Western Balkans: The Road to Prosperity

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In past 25 years, CESEE has made tremendous progress.
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.
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)

Source: ILO and Penn World Table. Note: Data for UVK 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

Note: Data for UVK not available.

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