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

Potential Output Growth in SEE
(Percent, 3-year moving average)

GDP Growth in SEE
(Percent, 3-year moving average)

- Average of eight SEE countries
- Average of BIH, HRV, SVN
High emigration and dismal demographics dampen growth prospects

Net migration rate, 2015
(Migrants per 1000 population)

Share of Working Age (15-64) Population (Percent)
To catch up SEE needs more investment (to raise productivity) and more employment.
Higher *private* investment would in particular be welcome.
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