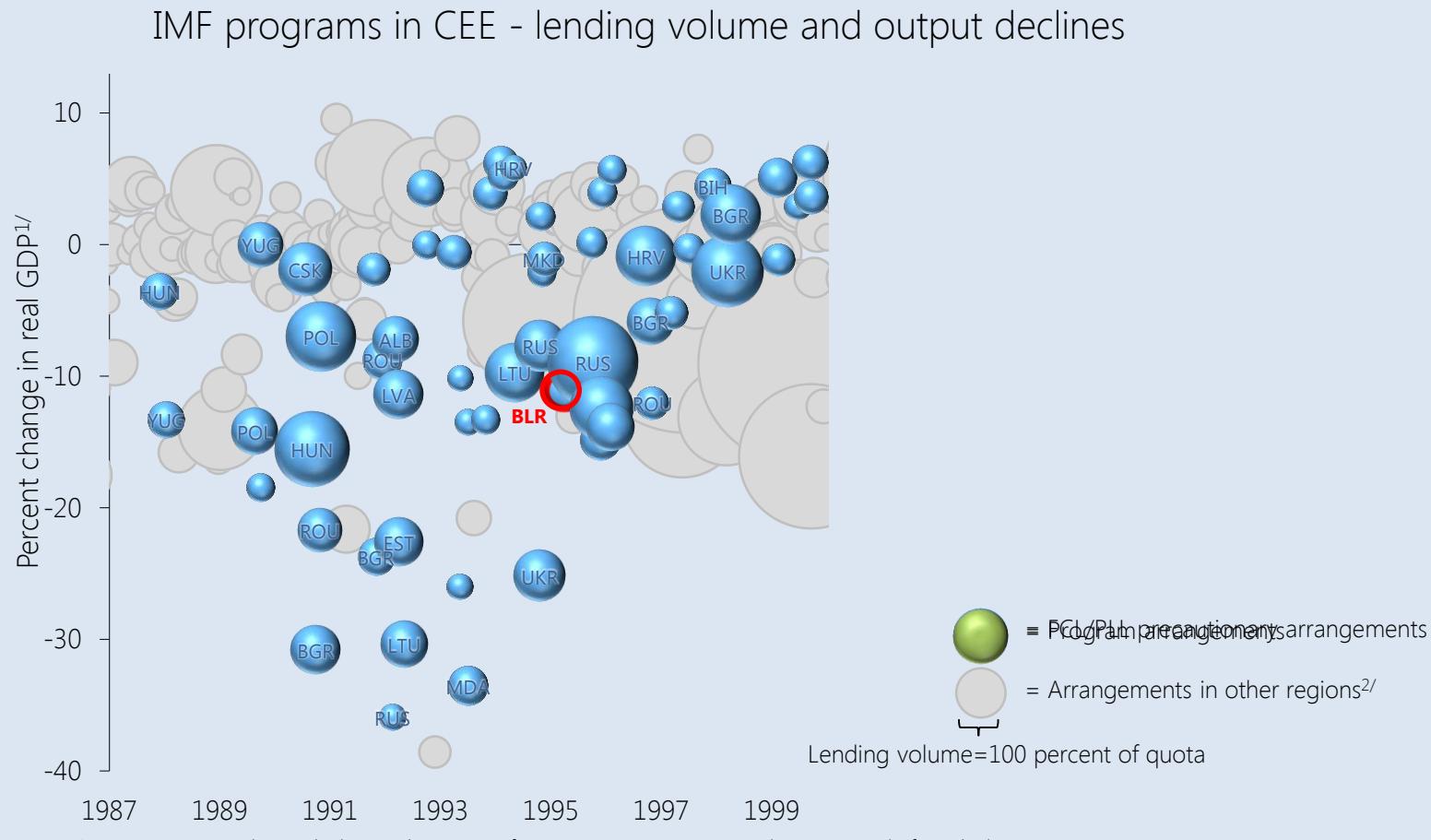
Imbalances

Overview



IMF involvement

Overview



Outline

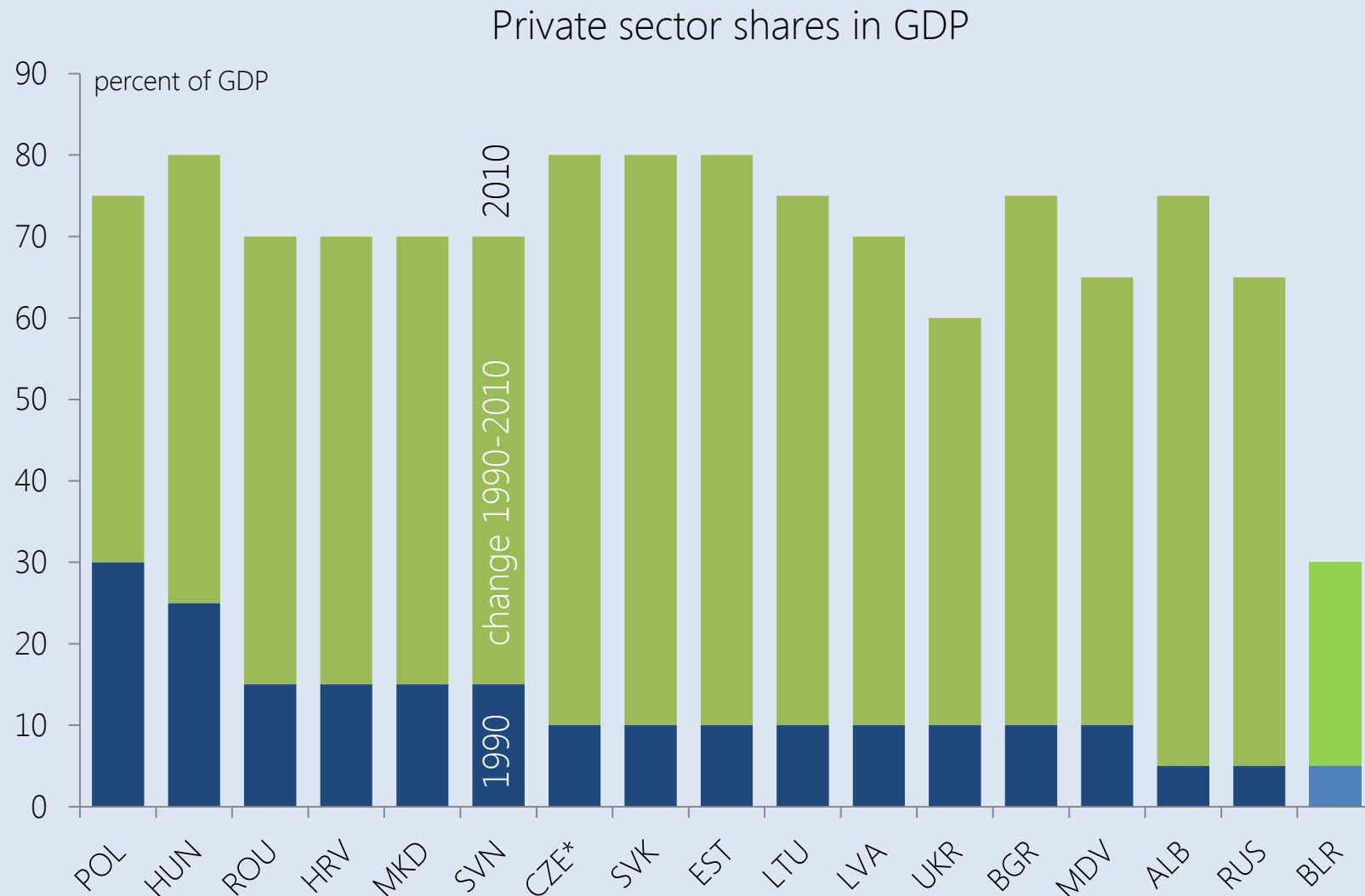
Overview

Reforms

Legacies & Challenges

Privatization

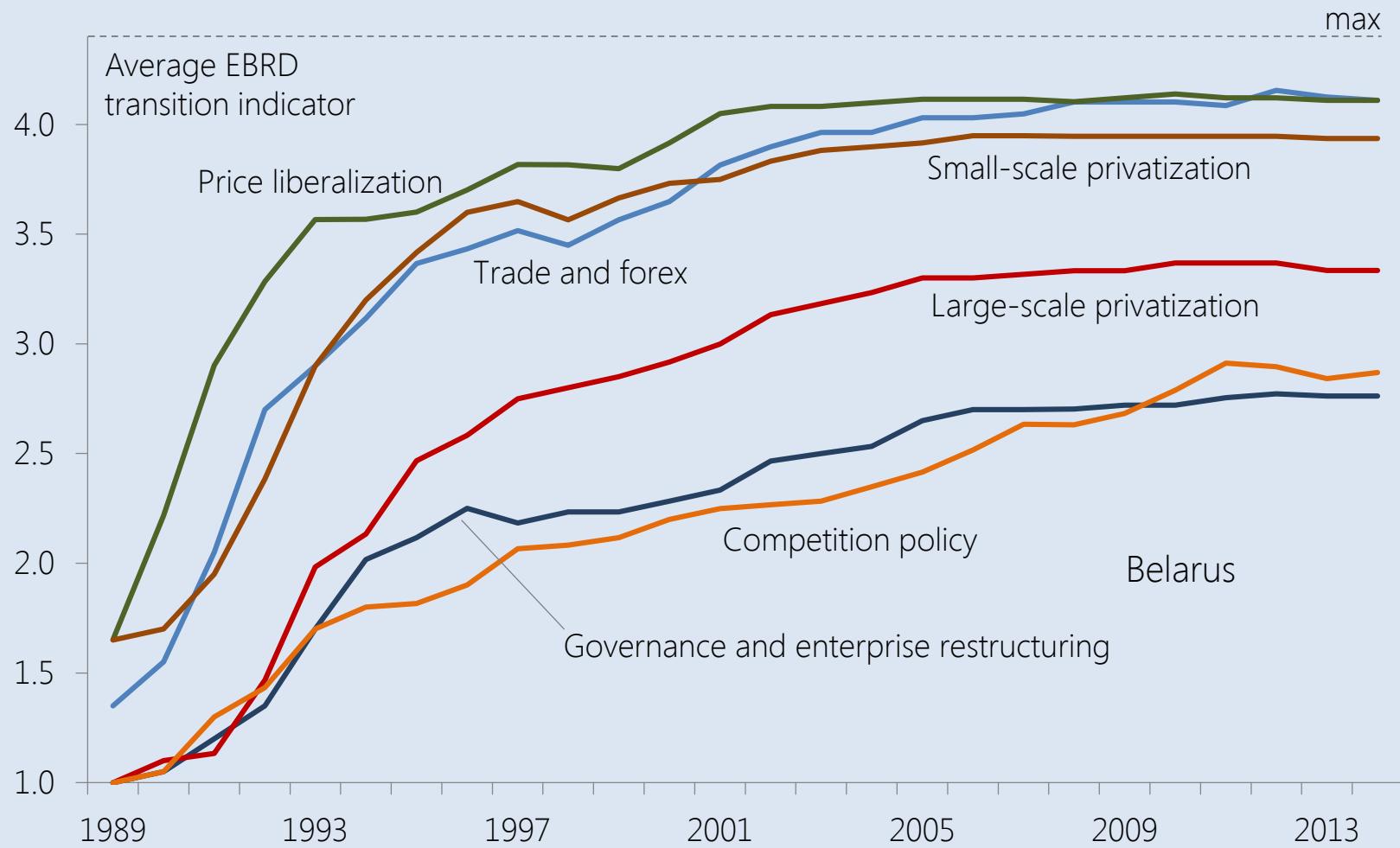
Reforms



* The latest data for Czech Republic is 2007.

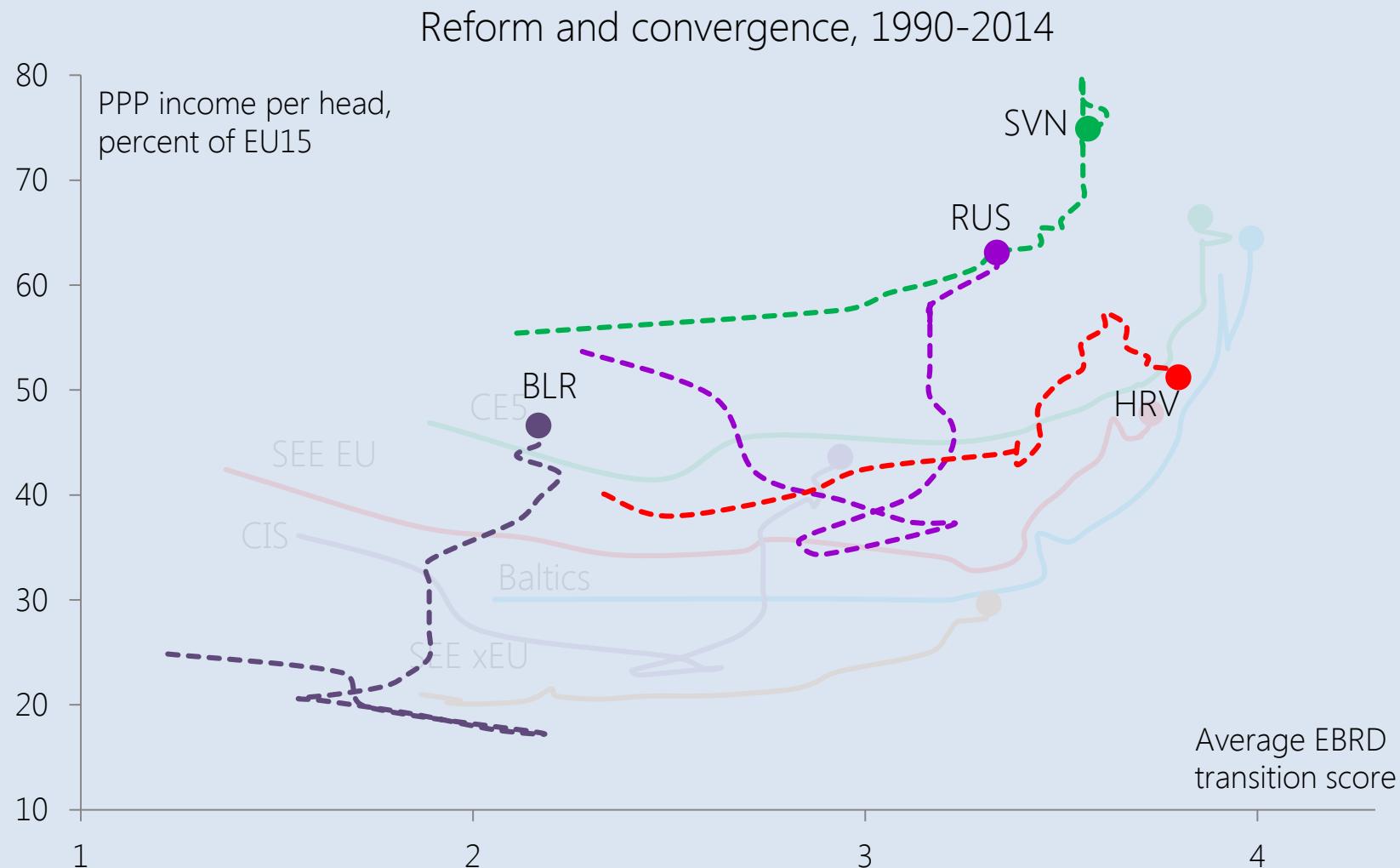
Structural transformation

Reforms



Pace and growth

Reforms

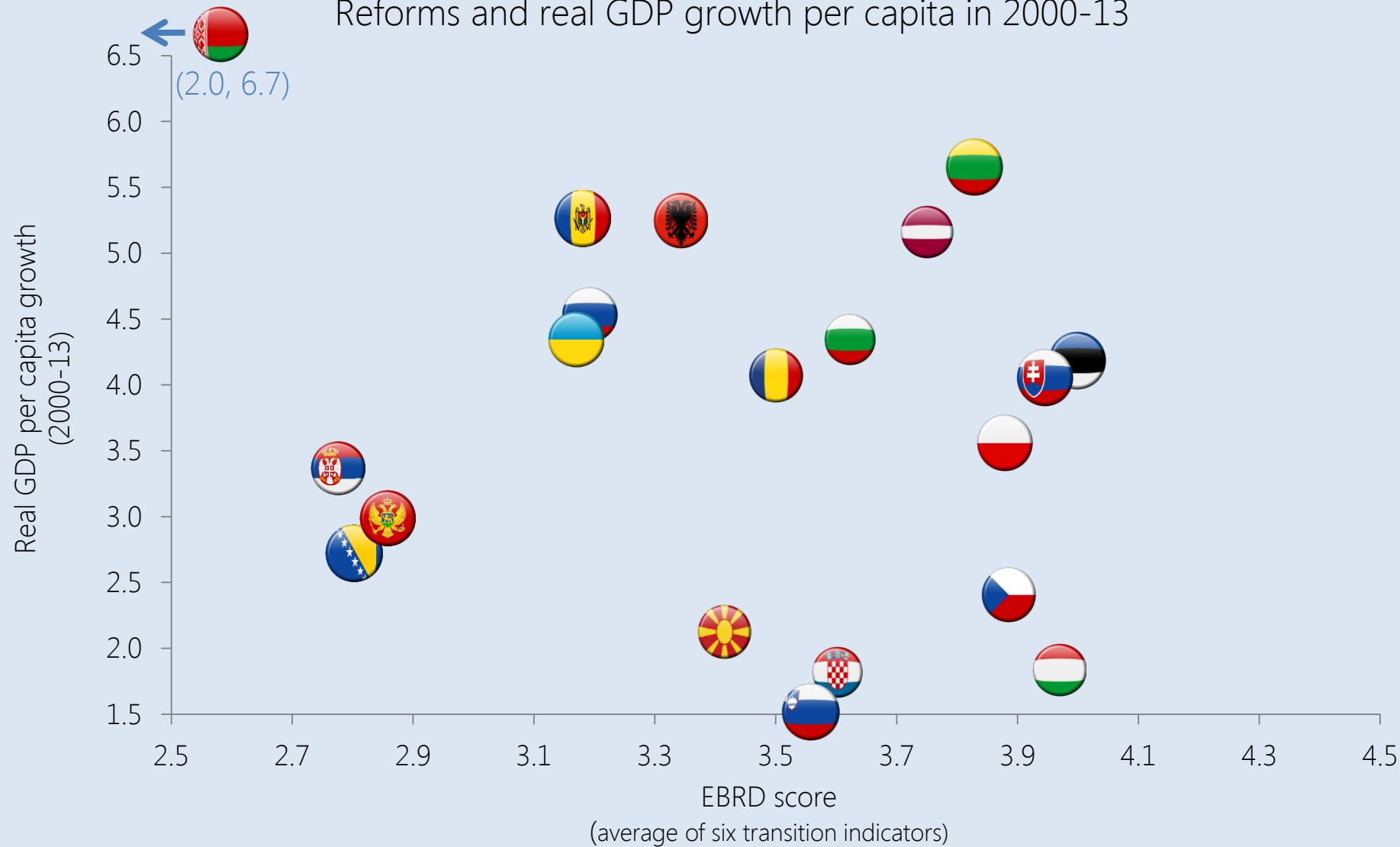


Note: Baltics, SEE xEU, CIS from 1992. Excludes CZE, MDA.

Reforms and growth

Reforms

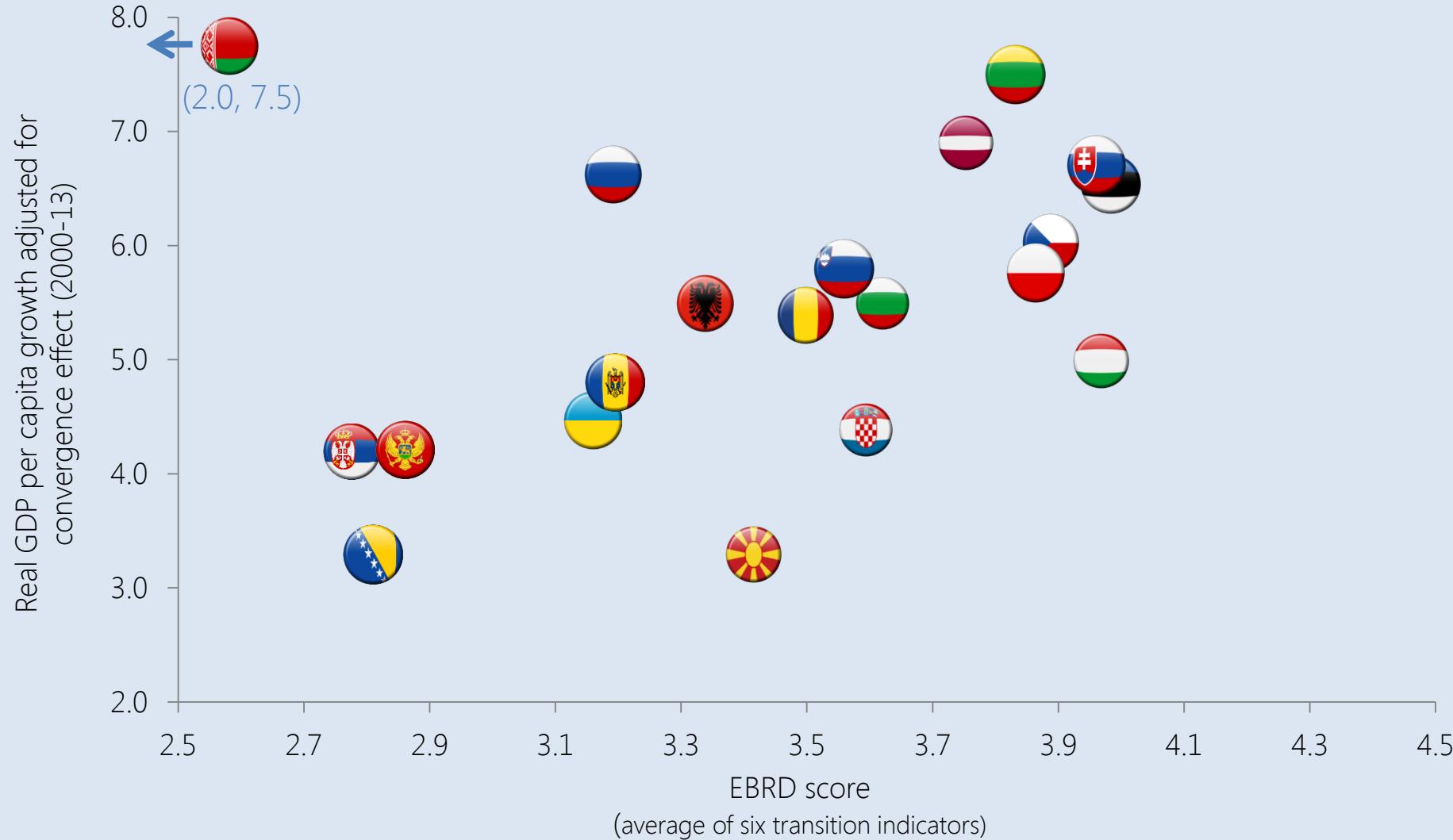
Reforms and real GDP growth per capita in 2000-13



Reforms and growth

Reforms

Reforms and real GDP growth per capita in 2000-13

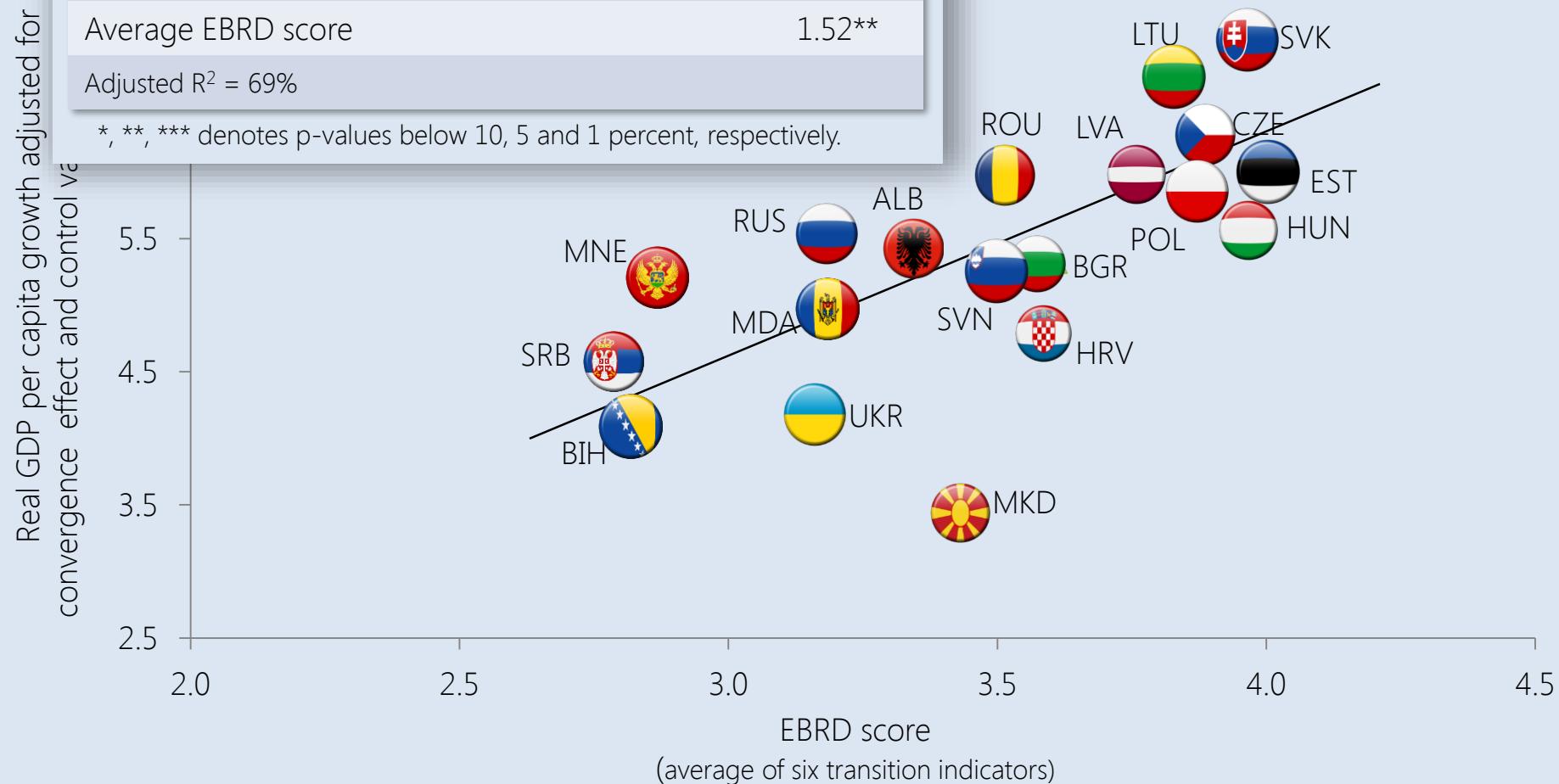


Reforms and growth

Reforms

Determinants of GDP per capita growth (2000-13)	coefficient
Initial income (percent of EU15)	-0.08***
Tertiary education enrollment (percent)	0.03*
General government expenditure (percent of GDP)	-0.06
Average EBRD score	1.52**
Adjusted R ² = 69%	

*, **, *** denotes p-values below 10, 5 and 1 percent, respectively.



Outline

Overview

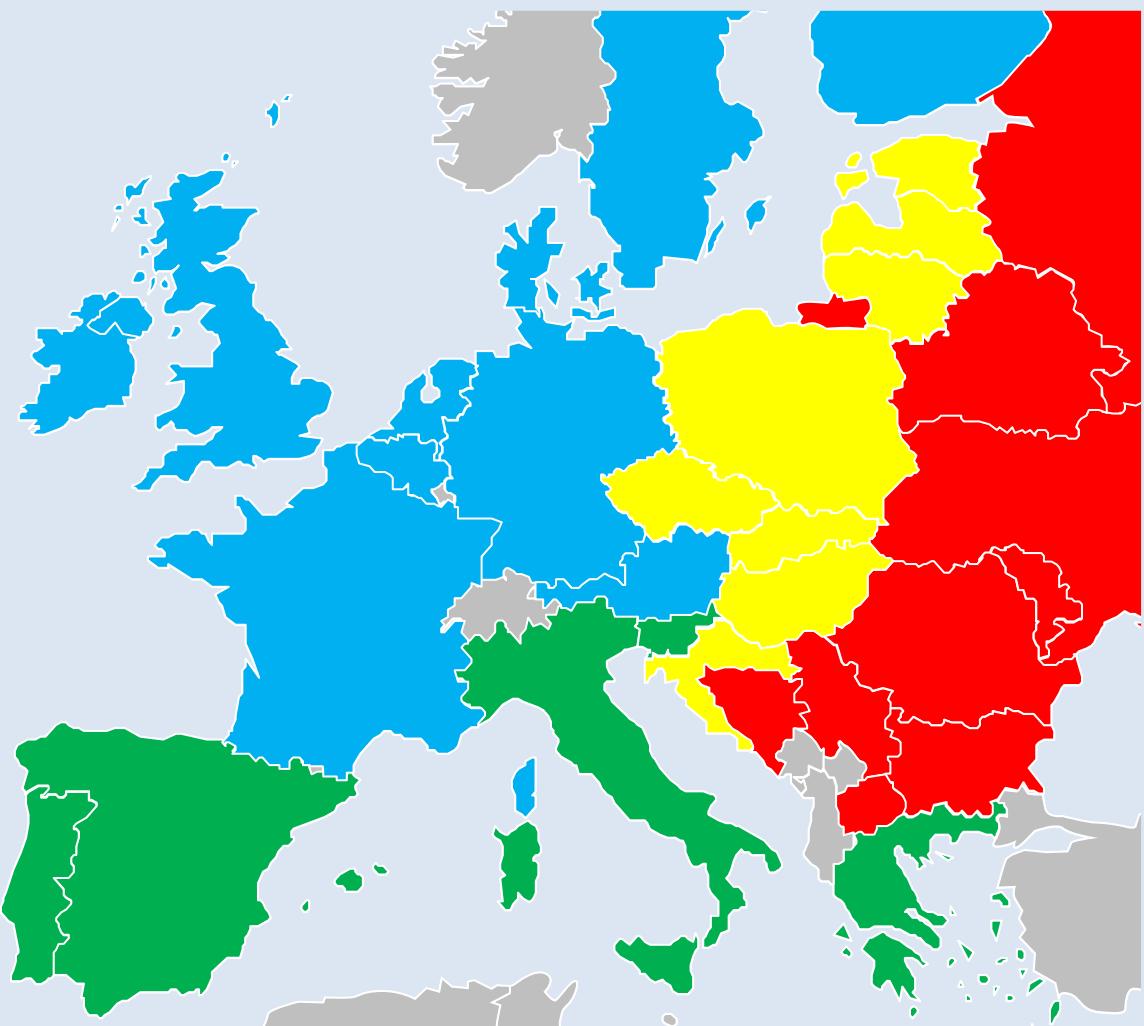
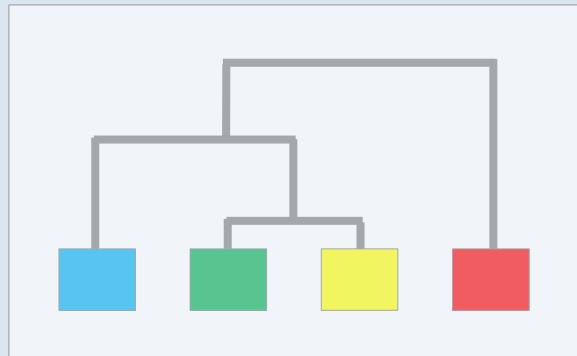
Stabilization

Legacies & Challenges

Then and now

Legacies & Challenges

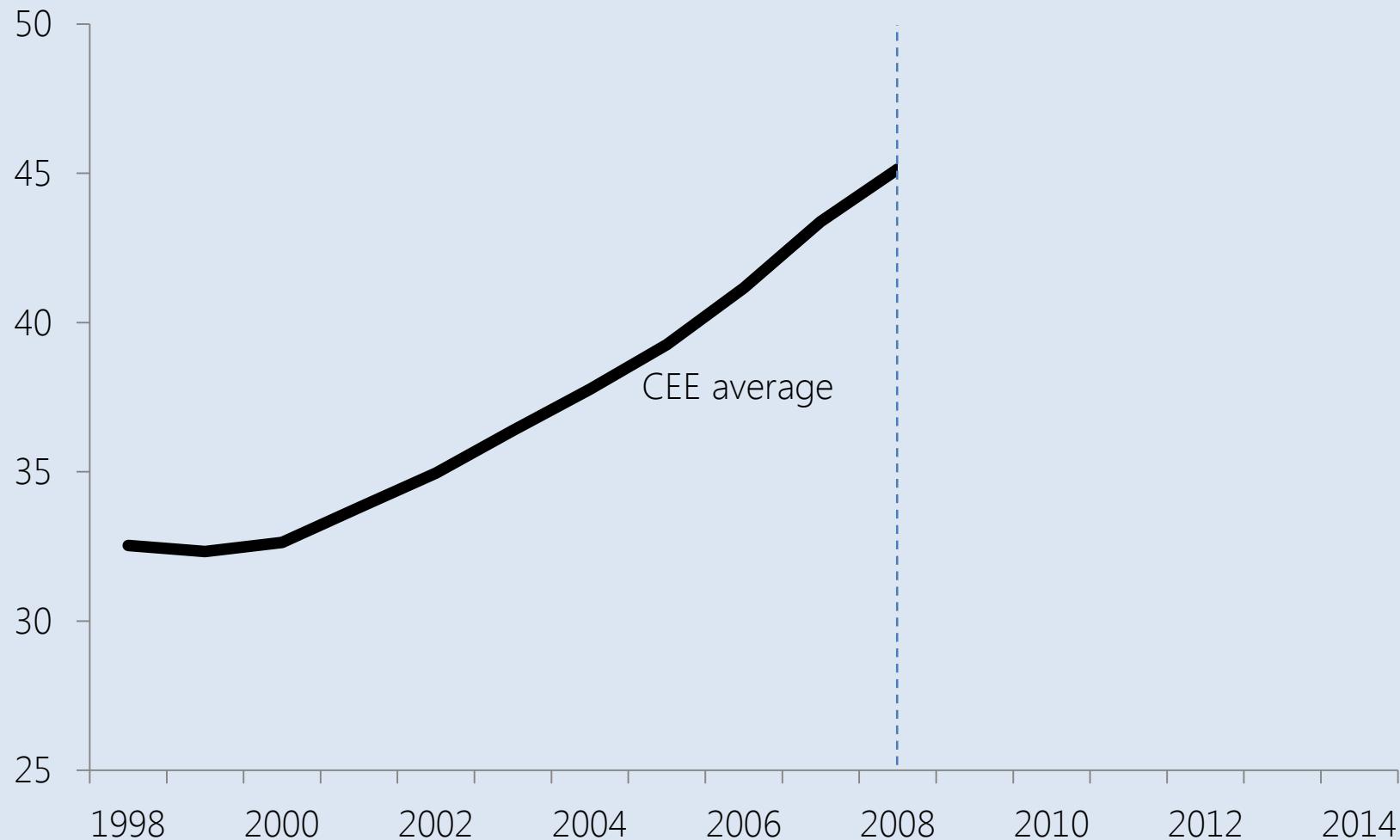
2018-2000



Convergence

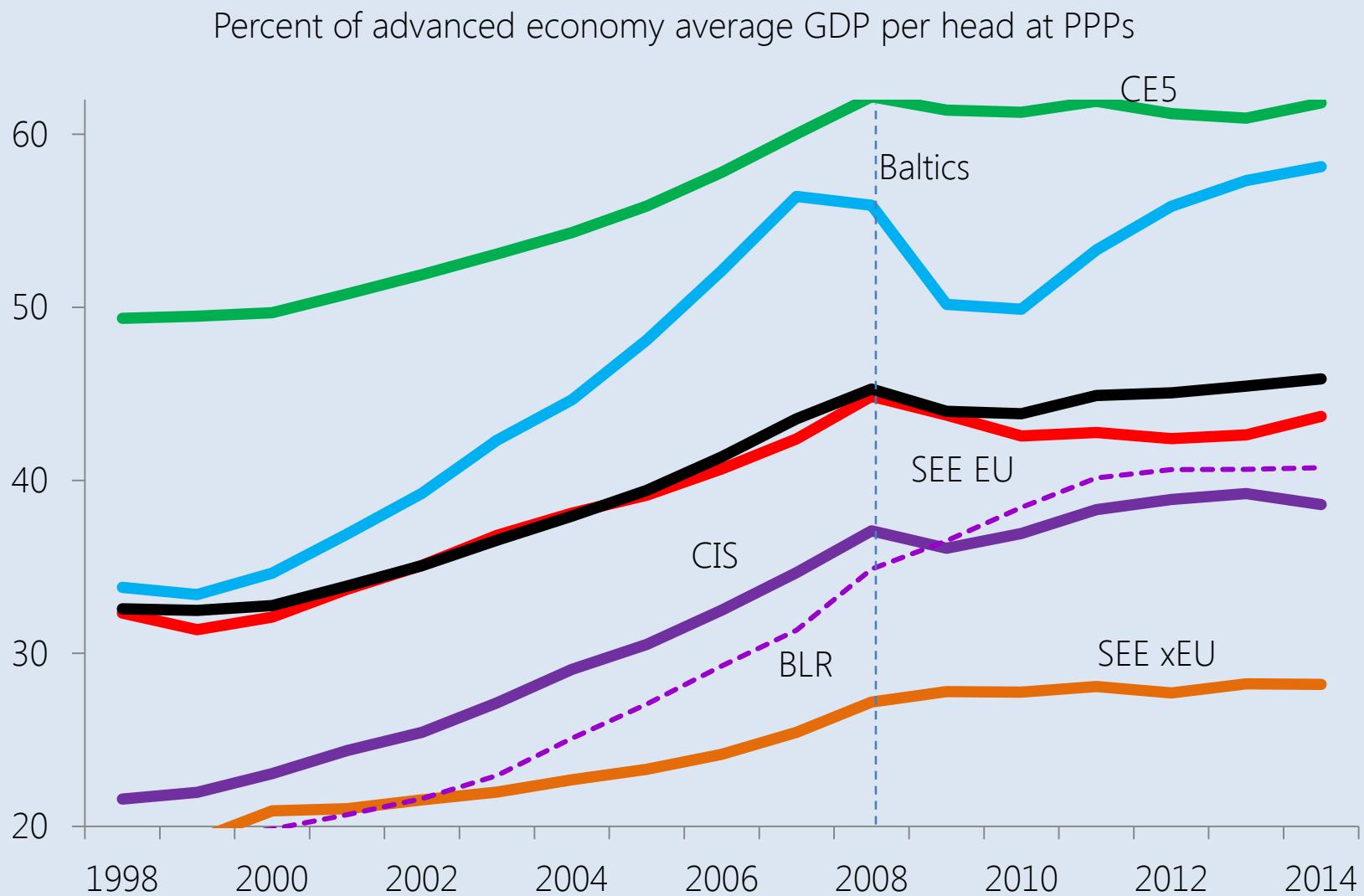
Legacies & Challenges

Percent of advanced economy average GDP per head at PPPs



Convergence

Legacies & Challenges



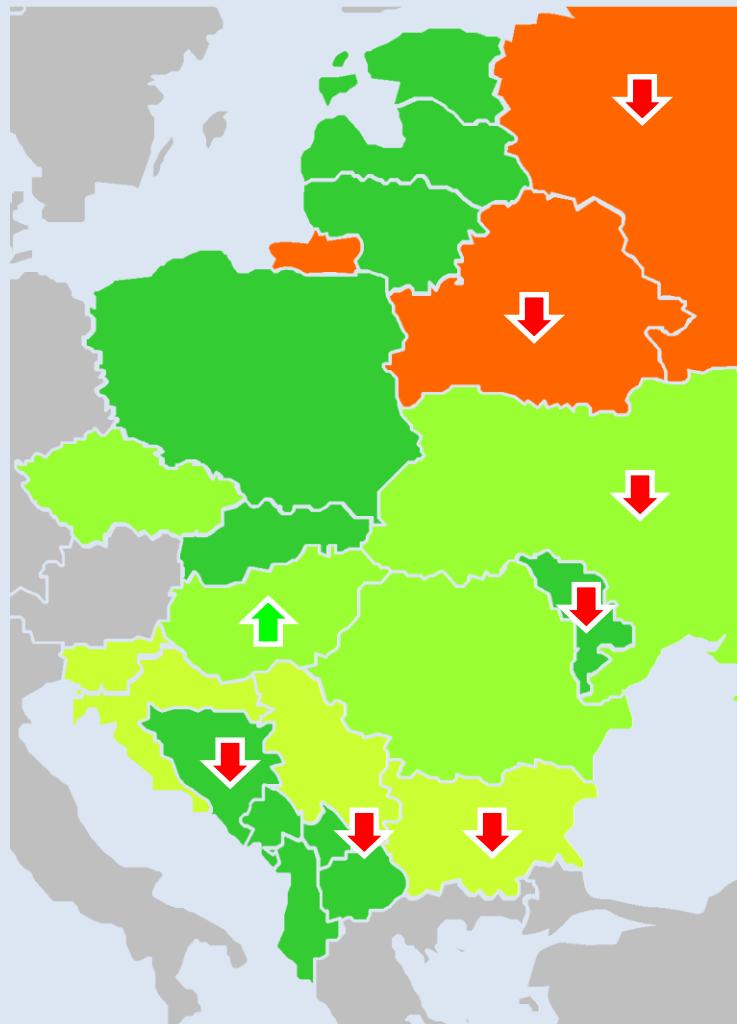
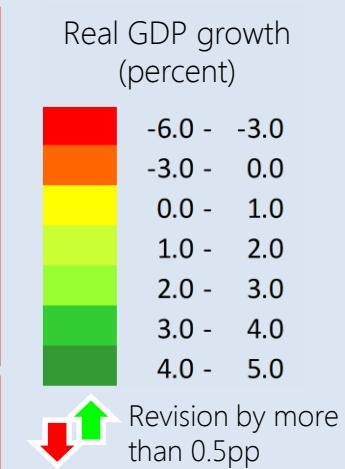
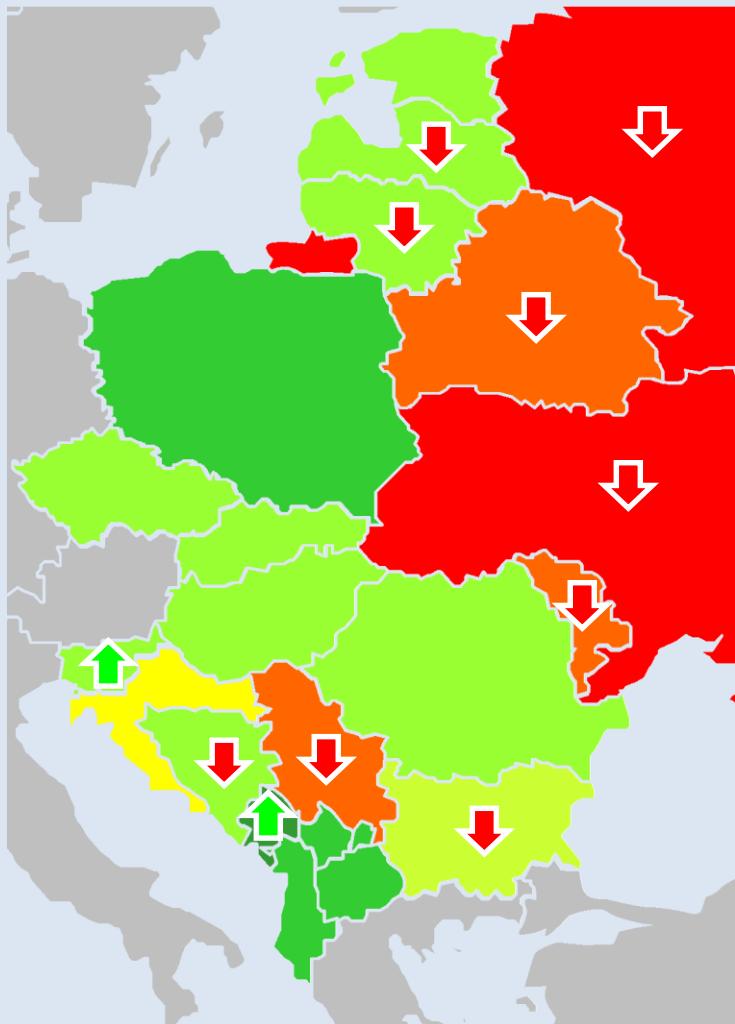
Growth forecasts

Legacies & Challenges

2015

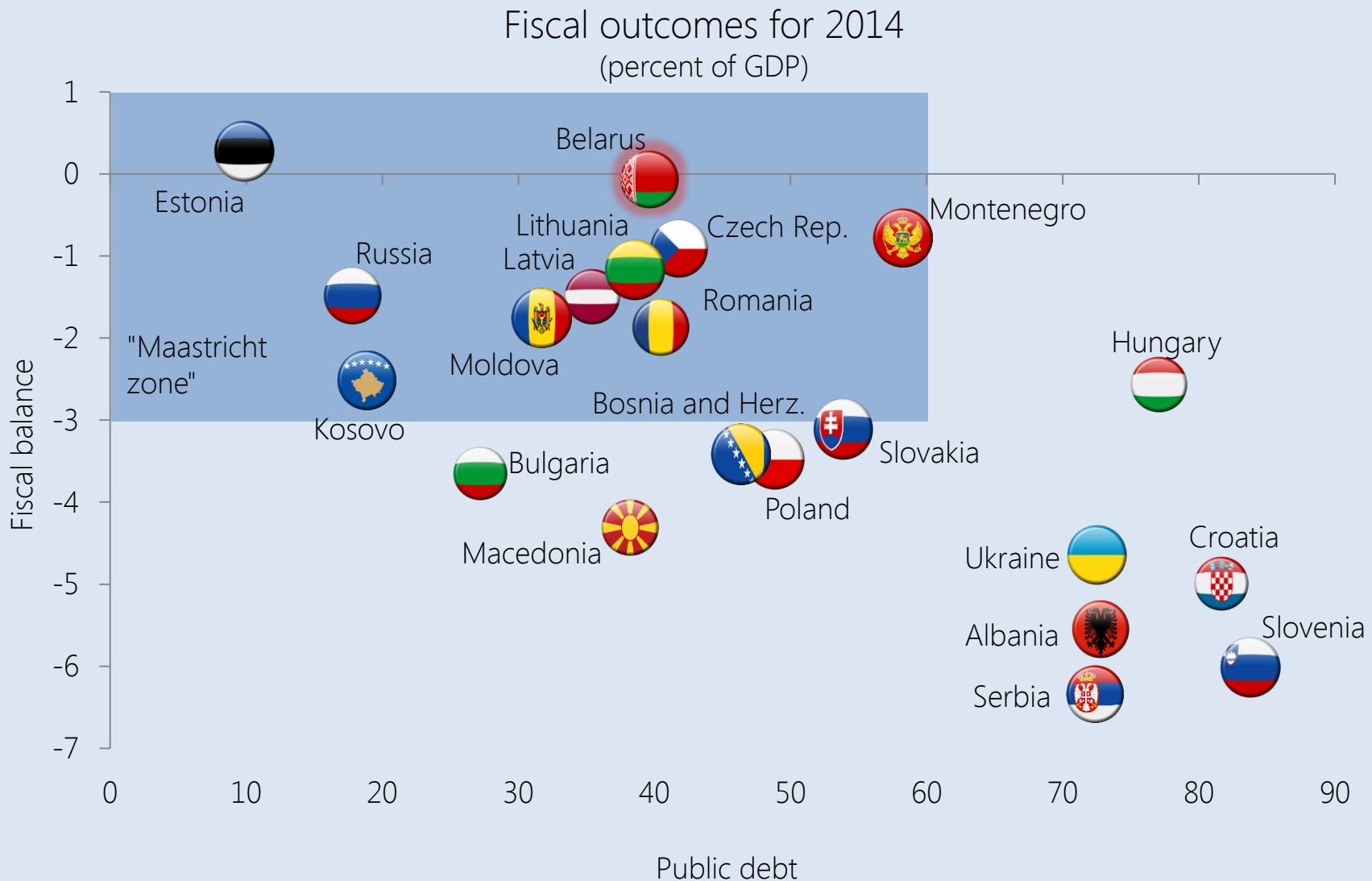
Growth outlook update

2016



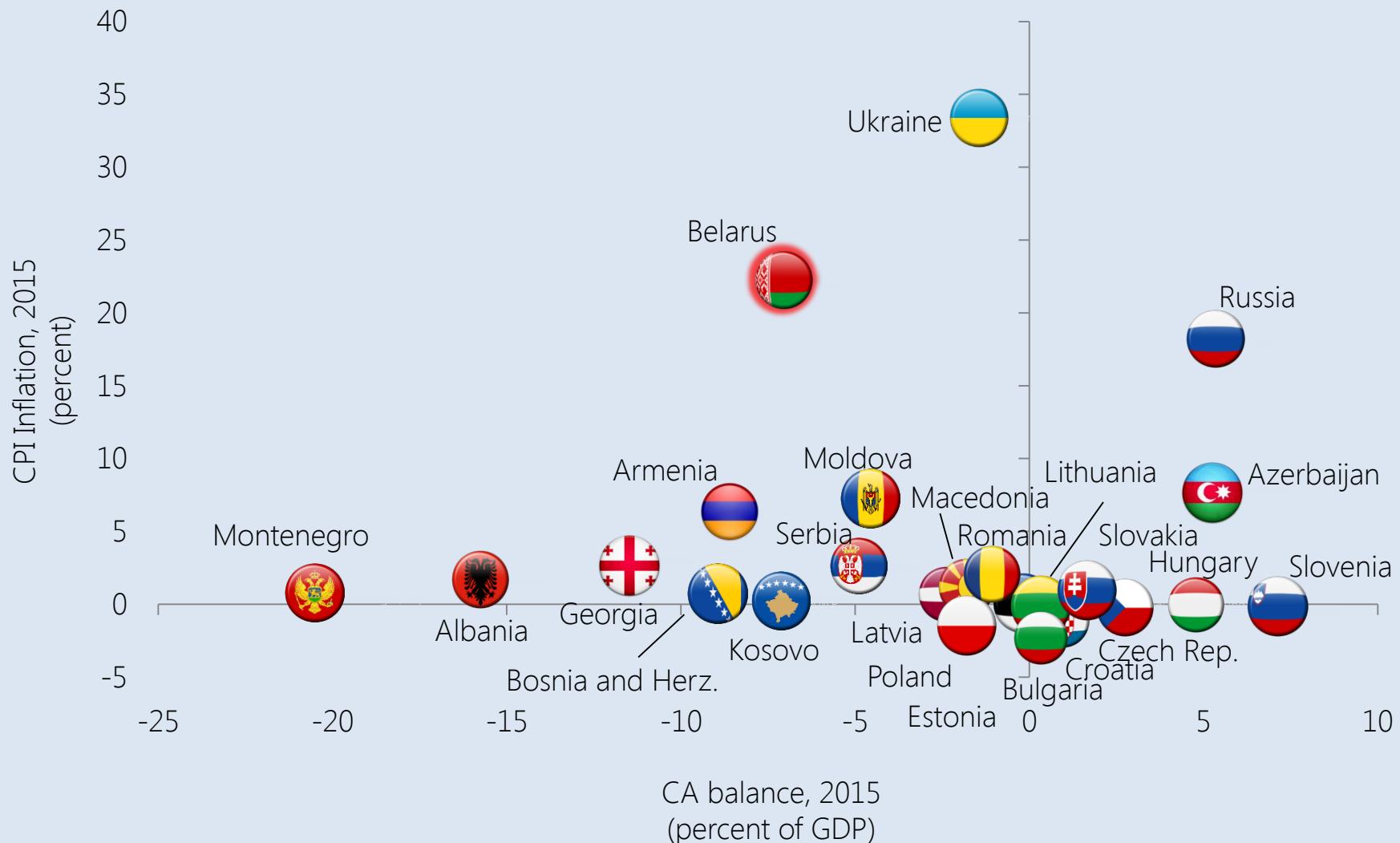
Fiscal outcomes

Legacies & Challenges



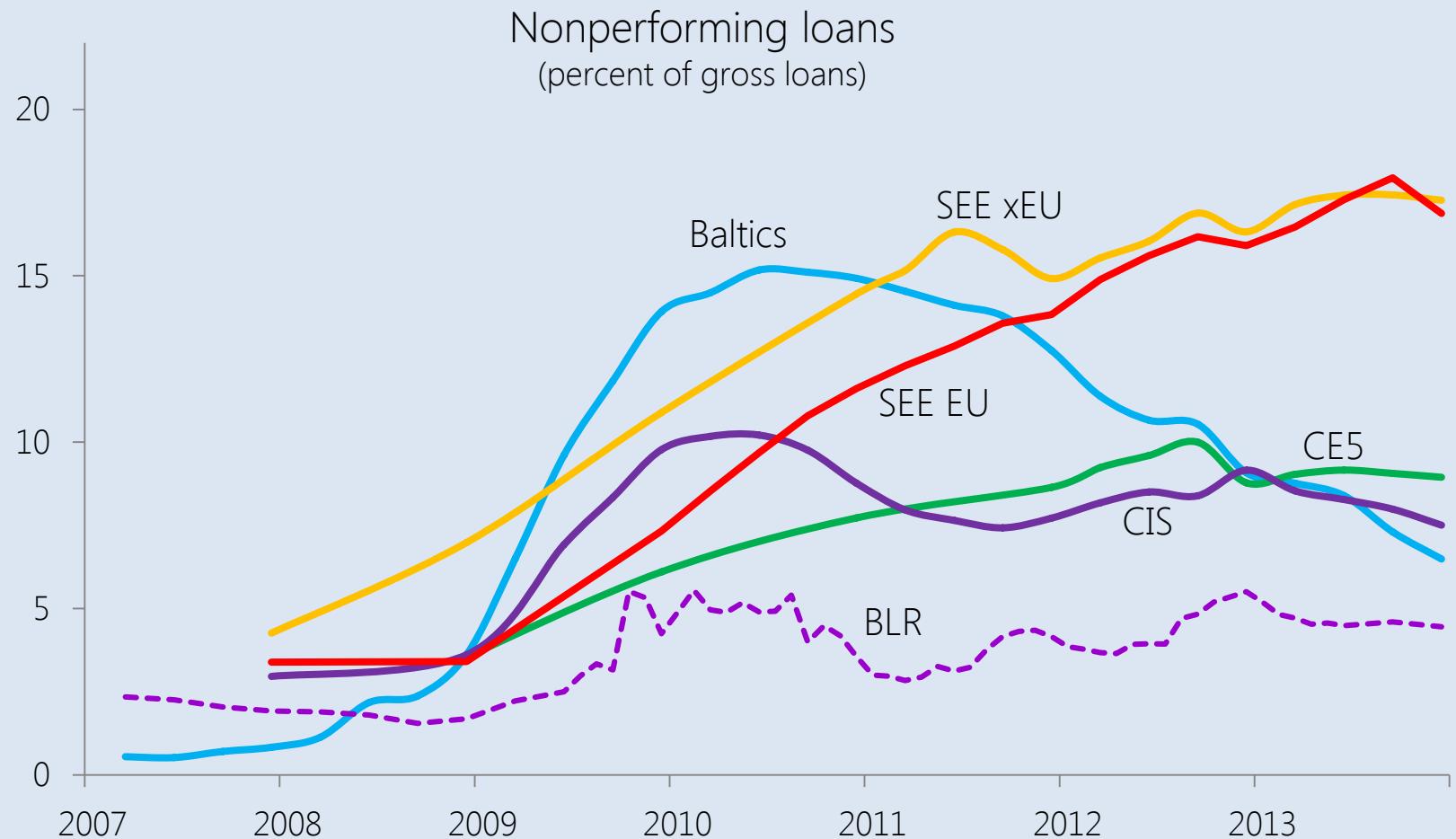
Macro-stability

Legacies & Challenges

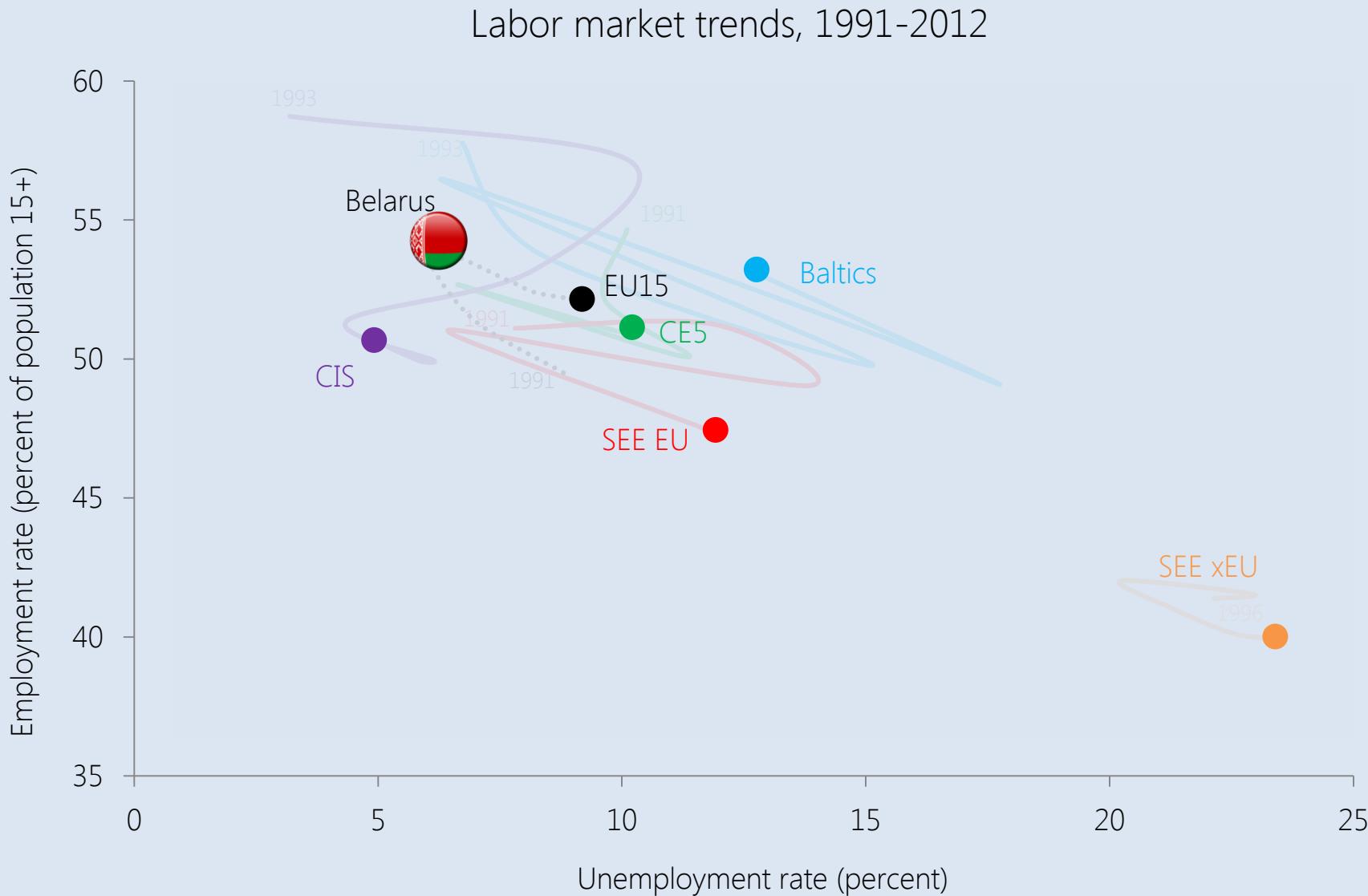


NPLs and financing

Legacies & Challenges

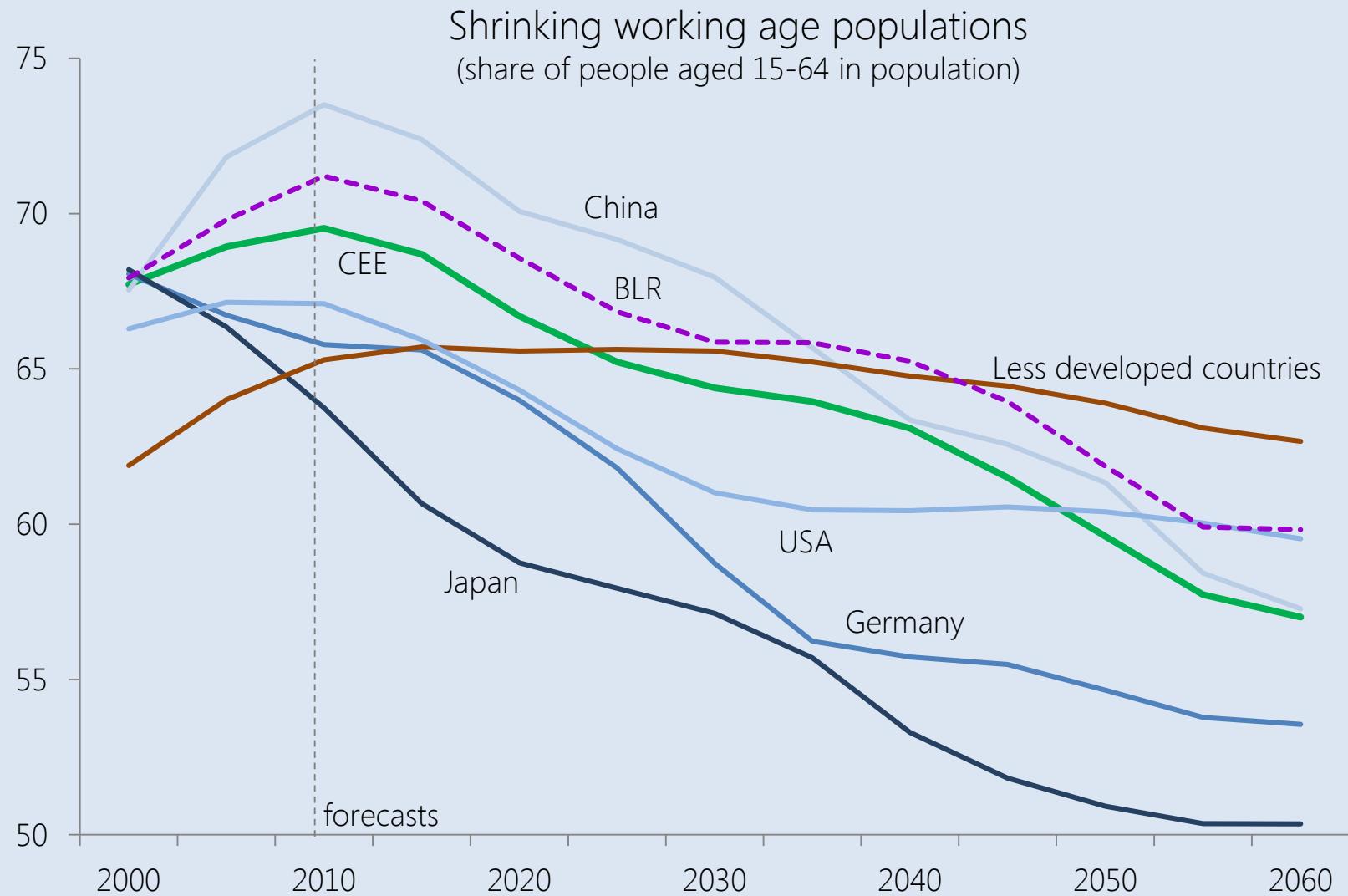


Labor markets



Demographics

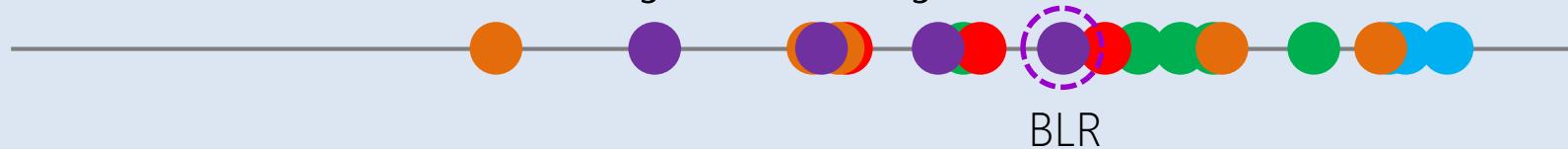
Legacies & Challenges



Business climate

Legacies & Challenges

Ease of Doing Business Ranking, 2014



BLR

Global Competitiveness Ranking, 2013-2014



Transparency International – Corruption perceptions, 2014



BLR

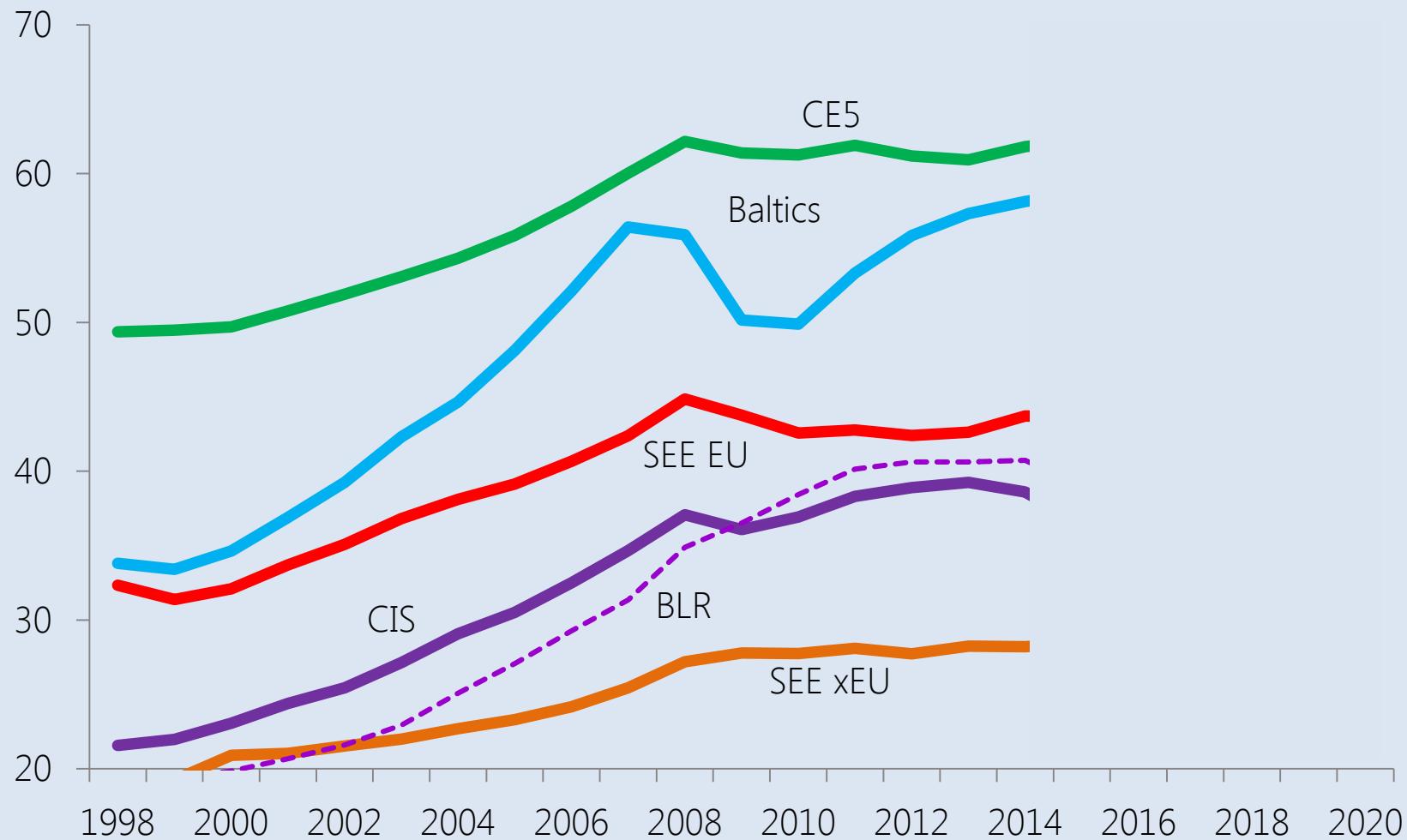
100 90 80 70 60 50 40 30 20 10 0

Position in ranking, normalized (1-100)

Convergence

Legacies & Challenges

Percent of advanced economy average GDP per head at PPPs



Note: Reform scenario assumes 0.5 point improvement in EBRD score each year.



Thank you