European Department

Fiscal Policy and Growth Challenges in SEE

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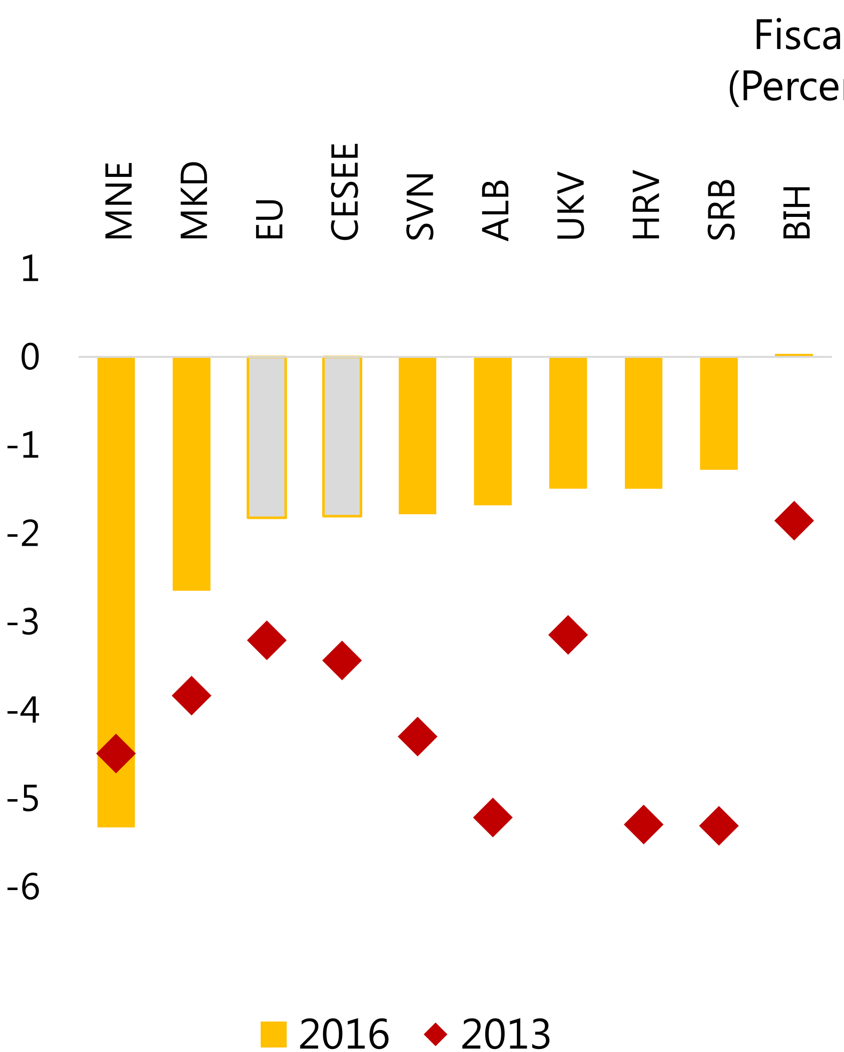
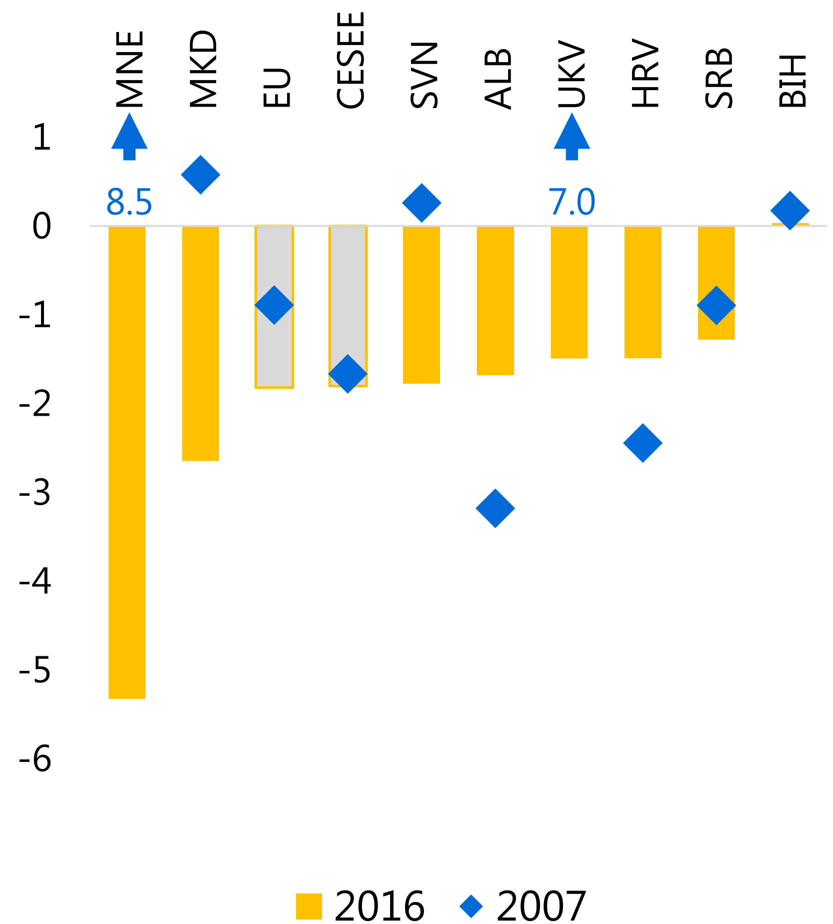
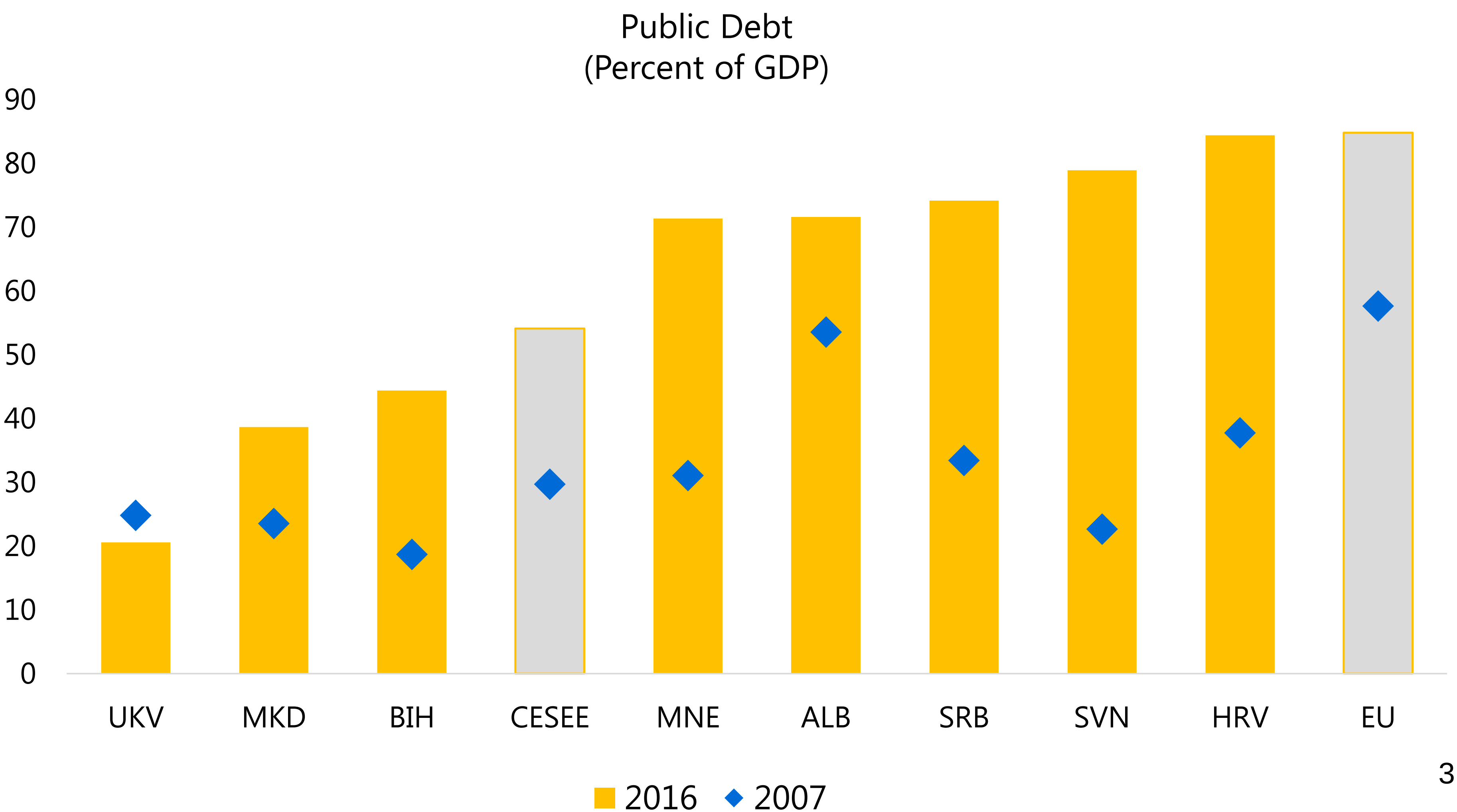
Fiscal deficits have come down from post-crisis highs, but are not yet at pre-crisis levels

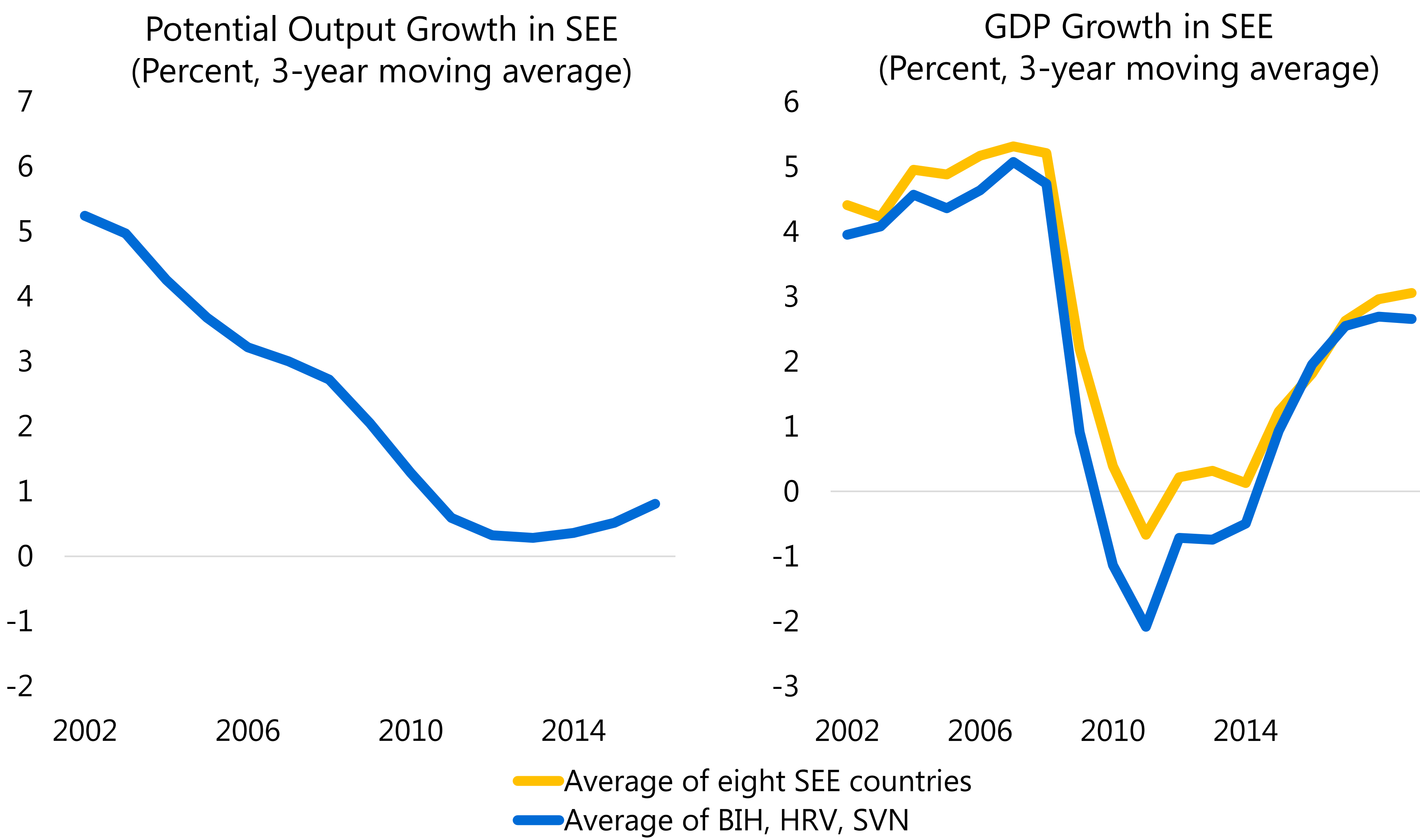




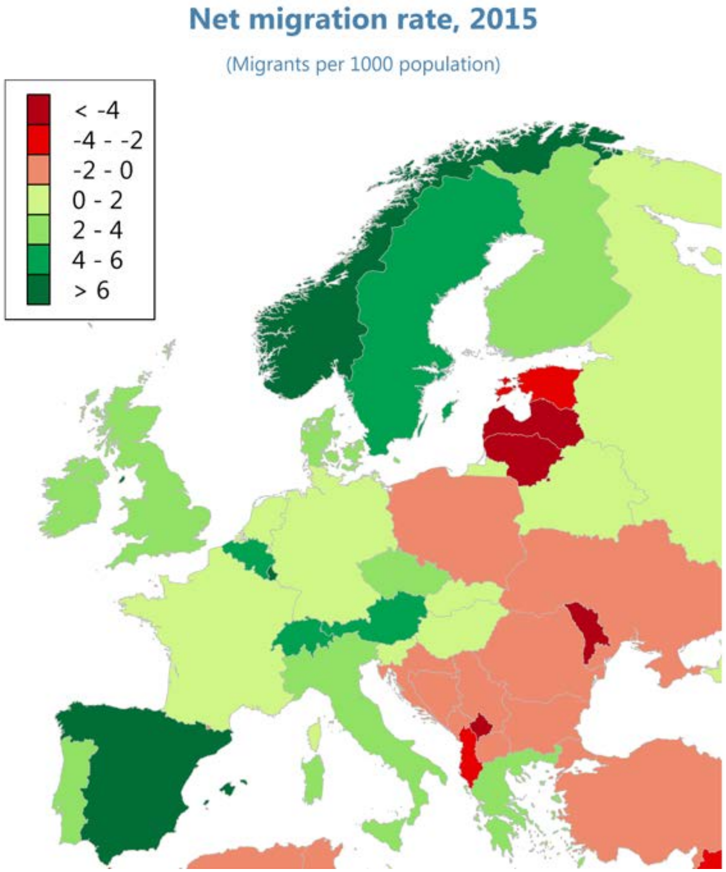
Public debt ratios are no longer low

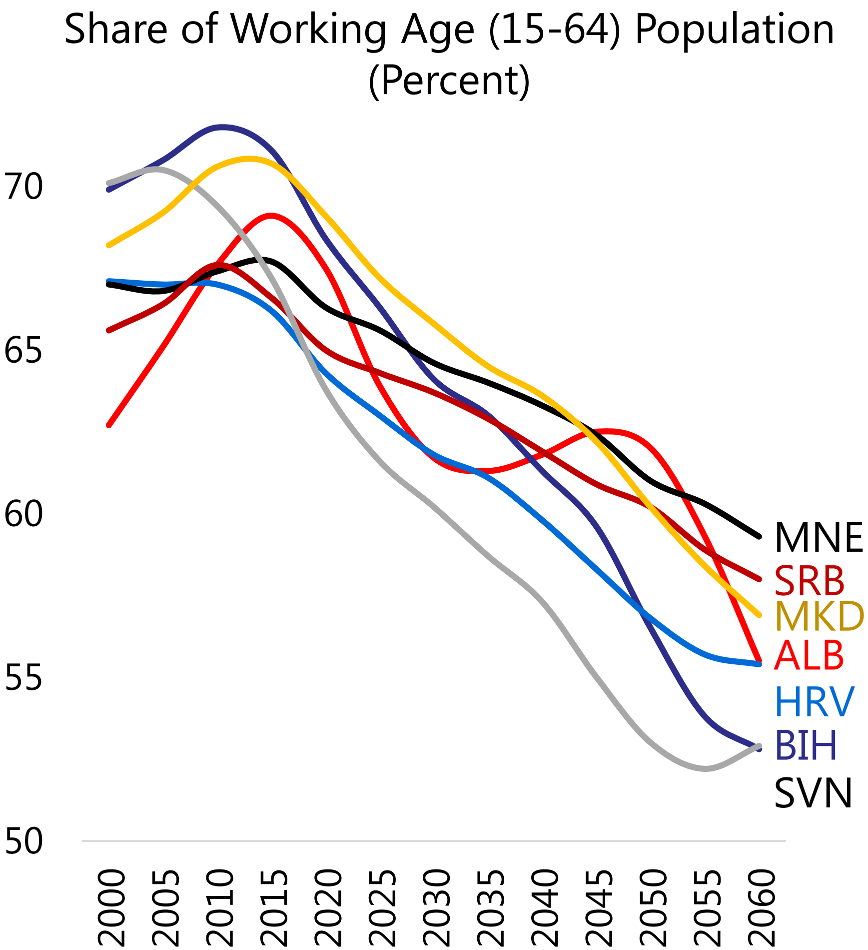


Potential output growth has slowed

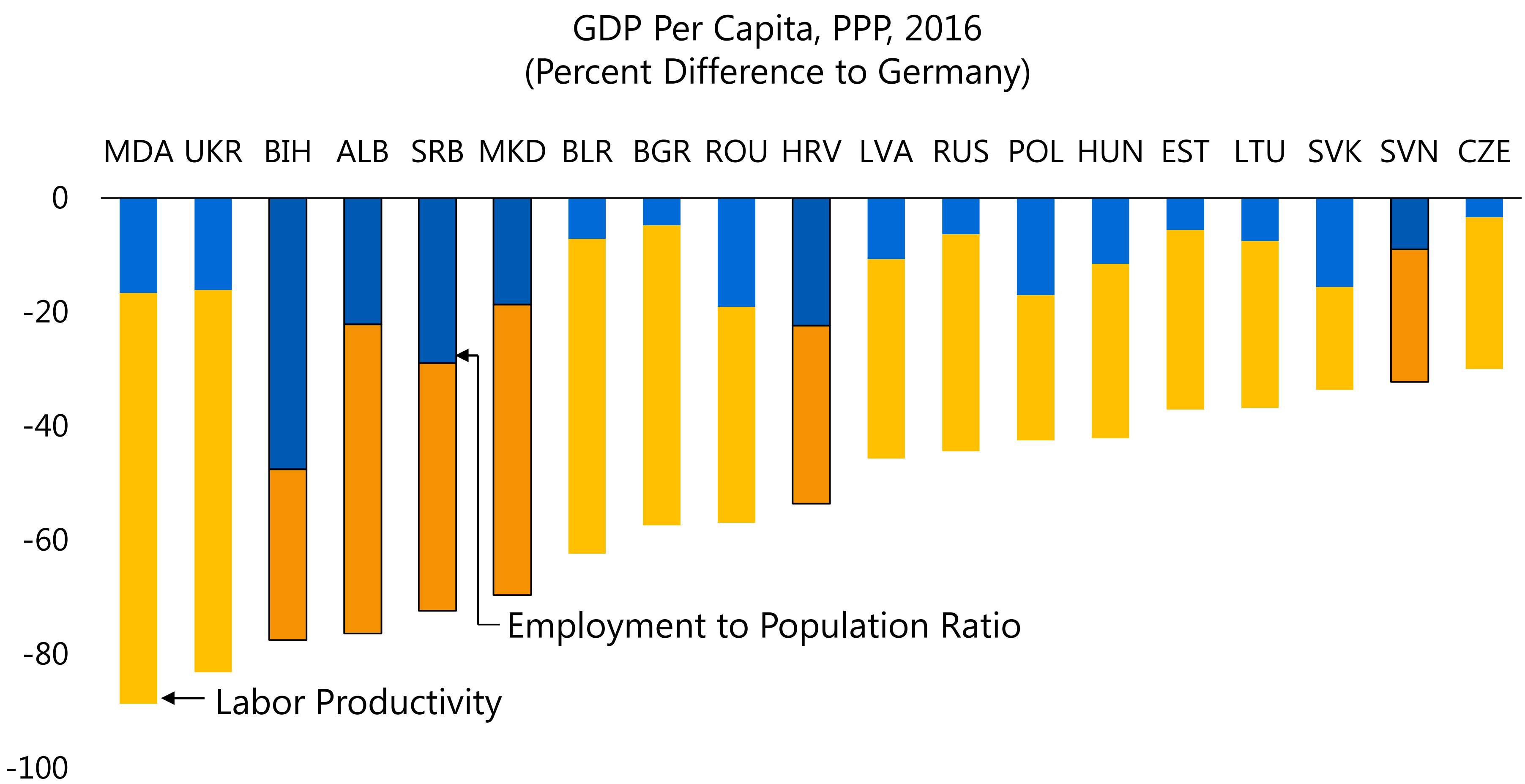


High emigration and dismal demographics dampen growth prospects



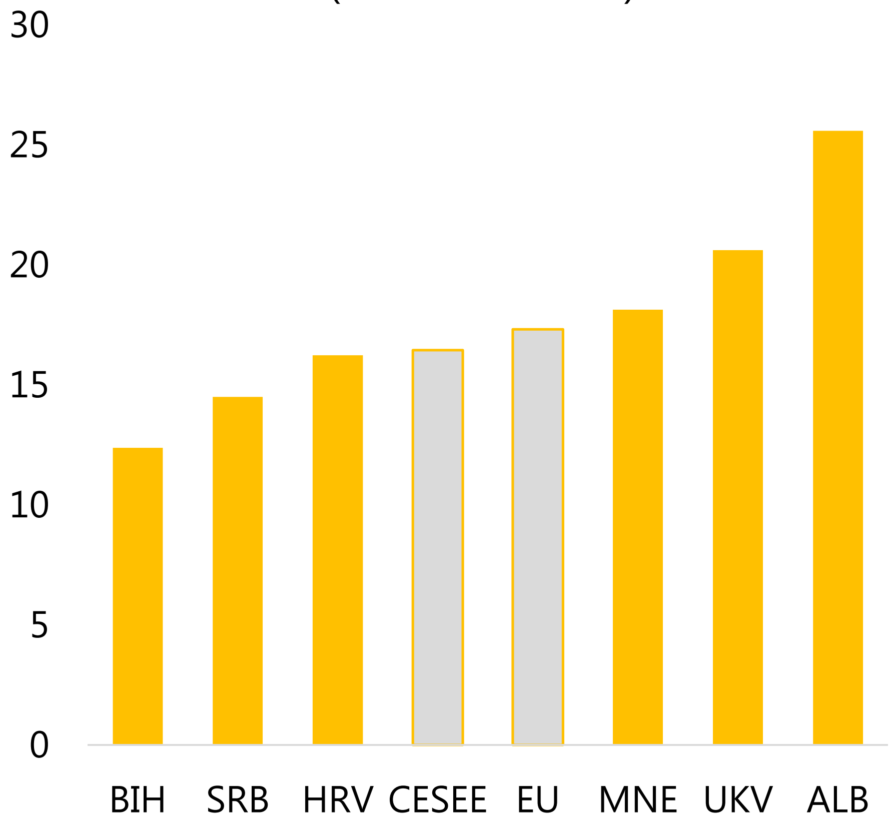


To catch up SEE needs more investment (to raise productivity) and more employment

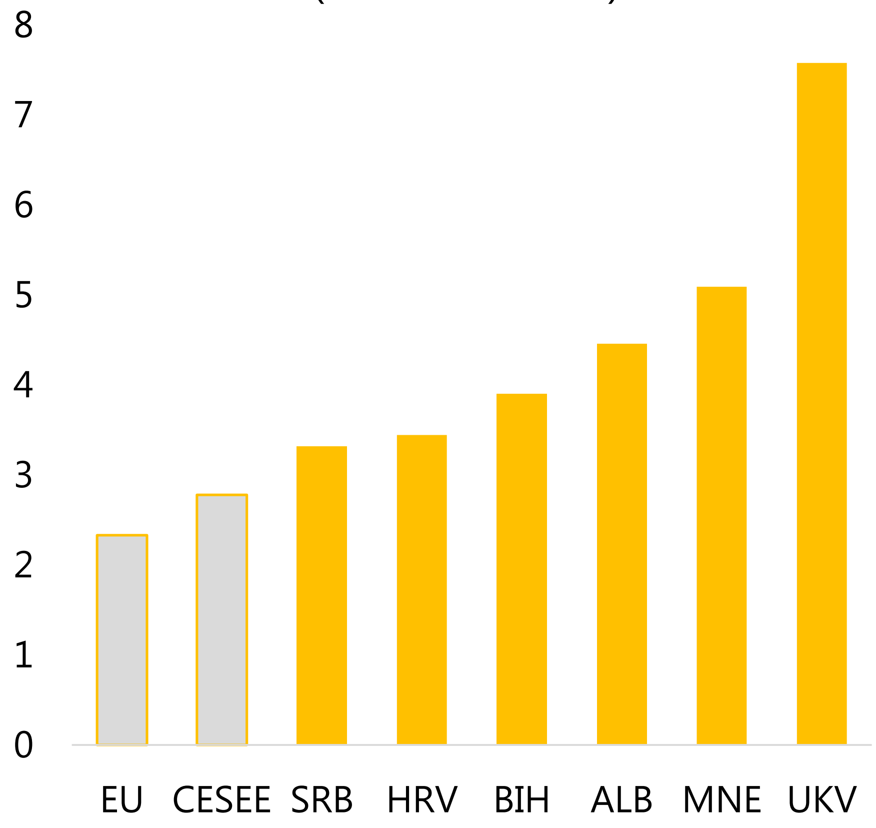


Higher *private* investment would in particular be welcome

Private Investment, 2016
(Percent of GDP)



Public Investment, 2016
(Percent of GDP)



What can be done to boost investment and create jobs so people stay?

- Improve investment climate
  - Better protection of property rights
  - Improve legal systems and other government services
  - Address Infrastructural gaps
- Address efficiency gaps in public investments and tax collection

Thank you