THE CATCHING UP PROCESS IN CESEE COUNTRIES: KEY OECD RECOMMENDATIONS

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Potential growth has fallen after the crisis, as a result of weaker productivity and investment.

Potential GDP growth, per cent

Source: IMF, Regional Economic Issues, Central, Eastern and South-eastern Europe (2017)
Convergence in per capita income is limited

GDP per capita gap to EU15=100, per cent¹

The pace of reforms has also slowed in Central Europe, in this case from a low level.

Number of actions taken as a percent of total recommendations

Source: Going for Growth (2017)
The importance of reform packaging: Most countries have scope to reform in key areas

Share of total priorities by main areas

Source: Going for Growth (2017)
Productivity gaps have widened, and wage inequality is increasing in OECD countries

Note: Frontier firms are the 5% of firms with the highest labour productivity by year and sector. Industries included are manufacturing and business services, excluding the financial sector, for firms with at least 20 employees.
The quality of institutions needs to be improved

**Worldwide Governance Indicator**¹
Average percentile rank among all countries, from 0 (lowest) to 100 (highest)²

1. Simple average of aggregate indicators of the following six broad dimensions of governance: voice and accountability, political stability and absence of violence/terrorism, government effectiveness, regulatory quality, rule of law and control of corruption.
2. The composition of country groups follows the one adopted in previous slides (N. 1 & 4)
Lower corruption and higher development go together

Low confidence in institutions is concerning

Countries covered: Albania, Bosnia and Herzegovina, Croatia, Kosovo, the former Yugoslav Republic of Macedonia, Montenegro and Serbia
Thank you!

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