

# Western Balkans: The Road to Prosperity



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In past 25 years, CESEE has made tremendous progress



CESEE at night in 1992



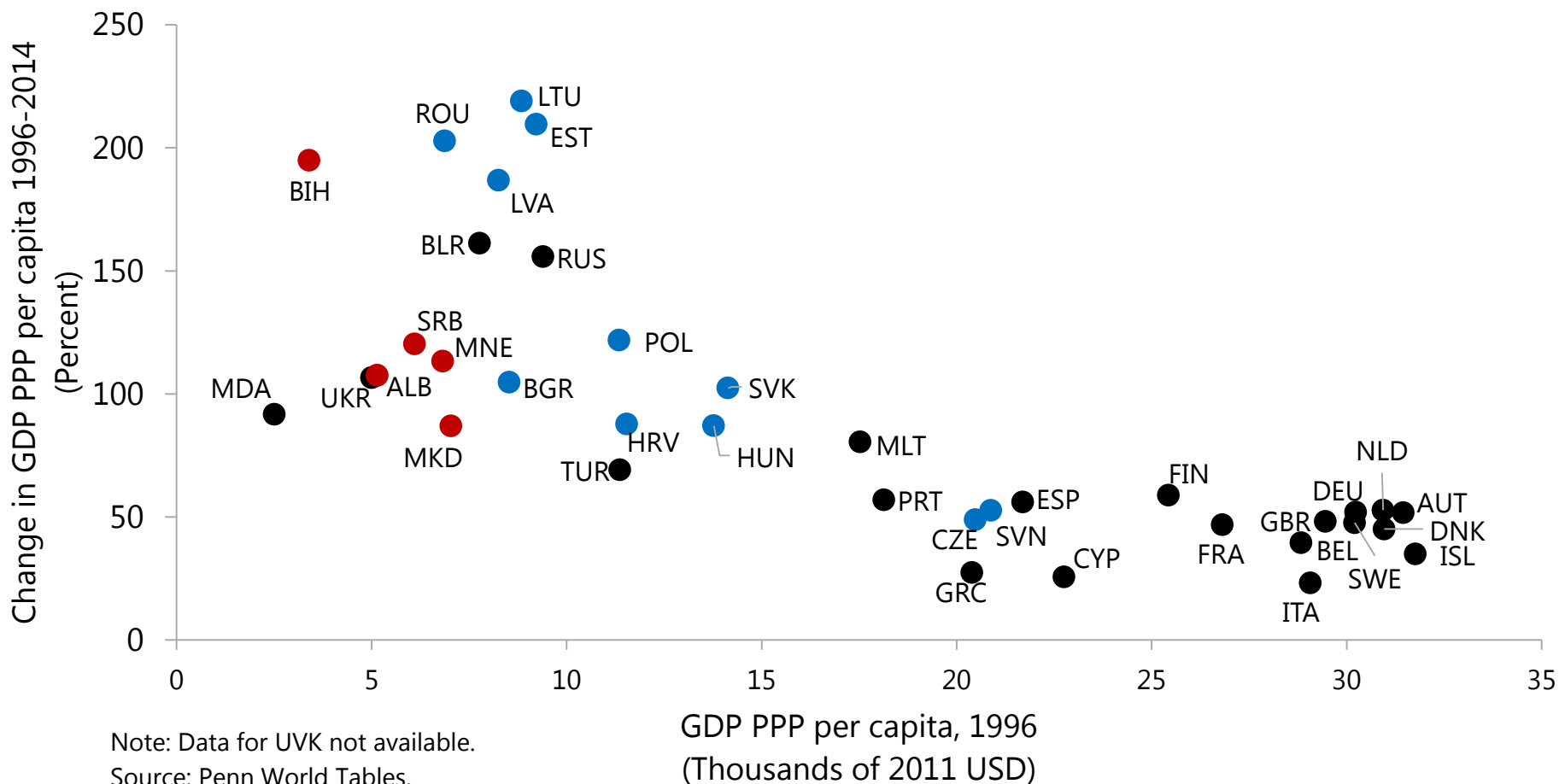
CESEE at night in 2013



Since the mid-1990s, poorer countries in CESEE have grown faster than richer ones—but Western Balkan countries have not done as well as NMS



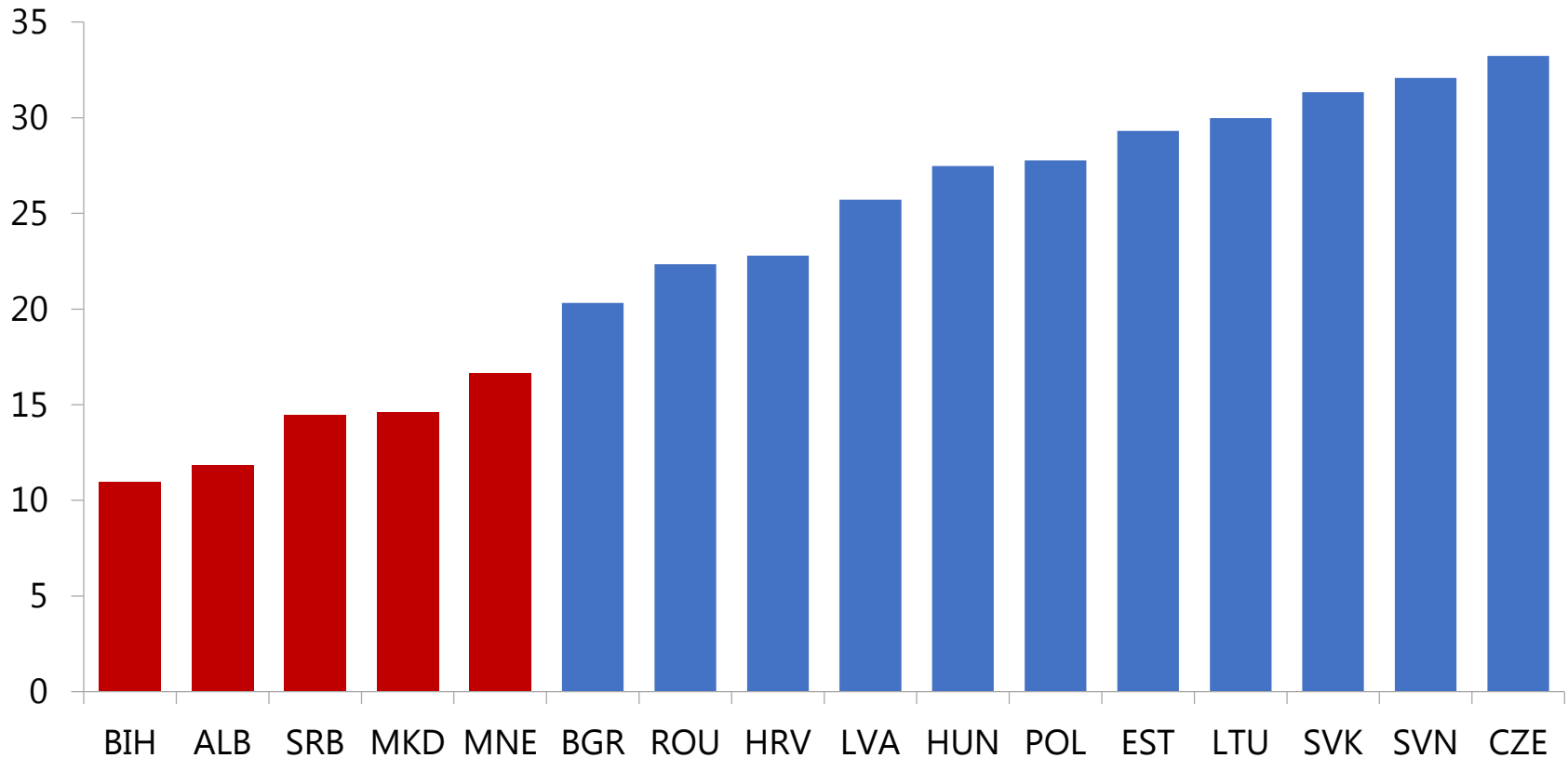
GDP PPP per capita in 1996 vs. its change in 1996-14



# Western Balkans remain much poorer



GDP PPP per capita in 2016  
(Thousands of PPP dollars)



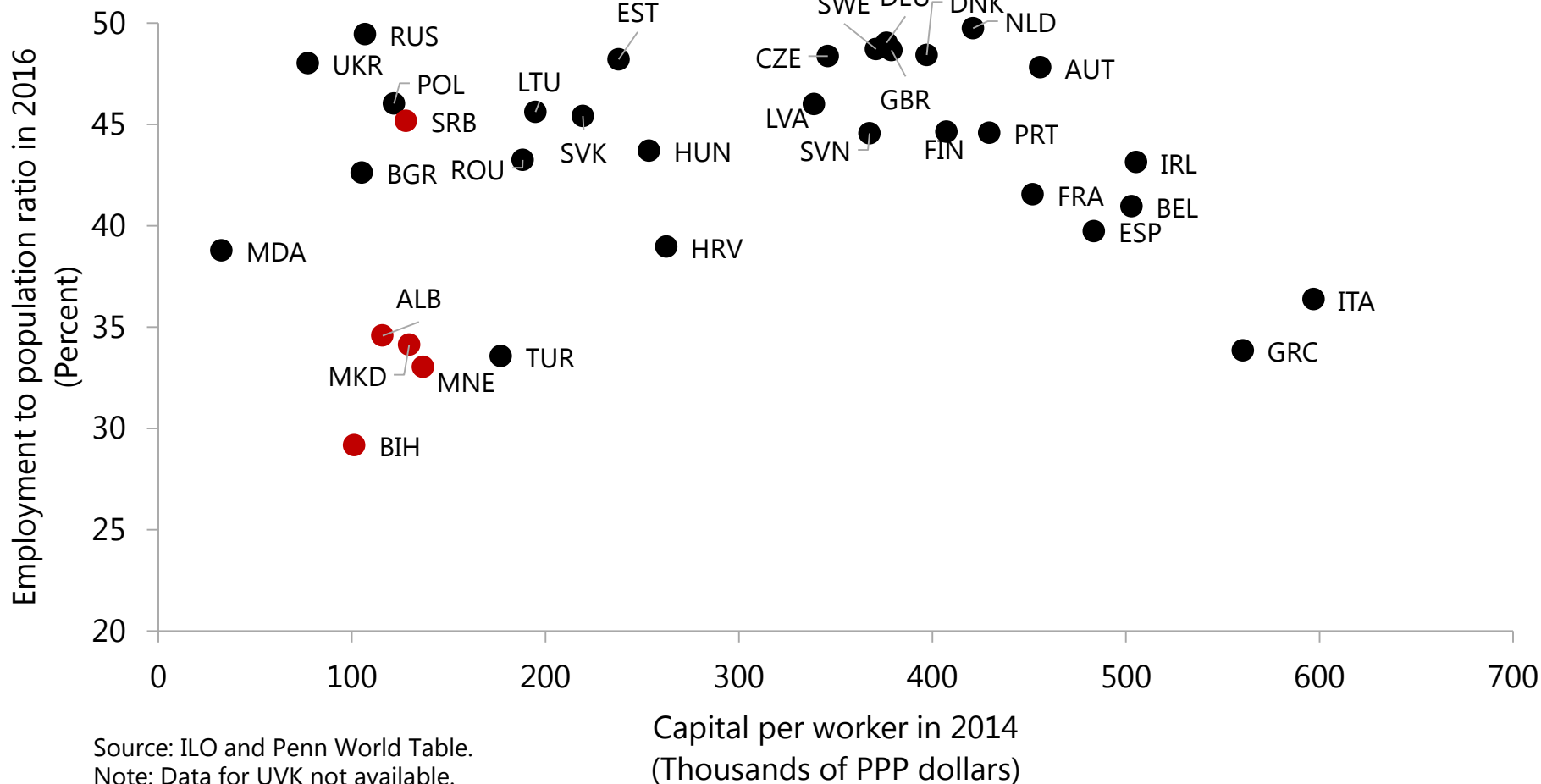
Source: WEO Database.

Note: Data for UVK not available.

Western Balkans are poor because relatively few people work and capital stock per worker is low (TFP is low as well)



Capital per Worker vs. Employment to Population Ratio

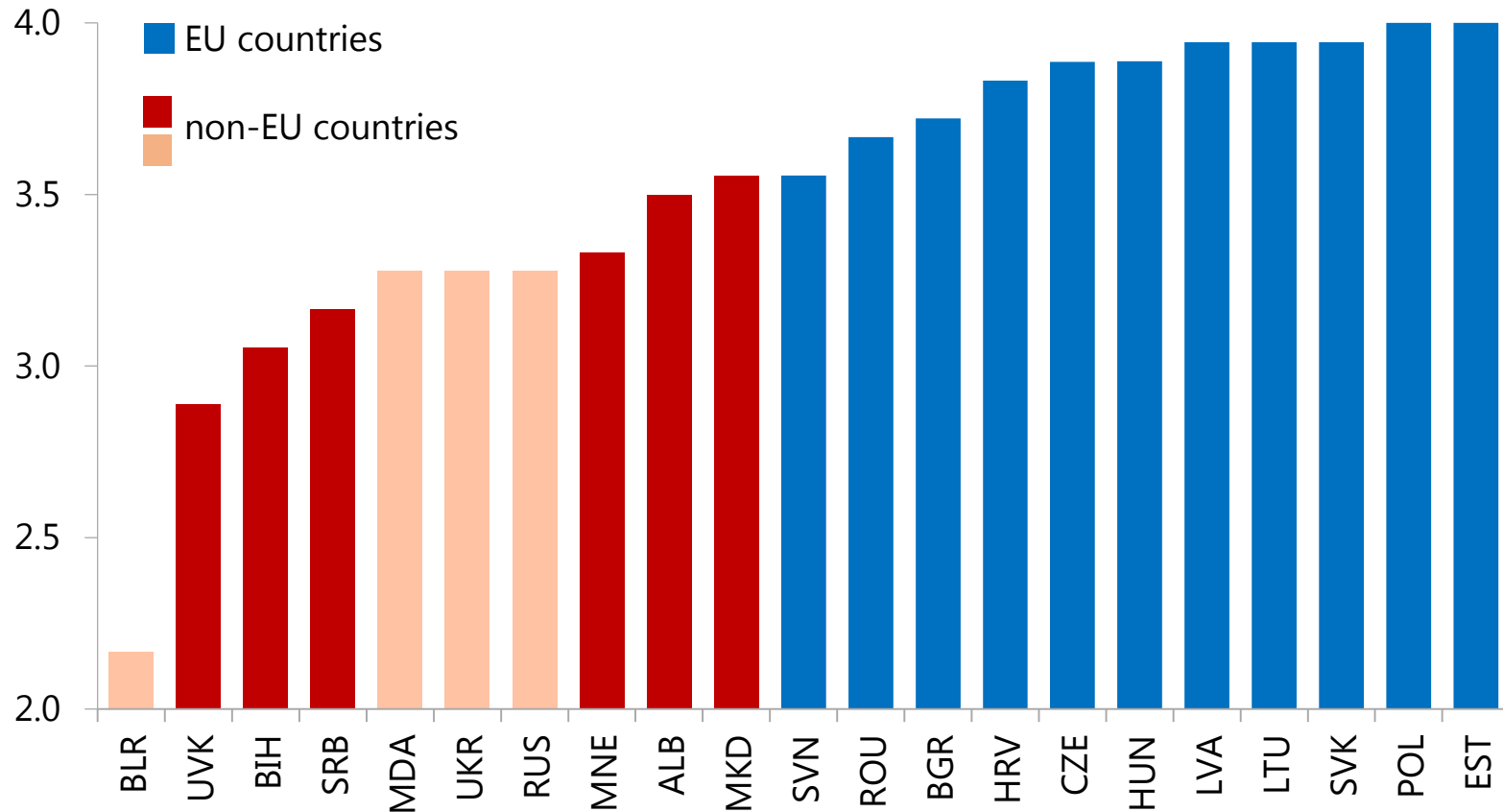


Source: ILO and Penn World Table.  
Note: Data for UKV not available.

# EU accession process should lead to improved institutions / completion of transition



Average of Six EBRD Transition Indicators in 2014

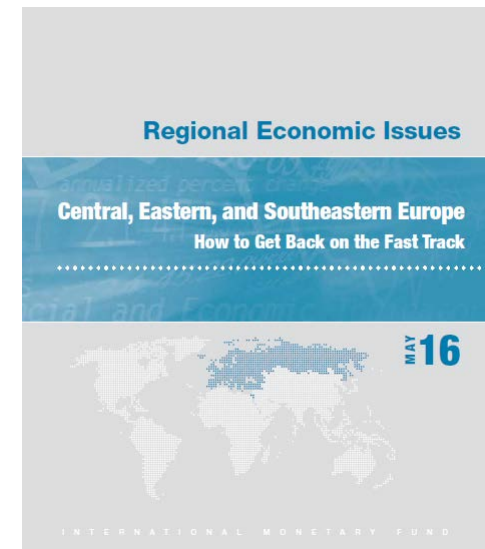


Note: 2007 for Czech Republic.

# Better policies would help, whether or not WB become EU members



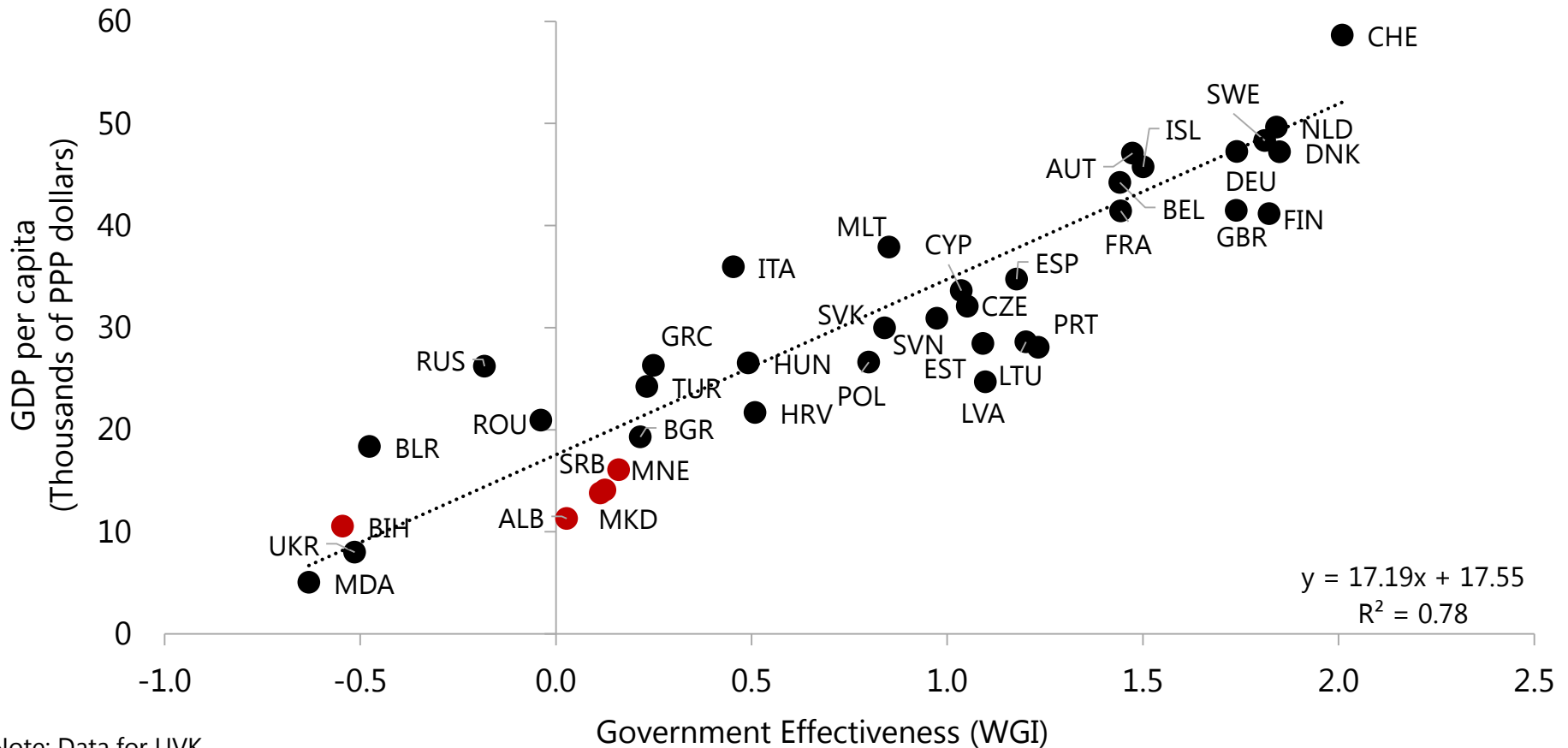
- What can be done to boost investment and create jobs so people stay?
- Improve investment climate
  - Better protection of property rights
  - Improve legal systems and other government services
  - Address infrastructural gaps
- Address efficiency gaps in public investments and tax collection



# Boosting government effectiveness would also help



Government Effectiveness vs. GDP per capita in PPP dollars, 2015



Note: Data for UKV not available.

Ranges from approximately -2.5 (weak) to 2.5 (strong) governance performance





Thank you