

European Department

Growth, Jobs, and Convergence

The Western Balkans: 15 Years of Economic Transition



Vienna

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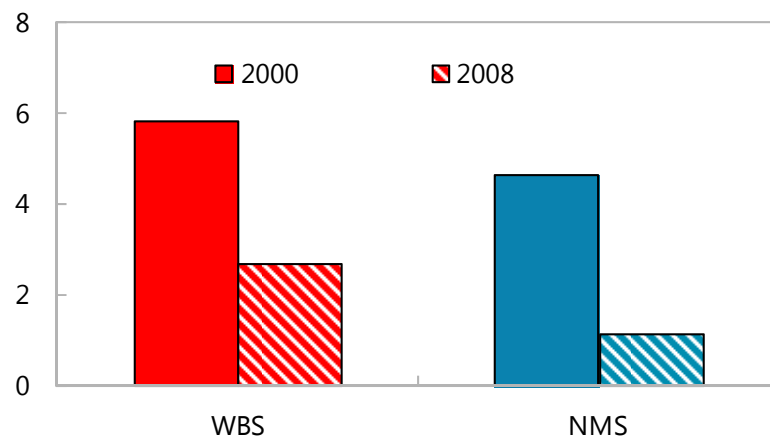


Growth pre-crisis was strong enough ...

..to lift more people out of poverty...

...and lift incomes toward EU17 levels

Poverty Headcount^{1/}
(Percent)

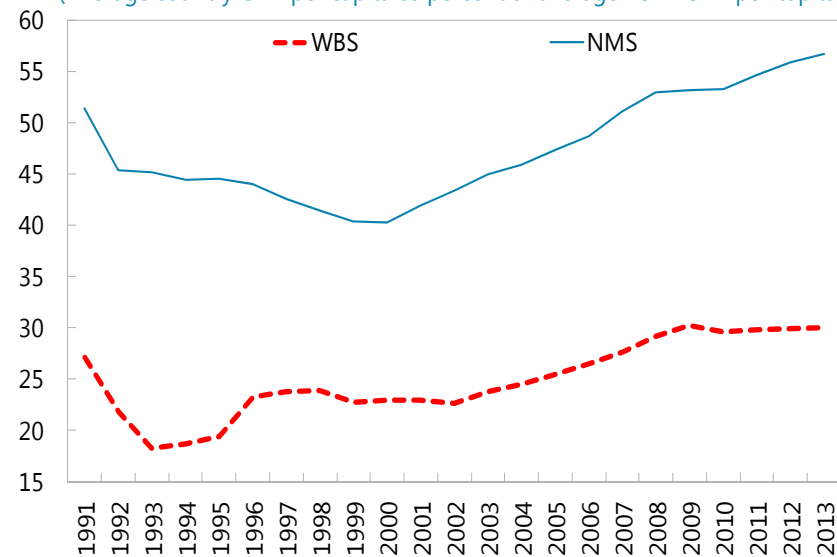


Sources: World Bank Povcal Database, and IMF staff calculations. Data for Kosovo is not available. Poverty rates are for 2002 for ALB, and 2001 and 2007 for BIH.

1/ Percent of population living below poverty line, defined at \$2.5/day.

Catching up with Advanced Europe

(Average country GDP per capita as percent of average EU17 GDP per capita)

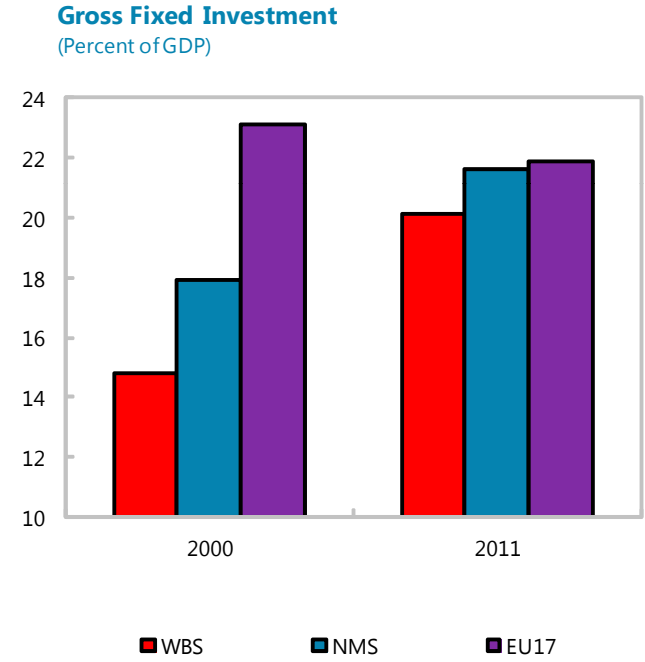
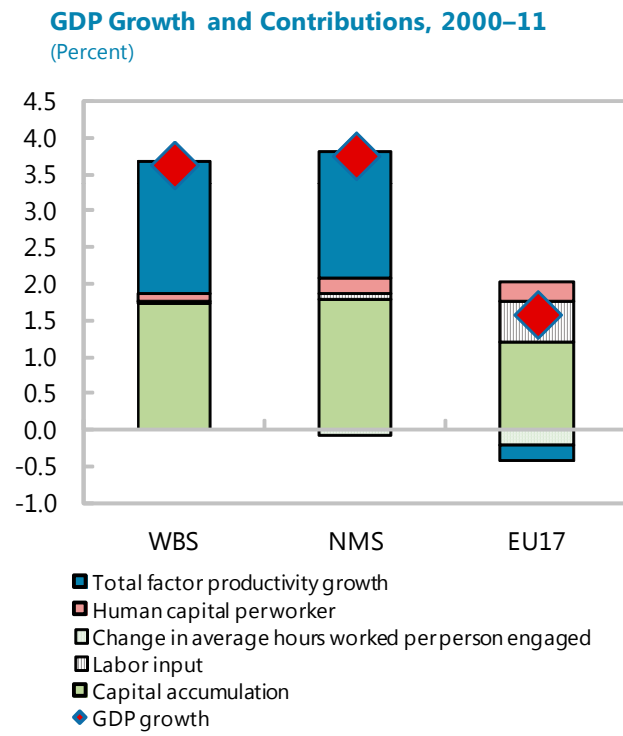


Sources: Penn World Table; and IMF staff calculations.



Capital accumulation and TFP played a role, but not labor input

Average Output Growth and Sources 2000–11



Sources: Penn World Table; Inklaar and Timmer (2013); University of Groningen Growth and Development Centre; and IMF staff calculations.

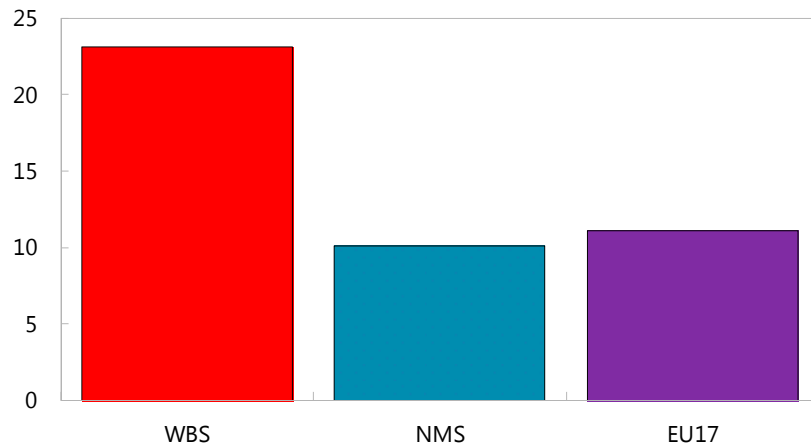


Labor markets continue to present an important constraint to growth and a key social challenge.

Unemployment rates remain very high...

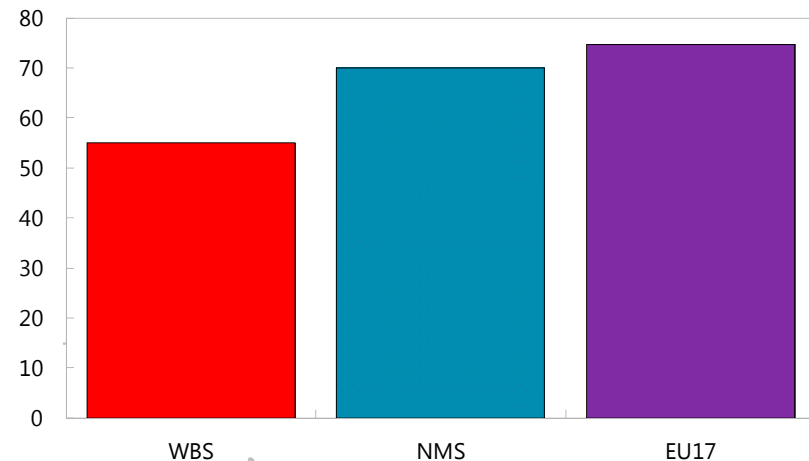
...and activity rates are low

Unemployment Rate, 2013
(Percent)



Sources: Country authorities; OECD; Haver; Eurostat; and IMF staff calculations.

Activity Rate, 2013
(Active working age labor force as a percent of working age population)

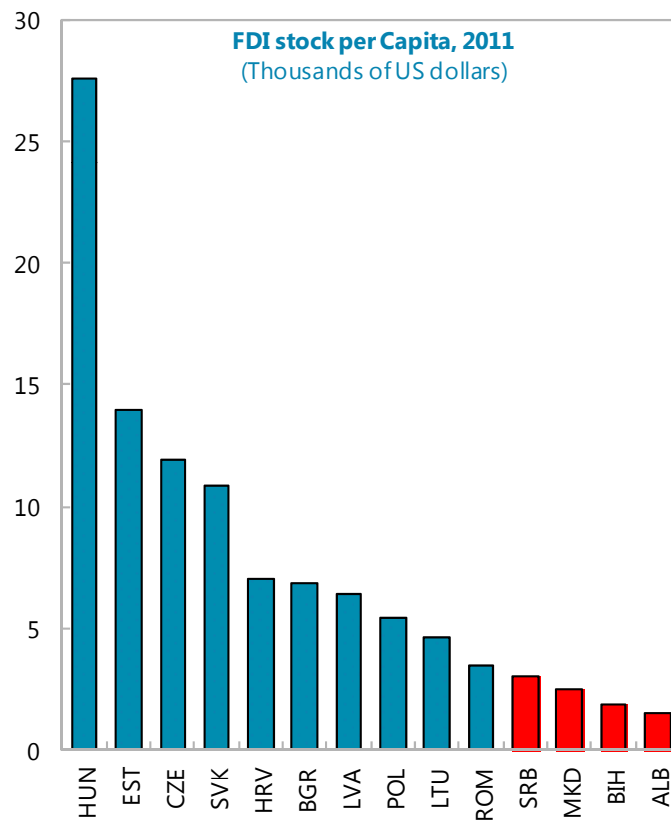


Sources: Country authorities; OECD; Haver; Eurostat; and IMF staff calculations.

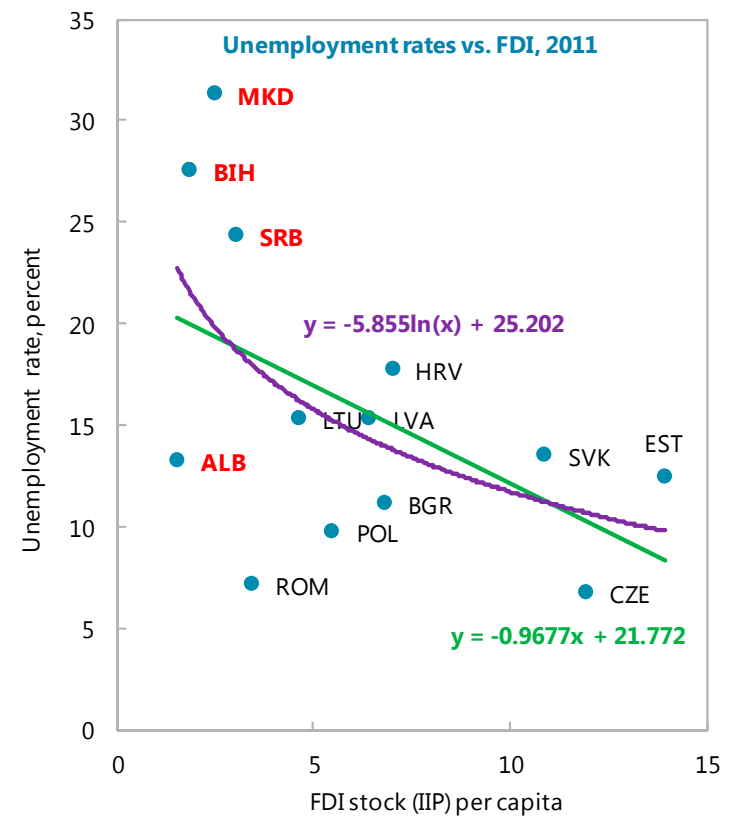
Understanding labor market outcomes.. and overcoming them (1)



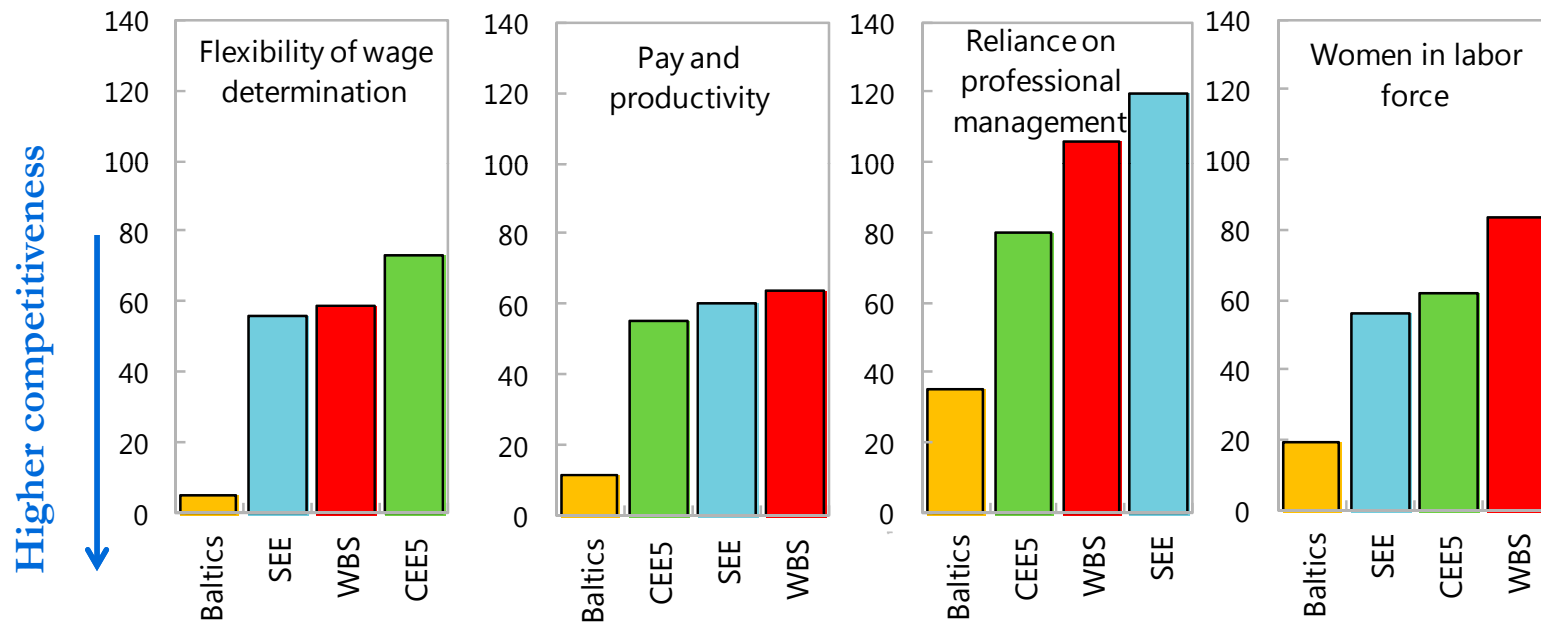
Lower FDI stock per capita...



...has held back job creation



Understanding labor market outcomes.. and overcoming them (2)

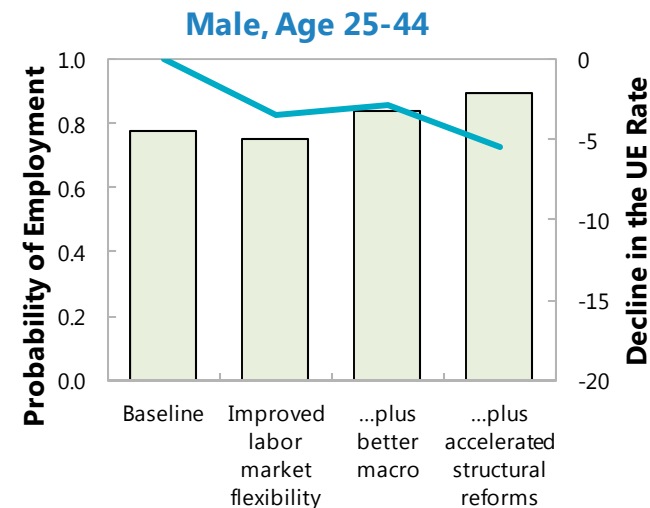
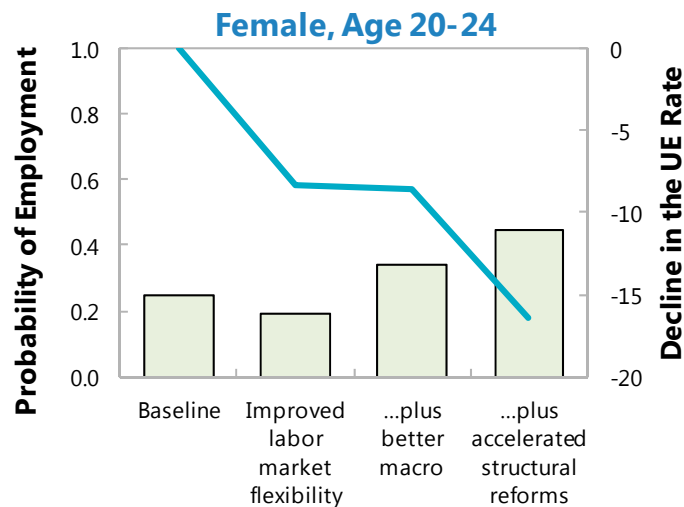


Source: Global Competitiveness Indicators

Understanding labor market outcomes.. and overcoming them - final thoughts



- Macroeconomic indicators have an important bearing on the dynamics of labor market transitions...
- ...but need to be accompanied by structural reforms.



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