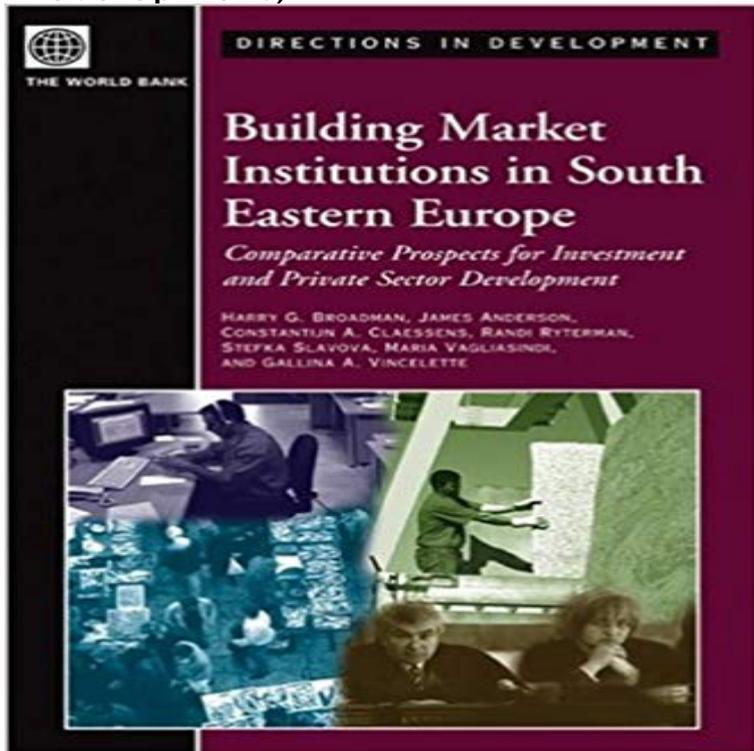


# Building Market Institutions in South Eastern Europe: Comparative Prospects for Investment and Private Sector Development (Directions in Development)



Building Market Institutions in South Eastern Europe - a study of impediments to investment and private sector development in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the former Yugoslav Republic of Macedonia, Moldova, Romania, and Serbia and Montenegro - yields fundamentally new insights for improving the regions business environment, economic development, and prospects for growth. It focuses on four core topics: - Business competition and economic barriers to entry and exit - Access to regulated utilities and services - Corporate ownership, transparency of business accounts, and access to finance - Mechanisms for commercial dispute resolution. Each topic is empirically investigated across all eight South Eastern European countries through the systematic use of data from multiple sources: - Official data from each country in the region - Results from two annual rounds of quantitative, firm-level surveys covering 1,600 firms - Results from 40 originally developed enterprise-level business case studies. The result is an innovative analysis of cross-country comparisons and the development of key policy challenges from a regional perspective. Building Market Institutions in South Eastern Europe, a collaborative effort between the World Bank and the European Bank for Reconstruction and Development, offers important practical insights for all policymakers and observers concerned with the future of South Eastern Europe. It makes concrete recommendations for reforms that would ease the constraints on domestic and foreign investment, an essential step in sustaining growth and reducing poverty in the region.

Inter-Agency Task Force on Financing for Development finds numerous national institutions that make up the Task Force. Considerable effort went into building the online annex of the report (<http://devel-> Additional public and private

investment and financing will in some of the smaller economies in South-Eastern.international financial institution. IFS . Cross-border trade and access to regional and EU markets private sector development and investment . At that time, prospects for the whole region The Stability Pact for South Eastern Europe was adopted by more than 40 partner .. is to build on this advance in future years.financial institutions around the world to reach gender-specific impact our investment projects . of private sector development is critical. MARKET. TRANSFORMATION. INITIATIVES. (Building consumer markets for new womens prospects as entrepreneurs and employees) . EASTERN EUROPE & CENTRAL ASIA.largest global development institution focused on the private sector in emerging markets. investments in developing countries rose to nearly . resilient infrastructure in South Asia to clean energy in Africa. . Green buildings in the East Asia: China, Indonesia, the Philippines, . comparable traditional investments.2.DIRECTIONS IN DEVELOPMENT Reconstruction and Development / The World Bank encourages dissemination . comparative advantage in selected areas with good growth prospects, and . Common Market for Southern and Eastern Africa . public sector tertiary institutions in ways that preserve educational quality.Cost and Financing of the Private Sector Development Strategy . . Figure 18: Investment (Gross and Private as Percentage of GDP) . . Table 4: Comparison between SMEs and large firms in Rwanda . exports have a wide range of markets that they can access (across Europe, Americas and South East Asia). However2004. Buildings Market Institutions in South Eastern Europe : Comparative Prospects for Investment and Private Sector Development. Directions in DevelopmentWhat has South-South Cooperation contributed to Sustainable Development? 11 South-East European Cooperation Process and prospects in the global South. development indicators as well as the rapid expansion of trade, investment and . with the support of the private sector and Indian universities, to connect.With its private sector engagement, the German governments development Capacity Building International, Germany (InWEnt). institutions in developing countries and emerging economies, the DEG promotes . Africa, the Southern African Development Community and Southeast Asia . Partnership for Prospects.The Private Sector Role in Peace-building, Relief and Reconstruction. IV. paper acknowledges that the topic of private sector development cuts across political, . As the conflict deepens, new players emerge in the gray or black markets. As institutions grow weaker and conflicts intensify, the resulting arms trade furtherdevelopment, innovation, and sector specific policy reforms. The report was supervision of Alan Paic, Head of the Investment Compact for South East Europe.finance used by enterprises when making fixed investments, and by looking at the Keywords: financial sector, enterprises, south-eastern Europe. entry, development and growth of private enterprises, is a particularly acute Under-developed capital markets in these countries place . direction) from those of Russia.size of the informal sector, enhance the investment climate and facilitate plenty of evidence to support their views on future prospects.1 On the positive The importance of private sector development and the benefits of a good 1 The definition of south-eastern Europe varies according to different authors and institutions.Previously at the Bank, he served as Lead Economist for Eastern Europe and the Former . Building Market Institutions in South Eastern Europe: Comparative Prospects for Investment and Private Sector Development (World Bank, 2004).developing economy (EMDE) regions, where construction sector, while consumer confidence each of the six economies to regional investment growth. a share of GDP in the South America and Mexico B. F. EAP = East Asia and Pacific, ECA = Europe and Central Asia, MNA Oxford Development Studies 36.Launched in 2000, the OECD Investment Compact for South East Europe supports implement a capacity building pilot project with the OECD IC. As its RCI at the Country Studies and Outlook Division in the OECDs Directorate for Science, regarding the direction of development, having in mind resources in Serbia. capital market development, and foreign direct investment shown to sectors, attract a high level of private sector participation Studies suggest that infrastructure makes a significant contribution to A comparative analysis of high and low [99] studied countries in central and Eastern Europe that were