

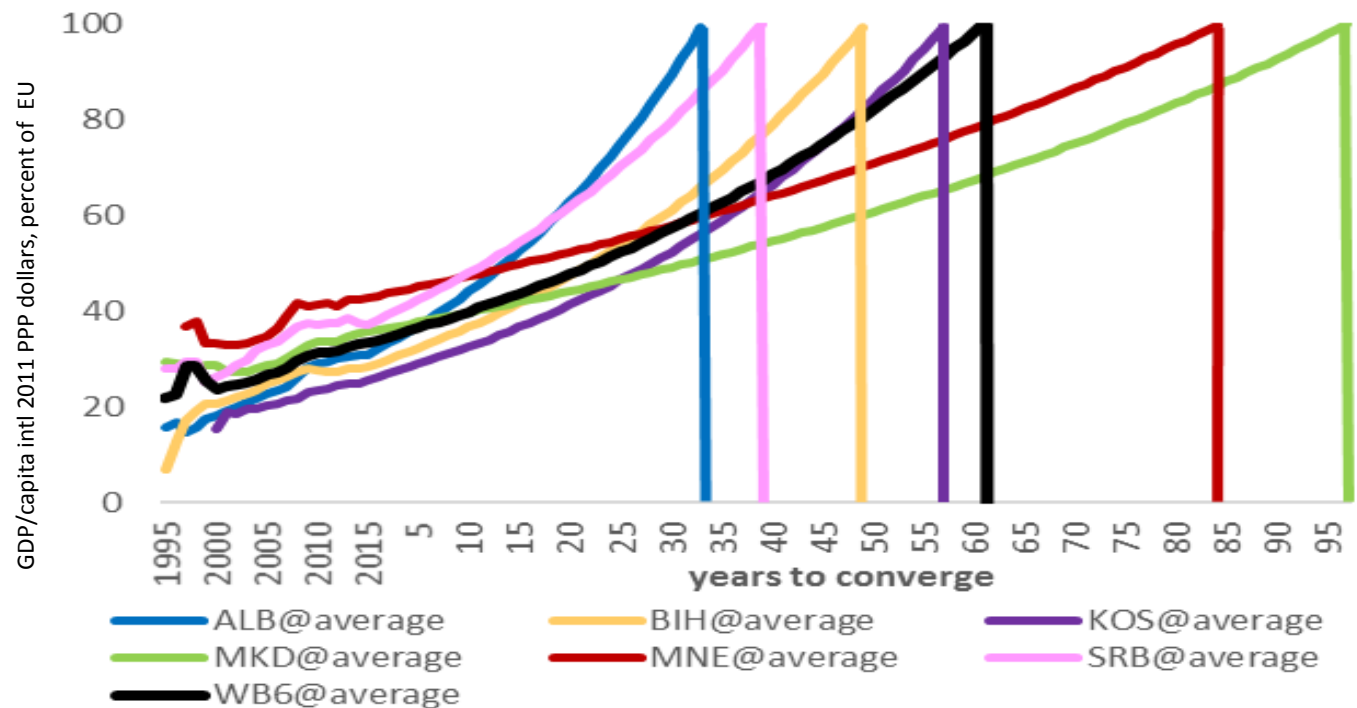
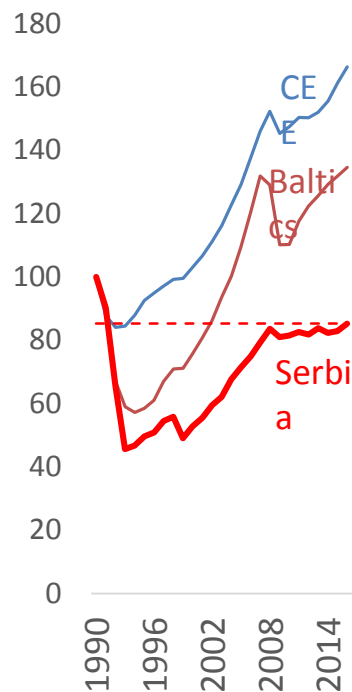
Governance Agenda in Western Balkans

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Growth is Low in the Region to Close the Income Gap

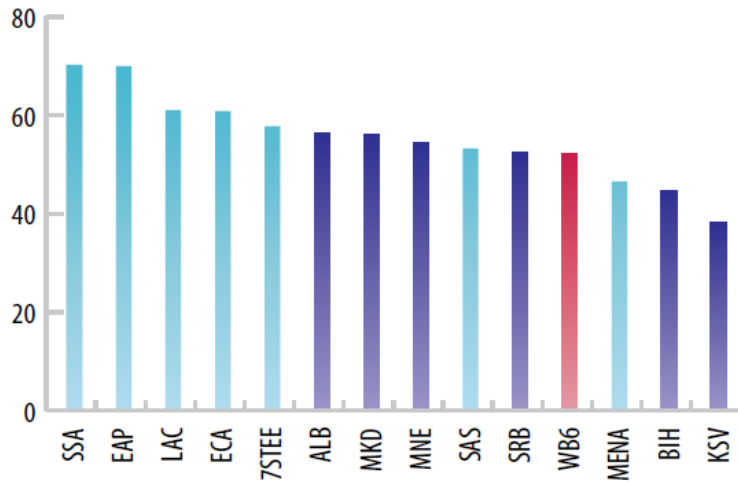
It will take 60 years for an average WB citizen to reach standards of living in the EU at the current growth rates



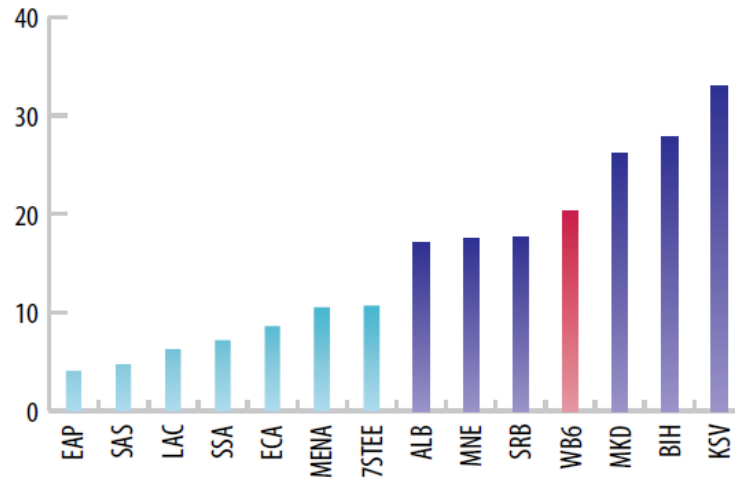
Creating Good Jobs is a key challenge for our countries

Only half of the working age population participate in the labor force, while a fifth of job-seekers cannot find work

Labor force participation rates (national estimates), 2015



Unemployment rates (national estimates), 2015



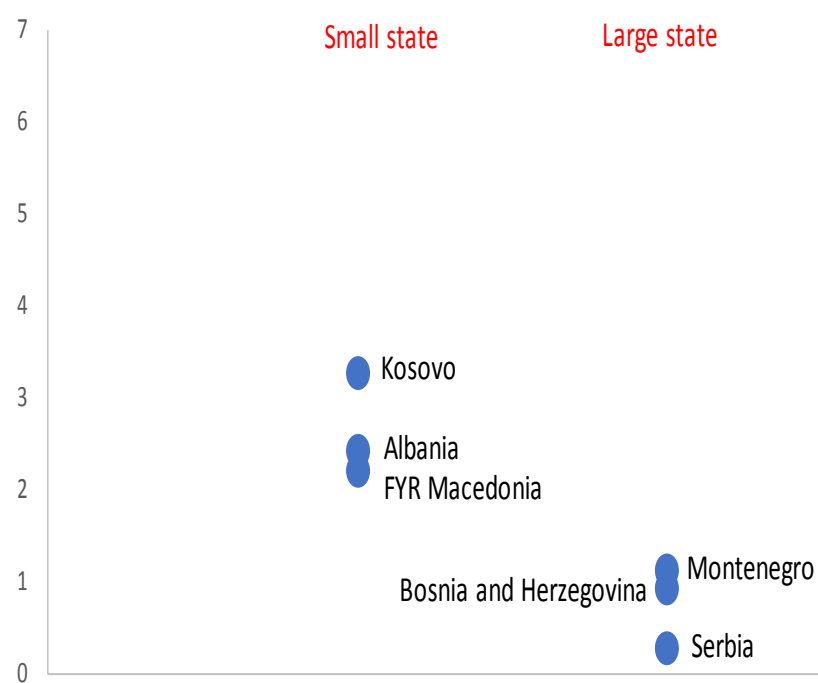
Source: World Development Indicators, Labor Force Surveys and World Bank staff calculations.
Note: Definition of labor force and unemployment may differ by country.

Growth slowdown after the crisis, especially in countries with large public sectors

(Average GDP growth 2000-2008)



(Average GDP growth 2009-2016)

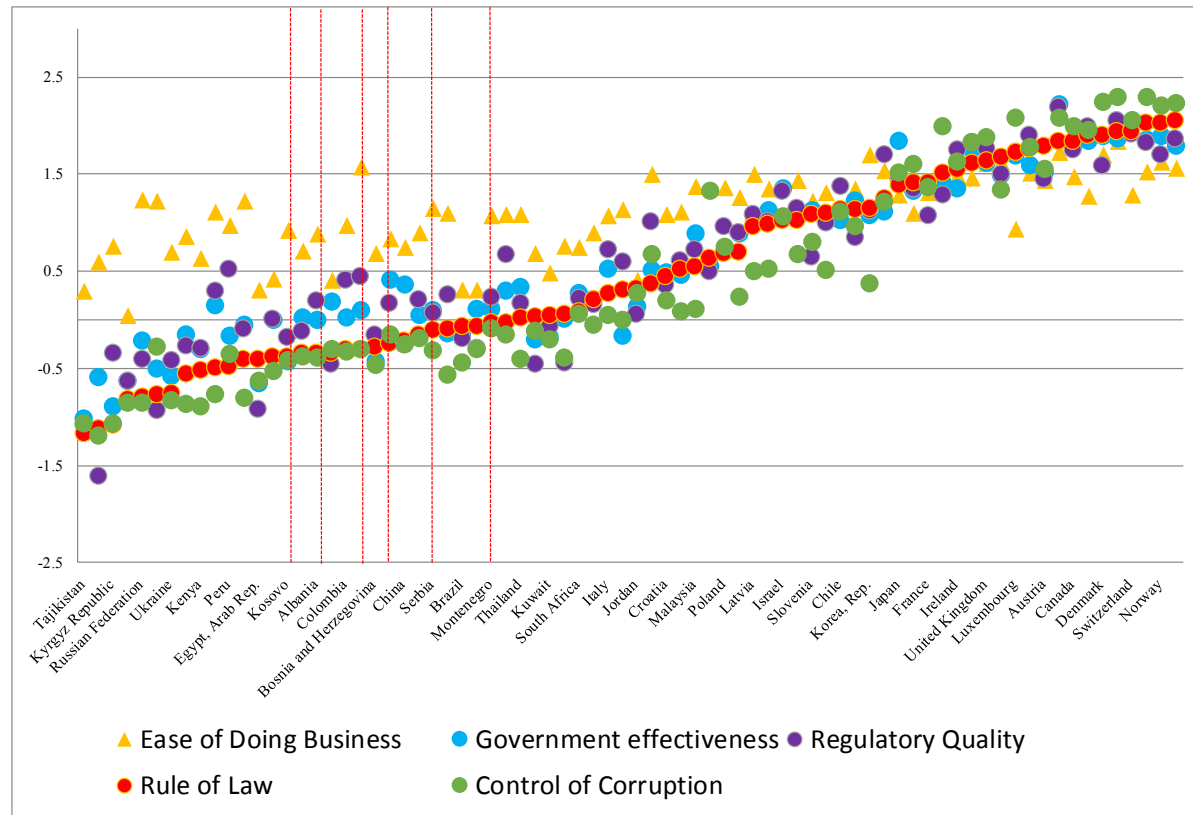


Source: World Development Indicators, National Statistics Agencies, staff calculations.

FASTER CONVERGENCE REQUIRES A REBALANCING OF THE ECONOMY



Governance and quality of institutions is important for growth and competitiveness



Source: World Governance Indicators, World Development Indicators, Doing Business

Governance Challenges for the region

- Lack of strategic resource allocation
- Not enough fiscal space
- Incomplete PFM agenda: fiscal risk monitoring, arrears, tax collection
- SOEs productivity issues

Growth
slowdown

- Lack of adequate public infrastructure, and its regional disparities
- Public Procurement
- Regulatory quality challenges
- Corporate Governance and accounting issues
- Low performing justice sector
- SOEs disturbing level playing field

Missing
private
sector

- Lack sector strategies
- Low quality of service provision in education and health
- Not meritocratic civil service
- Dominance of public sector employment

Inadequate
Human
Capital

- Institutional capacity constraints
- Poor quality of public services,
 - Implementation gaps
 - Rampant corruption
 - Lack of accountability
- Challenges at local level

Inefficient
public sector



Our program supports growth and jobs agenda under five thematic areas



Our Governance Program

Business Environment

1. Revenue Administration Reform Lending
2. Commercial Justice TA
3. Informing justice Policy Dialogue in WeB
4. SOE's restructuring (pipeline)
5. STAREP – REPARIS (Accounting Education, Financial Regulators, Accounting and Auditing Standards, and Access to Finance)

Jobs Agenda

1. Growth and Jobs ASA
2. Bosnia Public Sector Employment and Labor Markets
1. Rightsizing and Restructuring TA

Fiscal and PFM

1. Capacity Building for MTFP ASA
2. Support To Public Sector Management Reform
3. Public Accounting Reform
2. Supporting Implementation of PIM Reforms
3. Project Evaluation and Implementation Support
4. Tax Administration TA
5. PEFA Asesement
2. PEMPAL
3. PULSAR
4. Internal Audit Training of Trainers program

Service Delivery

1. Horizontal Function Reviews
2. Functional Review in Education
3. Health Functional Review
2. Modernization and Optimization of Public Administration P4R
- . Enabling digital Governance in Serbia (pipeline)
4. Citizen Service Centers

Accountability and Citizen Engagement

1. Citizen Centered Public Services Lending
- Strengthening national Audit Office Capacity in Procurement Audit
2. Strengthening legislative Scrutiny in WeB

